

# The role of agriculture in India's Socio- economic Development

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**Abstract - "To forget how to dig the earth and to tend the soil is to forget ourselves."— Mahatma Gandhi**

**On the eve of independence, agricultural sector was the major sector in the Indian economy. It has contributed to the Gross Domestic Production and employment to the labour forces, especially rural community in India. Now also, agriculture is the primary source of income for majority of the population. India stands second in world for agricultural produce. As in 2018, more than 50% of the Indian work force were engaged in agriculture and contributed 17–18% to the Country's GDP and provided employment to around 58% of the population (GOI, 2022).Agriculture also plays an important role in industrial development. It provides raw materials to the production of different commodities. So the improvement of agricultural production fuels the development of industrialization and urbanization of the country. The increased agricultural output and productivity tend to contribute substantially to an overall economic development of the country. This paper discusses the role of agriculture in India's Socio-economic Development and to analyse the various programs implemented by the Government to improve the agricultural production in India, by using secondary data.**

**Index Terms - Agricultural Development, Economic Development, COVID-19, Surplus and Industrialization.**

## 1.INTRODUCTION

Indian agricultural sector is currently showing immense opportunities and presently India become one of the world's largest agricultural producers by value. There are various changes taken place in this sector over the past few decades. These changes include – land reforms, green revolution, growth in contract farming, agricultural mechanization, providing subsidies for different farming activities, providing welfare schemes for both farmers and workers working in agricultural sector, easy loan

facilities, supply of high yielding varieties of seed, rise of exports, use of agro-chemicals, increased participation of the private sector in processing, use of fertilizers, pesticides, and weedicides, etc. Especially India's agricultural sector growing at a rapid pace with the use of technology.

## 2.OBJECTIVES OF THE STUDY

1. To study the role of agriculture in India's Socio-economic Development.
2. To analyse the current situation of agriculture after affecting COVID-19.
3. To examine the problems faced by agricultural sector in India.
4. To suggest measures to improve the role of agriculture.

## 3. METHODOLOGY OF THE STUDY

Secondary data were used in this study through newspapers, magazines, journals, articles, book, reports, etc.

## 4. ROLE OF AGRICULTURE IN INDIA'S SOCIO-ECONOMIC DEVELOPMENT

1. Share of agriculture in National Income (NI)  
Agricultural sector contributes major share of the national income in India. The share of agriculture has steadily declined on account of the development of the secondary and tertiary sector in India. From 53.1% in 1950-51, the share of agriculture in GDP at factor cost declined to 29.6% in 1990. The share of agricultural sector in GDP increased to 19.9 % in 2020-21 from 17.8% in 2019-20. The share of agricultural sector in National Income is taken as one of the indicators of economic development.

## 2. Sources of food supply

Agriculture is the basic source of food supply of all the countries. In 2019-20 the country's food grain output (comprising wheat, rice, pulses and coarse cereals) stood at a record 297.5 million tones and in 2020-21, the agricultural food grain production is projected at a record 308.65 million tons (GOI,2020). Increasing supply of food by agricultural sector has great importance for economic development of a country. In addition to growth in total output, agriculture in India has shown an increase in average agricultural output per hectare in last 60 years. The table below illustrate average farm productivity in India over three farming years for some crops.

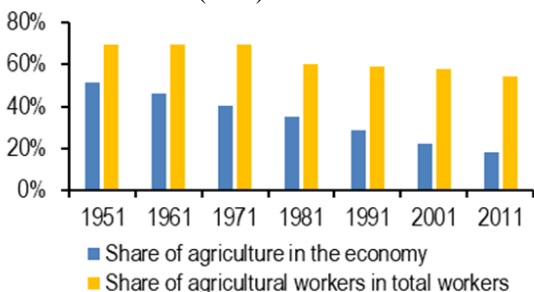
Agriculture productivity in India, growth in average yields from 1970 to 2010 (in kilogram per hectare)				
Crop	Average Yield			
	1970–1971	1990–1991	2010–2011	2019
Rice	1123	1740	2240	4057.7
Wheat	1307	2281	2938	3533.4
Pulses	524	578	689	441.3
Oilseeds	579	771	1325	1592.8
Sugarcane	48322	65395	68596	80104.5
Tea	1182	1652	1669	2212.8
Cotton	106	225	510	1156.6

Source: Government of India.

## 3. Agriculture is the largest employment providing sector

One of the major sources of livelihood is agriculture. More than 70% of the people in rural India is depend on agricultural activities for their livelihood. The people dependent on agriculture in the foreign developed countries such as Japan, America, and Germany have less population dependent on agriculture in comparison to India.

Share of agriculture in the economy and in the total number of workers (in %)



Sources: Agricultural Statistics at a Glance 2020, Ministry of Agriculture and Farmers' Welfare; CSO, MOSPI; PRS.

The contribution of the agriculture sector in the economy has significantly decreased from 51% in 1951 to 19% in 2011, and further to an estimated 16% in 2020-21. The share of workers who are dependent on agriculture has decreased from 70% in 1951 to 55% in 2011. This is mainly because the average income of these workers grew at a slower pace than that of workers in other sectors.

## 4. Contribution to capital formation

Underdeveloped and developing countries need a huge amount of capital for its economic expansion. In the initial stages of economic development, agriculture constitutes a significant source of capital formation. Unless increase in the rate of capital formation, economic development cannot be achieved.

## 5. Role of agriculture in industrial development

Expansion in the agriculture sector led to the expansion of the industrial sector. Agriculture has been the source of supply of raw materials to our leading industries in India. Such as cotton and jute industries, sugar, flour mills, etc. And also many other industries directly or indirectly depends on agriculture. They provide markets for industrial products. When agriculturalists have savings, they can buy consumer goods, invest in industries too. This results in an indirect development of the industrial sector.

## 6. Importance in international trade

Agriculture plays a significant role in the country's international trade. Agricultural products like tea, sugar, oil seed, spices, tobacco, etc. constituted the main items of exports of India. If exports of agricultural products fails to increase at a sufficient rate, these country face deficit in the balance of payments resulting in a serious foreign exchange problem.

## 7. The Shift of Manpower

Agriculture provides work to the majority of the labour force in the country. In the underdeveloped countries, the majority of the labour force are exploited in their work. Agricultural progress allows manpower to shift from the agricultural to the non-agricultural sector. The shift of agricultural sector to

the non-agricultural sector from the point of view of economic growth as it relieves the burden of surplus labour-power over the limited land. Consequently, the release of surplus manpower from the agricultural sector is essential to advance the agricultural sector and to extend the non-agricultural sector.

#### 8. Creation of Infrastructure

Development of agricultural sector results in improvement in the infrastructure of a country.

#### 9. Helpful to Reduce Inequality

Agricultural expansion will increase the income of the majority of the rural population and hence the income inequality might be to some extent reduced.

#### 10. Create Effective Demand

Growth of agricultural sector will tend to increase farmers' purchasing power which will help the country's non-agricultural sector expand. It will provide a more productive market and helpful in boosting non-agricultural sector production.

#### 11. Improving Rural Welfare

In an underdeveloped country rural economy depends on agriculture and allied occupations. The rising agricultural surplus caused by increasing agricultural production and productivity tends to improve the social welfare especially in rural areas. The living standard of rural masses rises and they start consuming a nutritious diet like milk, eggs, ghee and fruits. They lead a happy life having all modern amenities like a better house, vehicles, television and use of superior clothes.

### 5. EFFECTS OF CORONA ON AGRICULTURAL PRODUCTION IN INDIA

Agricultural activities have slowed down due to the influence of COVID- 19. It has become difficult to market agricultural products because agricultural items are mainly food crops and it cannot be stored at this time. So the farmers who cultivated food crops suffered huge losses.

The farmers find it very difficult to harvest the crops. Vegetable farmers fail to find markets for their produce. Pineapple farmers also suffered losses due to failure to find markets. They are facing problems in marketing and also finding sufficient warehousing

facilities. So they cannot store the harvested crops. The non- availability of agricultural labourers and machines, failure to find markets, lack of means of transportation all added to the misery of farmers.

In the meantime the nature is again causing problems in the form of heavy rain, heavy winds, thunder and lightning. The farmers requested for help from the government. But the government is not in a capable situation to solve all the problems because of the lack of funds. During such a time Keynesian theory of Pump trimming is to be adopted by the government to solve the economic problems. But because of the fear of credibility government is not willing to adopt people friendly economic activities.

### 6. LOOPHOLES IN CARRYING OUT AGRICULTURAL ACTIVITIES

1. Poor inputs and techniques: The techniques and methods of cultivation have been old and inefficient. It results in a high cost of production and low productivity.
2. Inadequate irrigation facilities: One of the major reasons for the weakness of Indian agriculture has been the lack of irrigation facilities in the country. The farmers have to depend upon rainfall and very few of them can avail the facilities of irrigation systems.
3. Rural transport and communication network: Most of the areas remain inaccessible during rainy seasons for non-availability of all-weather roads. Roads are found to be highly damaged. There are no proper transport facilities to the access of the villagers.
4. Indebtedness of the farmers: The farmers in India are born in debt, live in debt and bequeath debt. The reasons for their indebtedness are many such as hereditary debt, court case, want of supplementary incomes and wasteful social expenditure.
5. Low adoption of improved technology: The adoption of high yielding varieties (HYV) is very rare in India. The significant reasons for the slow growth of HYV are the non-availability of suitable seeds. The other problems are predominance of traditional seeds, short supply of recommended seeds and defective distribution system.

6. Absence of Innovation in Agriculture: There is a lack of improved crop management practices for shifting cultivation in India. The facilities of storage, processing and marketing are particularly deficient for perishable commodities.

#### 7. SUGGESTIONS FOR THE IMPROVEMENT OF THE AGRICULTURAL SECTOR

Agricultural sector plays a significant role in the process of economic development of the country. India is the second-largest populated country accounting for 18% of the total world population. With an increase in the population, the need for various agricultural products has increased significantly. Over the past few years, India's GDP has been growing at a steady pace which has resulted in a rise in the disposable incomes of the consumers. It has enabled farmers to invest more in advanced agricultural infrastructure such as irrigation facilities, machines, quality seeds, equipment's, fertilizers, warehousing, cold storage, etc.

- There should be an immediate expansion of the Pradhan Mantri Fasal Bima Yojana (PMFBY) to guarantee compensation payments to farmers affected by the Covid-19 pandemic.
- Encourage better functioning food markets through improved regional, political and economic integration and better functioning for trade in food
- MSPs for farmers in the 2020-21 seasons should be substantially raised to 1.5 times the cost of production and Procurement should also be significantly expanded.
- Reduce VAT and other taxes
- Reduce post harvest crop losses.
- Ensure that local purchases of food.
- Improve the food stocks
- Remove artificial constraints to domestic trades throughout the food supply chain in order to link small holders farmers to markets
- Hold down core inflation and inflation expectations
- Protect basic consumption needs of weak populations
- Scale up nutritional support and support management and prevention of under nutrition.

#### 8. CONCLUSION

Agriculture is the Indian economy's most important sector. And agricultural development is a must for the economic development of a country. India has become the world's largest producer of pulses, rice, wheat spices, etc. Approximately 12 per cent of export earnings come from the agricultural sector. The Indian trade surplus of 14.6 billion dollars from agriculture generated in 2018. These stats show how big and important part of the country's functioning is the agriculture sector. It is obvious from the analysis that agriculture is largely responsible for the prosperity of a country. The development of other sectors depends on the success of the agriculture.

"Agriculture is our wisest pursuit, because it will in the end contribute most to real wealth, good morals, and happiness." — Thomas Jefferson.

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