

Role On Agriculture Sector in Indian Economy

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Abstract—From March to June 2020, India's agricultural exports increased by 23%, and after 17 years, the country's agricultural share of GDP increased by 20%. One of the main goals of Atmanirbhar Bharat is to have an agriculture that can sustain itself. The government has implemented new programs and policies to support the growth of the agriculture industry over the years. India is currently the world's top producer of a variety of fruits and vegetables. It is the world's top producer of bananas, cotton, and milk. The agriculture sector accounts for the largest portion of India's GDP and supplies raw materials to numerous industries that have expanded over time, such as the textile sector, which is quickly becoming one of the country's top exporters. India is a leading exporter in the global market when it comes to agriculture products, over the years we have seen development in the sector of poultry industry, aquaculture, fishing, animal husbandry from providing agricultural loans and bringing in new land reforms for farmers we see a rise in the agriculture sector. Indian economy is primary depended on the agriculture sector which constitutes more than 50% of the workforce in India with maximum people living in the rural sector. Development in the rural economy can escalate the economy sector of India. Agriculture sector also known as primary sector is essential for economic growth in any economy including India. It has emerged as the essential-growing sector in the global economy since independence. This sector contributing 13.7 per cent of GDP. In employment providing, this sector is occupying first place. Its respectable share in foreign direct investment (FDI) inflows as well as in total exports makes it the engine of economic growth.

IndexTerms—Agriculture, economy, GDP, Atmanirbhar Bharat, self- supporting, export

I. INTRODUCTION

Regardless of a nation's level of development, agriculture is a major contributor to its economic growth. India's green revolution demonstrates how it aided in promoting agriculture, which had a favorable impact on the nation's overall economic expansion. The agricultural sector supplies people with food and

raw materials for the industrial sector; the non-agricultural sector also demands high-quality purchases from this sector strengthen the produce demand, providing surplus in the form of saving and taxes which be used for non agricultural sector, agriculture sector also contributes to the foreign exchange business through exports. Agriculture development and economy growth go hand in hand for many countries especially for countries which are underdeveloped and highly depend on agriculture as the primary source of economy Agriculture contributes to National Income, in most of the South Asian countries Agriculture provides maximum GDP in Bangladesh and India, the leading industrialized countries even once depended on agricultural.

Due to the aim to boost the efficiency of agricultural production, some farmers have chosen to focus on agricultural practices, such as the raising of poultry, cattle, and certain crops. Hence, agricultural production mechanization, crop and animal protection, and soil fertility improvement for increased crop output, and the development of disease-resistant crop varieties and animal species have all benefited greatly from science and technology. Even though the agriculture sector in India is responsible for over 65 percent of all employment, it only makes for about 18 percent of the GDP of the nation. Despite significant advancements in food grain production, there are still a number of challenges to be overcome if the government is to increase agricultural production as a share of GDP. Agriculture in India is strongly dependent on the environment, but worries about the weather and global warming make farming risky. There is an urgent need to educate farmers on how to use cutting-edge technology and innovative approaches to increase production and profitability. In the parts that follow, we'll talk about the importance of agriculture to the Indian economy, its function in that sector, and the significant contributions that science and technology have made to agriculture.

The world's only source of food is agriculture, and as the population grows, so does the demand for food. If agriculture fails to meet people's basic needs, the economy will suffer greatly. Therefore, agricultural upgrading is crucial to increasing the amount of organic matter for agro-driven industries, especially in developing and underdeveloped nations. Lack of agricultural products has an equal impact on industrial products, raising their prices and thereby affecting the nation's economic development. Oil, pulses, jute, and the four mills all rely on agricultural raw materials.

It also provides progress in surplus for escalating the agricultural products; more production provides opportunity for greater exports of agricultural products. The development in agriculture sector has reduced the load of many developed countries that face scarcity of foreign funds; agriculture doesn't require high funds for growth thus it solving the issue of foreign funds. Agriculture sector also helps in reducing the gap between the urban and rural by providing utmost important to agriculture sector, it also creates effective demand. With a population of 1.3 billion, agriculture sector is the fundamental component for economy development with the rise in population demand for food also increases. In India 70% of the population live in rural India where agriculture is the main source of income and 90% are farmers. In fact, in India 28% of the GDP comes from the agricultural sector which is the second highest after Bangladesh. Agriculture is required in almost all industries including textile. Almost all growing industries are directly or indirectly dependent on agriculture for raw material, where today India is trying to improve the agricultural sector and make the life of farmers comfortable and provide them maximum facilities for the development of infrastructure and other requirement for promoting of the agricultural sector.

Agriculture is the Primary sector of Economy. It makes direct use of natural resources. It is contrasted with secondary sector (producing manufactured & other processed goods) & the Tertiary sector (producing services). This sector is usually most important in less developed countries & typically less important in industrial countries. Until the industrial revolution, Vast majority of human population labored in agriculture. Pre Industrial agriculture was typically subsistent in which farmers raised most of their crop for their own consumption instead of cash crop for

trade. A remarkable shift in agriculture practices has occurred over the past century in response of new technology & the development of world market. This also led to technological improvements in agricultural techniques. Now, Agriculture with its allied sector is unquestionably the largest livelihood provider in India, more so in the vast rural area. It also contributes a significant figure to GDP. Most of the industries also depend on agriculture sector for their raw materials.

II. IMPORTANCE OF AGRICULTURE

Agriculture is the primary occupation of the working population in India. Approximately 70% of our people work directly in agriculture. This ratio is extremely low in developed nations, at 5% in the United Kingdom, 4% in the United States, 16% in Australia, 14% in France, 21% in Japan, and 32% in the Soviet Union. The reason for this high percentage in agriculture is that non-agricultural activities have not been developed to accommodate the population's rapid growth.

Contribution to National Income

Even today, Indian agriculture plays a significant part in the economic growth of the nation. The agriculture sector still accounts for a large portion of the nation's gross domestic product (GDP), despite its contribution to national income declining. From a high of 55.4% in 1950–51 to 18.2% in 2014–15, agriculture's share of the nation's GDP has decreased. At the current rate, agriculture and related industries contributed 16.5% of the nation's Gross Value Added (GVA) in 2019–20.

Marketable Surplus

The growth of the agricultural sector produces surplus that can be sold. As the nation grows, more and more people will work in non-agricultural industries like manufacturing and mining. All of these people rely on the production of food, which they can obtain from the surplus that is marketable. Marketable surplus grows and output rises as agricultural development occurs. You can sell this to other nations. It is important to note here that agricultural surpluses allowed Japan and other nations to develop effectively. Nothing prevents us from doing this in our own situation.

Contribution to Foreign Exchange Resources

Agricultural sector constitutes an important place in the country's export trade. According to an estimate, agricultural commodities like jute, tobacco, oilseeds, spices, raw cotton, tea and coffee accounted for about

18 per cent of the total value of exports in India. This shows that agriculture products still continue to be significant source of earning foreign exchange.

Vast Employment Opportunities

The agricultural sector is significant as it provides greater employment opportunities in the construction of irrigation projects, drainage system and other such activities. With the fast-growing population and high incidence of unemployment and disguised unemployment in backward countries, it is only agriculture sector which provides more employment chances to the labour force. In this way, significance of agriculture emerges more and more.

Source of Government Income

In India, many state governments get sizeable revenue from the agriculture sector. Land revenue, agricultural income tax, irrigation tax and some other types of taxes are being levied on agriculture by the state governments. Moreover, considerably revenue is earned by way of excise duty and export duty on agricultural products. Raj committee on Agricultural Taxation has suggested imposition of taxation on agricultural income for raising revenue.

III. CHALLENGES

Raising agricultural productivity per unit of land

Since practically all cultivable land is under cultivation, increasing productivity per unit of land must be the primary driver of agricultural growth. Water resources are also scarce, and growing urban and industrial demands must be met by irrigation water. It will be necessary to take advantage of every productivity-boosting strategy, including raising yields, switching to higher-value crops, and creating value chains to cut marketing expenses.

Reducing rural poverty through a socially inclusive strategy that comprises both agriculture as well as non-farm employment

The impoverished, the landless, women, scheduled castes, and tribes must all benefit from rural development. Furthermore, there are significant regional differences: the Eastern Indo-Gangetic plains and rain-fed regions are home to the majority of India's impoverished. Such groups have proven difficult to reach. Although there has been progress—the percentage of rural residents living in poverty decreased from almost 40% in the early 1990s to less than 30% by the mid-2000s (roughly 1% annually)—

a quicker decrease is obviously required. Therefore, reducing poverty is a key component of the World Bank's and the government's rural development initiatives.

Ensuring that agricultural growth responds to food security needs

The sharp rise in food-grain production during India's Green Revolution of the 1970s enabled the country to achieve self-sufficiency in food-grains and stave off the threat of famine. Agricultural intensification in the 1970s to 1980s saw an increased demand for rural labor that raised rural wages and, together with declining food prices, reduced rural poverty. However agricultural growth in the 1990s and 2000s slowed down, averaging about 3.5% per annum, and cereal yields have increased by only 1.4% per annum in the 2000s. The slow-down in agricultural growth has become a major cause for concern. India's rice yields are one-third of China's and about half of those in Vietnam and Indonesia. The same is true for most other agricultural commodities. Policy makers will thus need to initiate and/or conclude policy actions and public programs to shift the sector away from the existing policy and institutional regime that appears to be no longer viable and build a solid foundation for a much more productive, internationally competitive, and diversified agricultural sector.

Sustaining the environment and future agricultural productivity

Groundwater levels are declining in some areas of India as a result of excessive water pumping for agricultural purposes. On the other hand, salts are accumulating in the soils of some irrigated areas as a result of water-logging. However, agricultural practices must be modified in rain-fed areas, where most rural residents reside, in order to decrease soil erosion and improve rainfall absorption. Mitigation measures are required for overused and degraded forest land. Almost all of these issues have solutions that have been proven to work. The most comprehensive is through watershed management programs, where communities engage in land planning and adopt agricultural practices that protect soils, increase water absorption and raise productivity through higher yields and crop diversification. At issue, however, is how to scale up such initiatives to cover larger areas of the country. We also need to take climate change into account. Rain-fed regions would be most affected by more extreme events, such as

droughts, floods, and unpredictable rains. The watershed program might be the best agricultural program for promoting new crop varieties and better farming methods when combined with efforts from agricultural research and extension. However, other initiatives like the livelihoods program and the growth of off-farm employment might also be crucial.

IV. RECENT GOVERNMENT POLICIES AFFECTING INDIAN AGRICULTURE

Government of India to discontinue technological missions for cotton and jute

To give priority to food grain production, the Union Ministry of Agriculture has decided to end the technological missions for cotton and jute beginning in April. The move was partly prompted by farmers growing more cash crops beyond domestic demand. "In cotton, the acreage has gone up sharply year, in anticipation of higher prices. However, domestic demand is not much. Now, producers eye export market and there is no reason why the government will fund a crop to meet overseas demand," a government official said.

Cash transfer to farmers faces hurdle

The "minimum support price" (MSP) is the price at which the Indian government purchases rice, wheat, and other crops from farmers. This year, the Food Ministry unveiled a plan to either transfer the MSP directly to farmers' accounts or use an account-check system, but it has encountered obstacles. The cartel of commission agents and middlemen fiercely opposed the plan. Commission agents sell the produce to Food Corporation of India at MSP after buying grains from farmers at discounted prices. If payments are made directly to the farmers, the middlemen will lose their commission. The plan is pointless because many states have not yet implemented a system to pay farmers directly for grains purchased on behalf of the Food Corporation of India (FCI). The government of Punjab, one of India's largest grain-producing states, is having the most difficulty implementing direct payment because the state has a well-established system of middlemen and commission agents. The Food Corporation of India had to discontinue the process of direct payment during the current season midway because of dispute between FCI and commission agents. The direct payment system could

allow smallholders to better manage input costs because of India's MSP predictability.

Role of Agriculture in Indian Economy

Agriculture sector has an important place in Indian economy. Indian agriculture is the backbone of the entire economy. Economic transformation of a developing country like India crucially depends on performance of its agriculture and its allied sector. This sector plays a significant role in rural livelihood, employment and national food security. Its happens to be the largest source of livelihood in India. Proportion of Indian population depending directly or indirectly agriculture for employment opportunities is more than that of any sector in India as high as 70 % of its rural household still depends primarily on agriculture for their livelihood, with 82 percent of farmer being small and marginal. It provides raw materials to industries, food to entire population and feed and fodder to livestock. Agriculture is also an important source of finance of Central and State governments. Indian agriculture has an honorable place international level earning valuable foreign exchange for the country. Although, its contribution to national income is diminishing due to higher growth in secondary and tertiary sectors, reflecting the development process and the structural transformation taking place in the economy.

V. CONCLUSION

Indian economy mostly depends on agriculture sector for their overall development. Rural economy is paramount for sustainable development of India, with the agriculture sector contributing to 28% of the national income and constitutes more than 50 % of the work force, the industry is the yardstick of Indian economy. The agriculture sector also provides raw material for many industries. The textile industry is the leading industry in the world and a major exporter of clothes which is highly dependent on raw material from the agriculture sector. India export of agriculture has amplified over the years, increase foreign trade, Today India is one of the largest exporters in the global market for rice, wheat, milk, cotton, fruits and vegetables. Its agriculture is large and diverse and its sheer size means that even slight changes in its trade have significant effects on world agricultural markets. Training the farmers and educating them appropriately to change their mindset and reorienting them to take

up new activities or adopt foreign technology is of utmost importance. In this context, it is necessary to involve non-governmental organizations in training and mobilizing the rural poor to face the challenge of liberalization. Also, with domestic economic reforms, more care needs to be exercised to draw up state-specific liberalization measures to maximize their benefits. Lastly, in the implementation of these reforms for successful globalization, one crucial element, not entirely within control is the need for good governance and stability in the political and economic environment.

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