

ENVIRONMENT DISASTERS SLUMPS AGRICULTURE, BUSINESS AND GDP OF INDIAN ECONOMY

K. V. NAGESWARA REDDY¹ & B. VENKATA KRISHNA REDDY²

¹Research Scholar, Marketing Manager, G. V. Agrotech, Hyderabad, Andhra Pradesh, India

²Research Scholar, Tech Mahindra Ltd, Hi-Tech City Layout, Hyderabad, Andhra Pradesh, India

ABSTRACT

This paper attempts to share the learnings of an action research project aimed at improving the livelihoods of Indian society. The project has adopted a research on output of resources and their support to livelihood of society. The output provides purchasing power and creates business. Developing business with low subsidies and investment provides affordable prices of commodities and living standards of society. All these increases domestic productivity develops economy and controls inflation.

KEYWORDS: Climate Change, Action Learning, Agricultural Enterprises, Country Economy

INTRODUCTION

Increasing man made pollution especially hazardous gases rises temperature significantly which causes Global Warming. Global warming brings many changes and disturbs poles, seas and earth part as manifested in various forms as follows.

- Melting of Glaciers
- Increasing Sea water level
- Monsoon changes
- Earth quakes and tsunamis (Earth quake under sea)
- Tornados.

Thousands of kilometers of Glaciers are melted in a short period. Indian glaciers are providing water for one third of Indian population for drinking and agriculture purpose. The melted glaciers are adding up water into sea and increase its level and thereby eradicating and submerging villages and cities on coastal areas. Increasing sea water level is also reducing sea population density which is affecting the people whose livelihood is dependent on sea.

The monsoon influences the climate of India, Bangladesh, Southeast Asia, and to some extent in northern Australia and central Africa (Rbeckworth, 2007). It is changing the monsoon and increasing cyclones and hurricanes (likely to come soon to India). These are pouring water (floods) at one area and scanty (drought) at another area. Floods are bringing mud water from agriculture lands, casting sand on agriculture lands, damaging infrastructure and productivity, and totally disturbing livelihood resources. Dams are filling with mud water and creating problems for power generation. When excess water is released from dams, the mud water mixes in sea and Damage Sea lives (fish, sharks, seals, plants under sea....). Floods do not help to recharge ground water.

A tornado is a powerful column of winds spiraling around a center of low atmospheric pressure. It looks like a large black funnel hanging down from a storm cloud. An intense tropical weather system of strong thunderstorms with well defined surface calculation and maximum sustained winds of 74 kmph or more (Anonymous, 2006), causes tremendous damage to infrastructure and living things. Tornados and hurricanes are likely to be intense soon in India.

These changes are destroying the livelihood resources and new opportunities of people on the earth. This is mainly destroying resources and the economy of the country as a whole.

Agriculture

It is providing 70% of employment in rural areas (rural economy) and providing major support to the urban people (urban Economy) (Anonymous, 2010). It is accounting for 14% in GDP. It is depending on monsoon only. Planting seed in the field by a farmer needs wet percentage in the ground for some days (Anonymous, 2006). Due to high temperature, soil moisture is drying up in few hours or in few days affecting the sprouting of seed. Wastage is increasing in fertilizer and chemical pesticides with high surface temperature and changing soil. This is One of the main cause for India for not meeting the quality of export products to other countries.

High surface temperature, scanty of water and shortage of power are reducing the working days of the labor. Labor is demanding more wages as per cost of living. Increase in one degree of temperature, is reducing 2% to 5% of crop productivity (yield) (<http://www.ipcc.ch/>). Motor running expenses are increasing with petrol, diesel and power cut. All the expenses are not fitting in marginal cost. Only few landowners are getting profits, others especially rental farmers, female headed and old aged farmers are in continuous losses (private debts). Bankers are not showing much interest for lending because of the above said problems. Growth of family or business firm or economy (GDP) is dependent on productivity of resources. With the increase of commodity prices, people are not buying (taking) required quantity of food. Even though People are having lot of resources, they are living with malnutrition and undernourishment, mainly because of drought. We have 1.6% population growth every year (Anonymous, 2001) which increases demand and new customer strength in business. Our production capacity is not increasing but actually it is reducing in some cases. This is the main reason for high rate of inflation.

Business

India with high population is providing larger customers to do business. Agriculture is also business which is helped by government. That means government is giving subsidies and facilities (water by canals, motors, drip irrigation...) for developing productivity in their agriculture lands. According to inflation (cost of living of farmer), government is deciding marginal cost. This will (agriculture sector) affect rural economy and urban economy and decide the GDP (ECONOMY) growth of India. Earnings – Expenses (needs) = Savings. Increasing savings will generate more business.

Investors need customers. Agriculture commodity prices (Inflation) are increasing and reducing growth of business by high “bank interest rate, production cost and less customer availability”. It also reduces strength of existing customer. Customers are shivering to pay EMI's at this rate of interest. This is the main reason for increasing second hand market and immediate sale. Banks credit growth has dropped to the lowest in this decade.

Agriculture industries are suffering from raw material problem (high price and less availability), investment cost and risk (with power, man power and market) and profits are reducing. Other sectors (manufacturing and service) are facing problem with power. We are fifth largest hydro power producers (consumers) on globe. Floods and drought (Anonymous, 1999) are reducing the dam's capacity and disturbing power generation. September-end the water level in reservoirs lined to hydro turbines were enough to generate 23 billion units of electricity. On the same date last year potential were 28 billion units. Power problems (production cut), production cost (wages, raw material) market risks, customer availability and bank interest rates are squeezing the investor profits and pushing them in to debts on the globe. This influences the new job opportunities and existing job holders. Business dealers, distributors are working with fewer margins to collect outstanding.

Slumps GDP and Economy under Recession

Production for a country is measured by Gross Domestic Product (GDP): Employment, investment spending, capacity utilization, household incomes, business profits and inflation are also important. GDP Growth is nothing but economic growth of the country. Downtrend of three consecutive quarters of GDP is called recession (<http://www.investopedia.com/terms/r/recession.asp>). Agriculture sector is under distress. Business is under financial crisis. Bankruptcies and unemployment rate are going to increase. At the same time odd works are going to disturb (like thefts, prostitution, corruption ...). Government is not getting the desired support from business entrepreneurs. At this crucial economic condition more domestic entrepreneurs are not showing interest to expand or to start new business. The water and power resources are scarce. For example: water requirement for 40g egg need 135 lit, potato 100g 25 lit, cotton t-shirt 4100 lit, pair of shoes 8000 lit (Anonymous, 1999). Gross shortage and water is main problem of cattle's growth. High fertilizer, oil and food subsidies are one of major reasons ballooning fiscal deficit. Due to all these domestic problems government is not receiving required money for developments. That is the main reason for inviting and encouraging Foreign Direct Investment (FDI). Because of wounding financial crisis all over the globe, investors are migrating to other regions to protect their business and people are migrating for jobs. Controlling food prices reduces this kind of situations.

Management Problems are Increasing from Ground Level to Top Level

Resources are not giving much employment and income to all areas, as a result, economical problems are increasing from ground level (small income holder) to top level (industrialist). Agricultural income dependents (farmers, labors, middlemen's) are getting more economical problems with temperature and water (drought and floods). Their income is reducing with high cultivation cost, low yielding problems and insufficient marginal price. All these burdens are reducing income of small, rental and female headed farmers. Their living standards are not increasing (own house, children education, timely marriages and human relations) with high cost of living.

Labor is not getting sufficient working days to live through out the year with early starting summer (i.e. temperature increasing from January ending). This is the main cause of migrations. They are migrating to other countries for work and getting more struggles with local people anger their government decisions.

Small employee (self employee) is getting more struggles with high cost of living and high computation. While migrating from a place (village or town or city), people (farmer or labor or other) renting their resources (agriculture lands or houses or other) to others and coming to other places. They are ready to work for low salaries as

compared to local people demand. Ex. A resident of Hyderabad will expect Rs. 15,000/-, but the same work a migrated (from village) can do with Rs. 12,000/. This is because the resident of Hyderabad have no other income resources to live but the migrated person getting some income at his own place.

Industries are suffering with volatile market. Cost of living is increasing raw material cost, production cost, marketing cost and decreasing customer buying potential. This is effecting for existing customer strength and new customer strength. The growth of business is coming down day by day because of bad economical conditions inside and out side. This is going to be a big problem to export and import. With these bad conditions, government not going to achieve a proper growth; and again it will lead other problems with high inflation, Fiscal deficit, widening CAD, increasing prices and other economical challenges. All these things down grade the currency value and sovereign rating from rating agencies.

Recession Indicators on India

Recession usually defined as contraction in GDP for 6 months (two consecutive quarters) or longer. It is marked by high unemployment rate, stagnant wages and fall in whole sale, retail, sales and industrial production (<http://www.businessdictionary.com/definition/recession.html>).

When the resources of the people (a family or business organization or economy) not able to give sufficient income to maintain for some period, first the people face financial crisis and then slip into recession or depression (depths exceeds asset value). KVNREDDY

Till 2006-07 India was the fastest growing economy in the world after china. Today Indonesia has over taken us. Rating agencies are also warning about our slow growth. India is having lowest economic rate among BRIC economies. Our banking system is showing negative outlook with burgeoning fiscal and current account deficit (CAD) (Sudhaman, 2012). Next few years it would remain unstable due to challenging nature of its domestic environment. This environment is characterized by slow economic growth, high inflation, high interest rates and a weak local currency. That's why we are not attracting foreign investors. Both external and internal factors are going to blight our growth. Among the external reasons exports are one which gives a quarter of our GDP but these are declining (Anonymous, 2012). Things are not looking up bright in the world and hence no one in India is willing to commit fresh investment in India. If at all India has to come out from this crises, agriculture has to be regenerated through mitigating the effects of climate change. If these are not happen India will slip in to "RECESSION".

Awareness is the First Step of Solution

"Prevention is better than cure" is very much applicable in this case. Everyone (entrepreneurs, farmers, employees etc...) is aware about scanty rains in India. Comparing to last 30 years, we are receiving 40 to 60% as scanty. Because of this scanty rainfall government is unable to provide sufficient power and water to everyone.

Government alone can't cope with these bad conditions. Entrepreneurs also should come forward to rectify. People are not having adequate knowledge on this (global warming and Recession). We should educate them and assist them for next generation's benefit (population, new entrepreneurs, health, employment...). We should also reduce the cloudy situations in Unemployment rate, poverty, nutrition (women and child), crime rate, prostitution, plunging stock

market, bad debts (bankruptcies). Government should implement pollution control board rules and regulations. Increasing pollution is weakening the ozone layer and effecting globe with powerful rays. If we don't implement solution early, Ozone layer holes will expand and will become another MARS (planet).

People should come forward to reduce Global warming (temperature and emission of hazardous gases) before hurricanes attack India and protect the damage of livelihood resources and coastal corridor (ice lands) submerging in to sea.

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