



AGRICULTURAL DEVELOPMENT AND INDIA ECONOMY

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ABSTRACT

India is known as "Land of Villages". About 67% of India's population lives in villages. The main occupation of them is agriculture and other activities related to agriculture. Agriculture is the largest and dominant sector of our economy providing livelihood to about 70% of the population of India. Agriculture plays a pivotal role in the Indian economy. Although its contribution to gross domestic product (GDP) is now around one sixth, it provides employment to 56% of the Indian workforce. Also, the forward and backward linkage effects of agriculture growth have increased the incomes in the non-agriculture sector. The growth of some commercial crops has significant potential for promoting exports of agricultural commodities and bringing about faster development of agro-based industries.

Introduction:-

Agriculture has always been the backbone of the Indian economy and despite concerned industrialization in the last six decades agriculture still occupies a place of pride. It provides employment to around 60 percent of the total work force in the country. Agricultural development is central to economic development of the country. India is known as Land of Villages about 67% of India's population lives in villages. The main occupation of them is agriculture and other activities related to agriculture. Agriculture is the largest and dominant sector of our economy providing livelihood to about 70% of the population of India. Agriculture is the backbone of the Indian economy. Agricultural produce has been the principal source of raw material. This shows the relative importance and dominance of agriculture in the Indian Economy.

Agricultural development is essential for economic growth, rural development, and poverty alleviation in low-income developing countries. Productivity increase in agriculture is an effective driver of economic growth and poverty reduction both within and outside agricultural sectors.

Objective of the Study:-

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The objectives of the present study are as under

1. To study the Concept of Agricultural Development.
2. To Study the Importance of Agricultural Development.
3. To study the Role of Agricultural Sector in National Economy

Research Methodology:-

The data for this present study has been collected from secondary sources only.

A) Secondary Data:-

The secondary data for this study has been collected from-

- 1) Leading Journals and Magazines
- 2) News Papers
- 3) Internet
- 4) Research Papers
- 5) Reference Books etc.

Scope of the study:-

1. The study is confined only to the Agricultural Development and Indian economy.
2. The present study is based on secondary data only.

The Concept of Agricultural Development:-

Agricultural development is essential for economic growth, rural development, and poverty alleviation in low-income developing countries. Productivity increase in agriculture is an effective driver of economic growth and poverty reduction both within and outside agricultural sectors. Such productivity increase depends on good rural infrastructure, well functioning domestic markets, appropriate institutions, and access to appropriate technology.

Importance of Agricultural Development:-

1. Agricultural development and equitable distribution of the benefits of economic growth are crucial for the global reduction of poverty and hunger. Numerous studies have provided evidence that the impact of economic growth on reducing hunger and poverty depends as much on the nature of the growth (e.g. industrial or rural economy based) as on its scale and speed.

2. Agricultural development is necessary to increase agricultural production in order to provide sufficient food for an expanding population.
3. The rural economy plays an important role with regard to employment, since the economic growth in urban centers is too slow to generate sufficient employment to absorb the migrated labour force, particularly in transition countries.
4. The contribution of agriculture is understandable in rural areas where it is one of the major economic activities, although small semi-urban centers play a major role in the economic growth of rural areas.
5. Agricultural activities can be crucial in the preservation of natural resources.

Roles of Agriculture in National Economy:-

1. Increases Agricultural Production and Productivity:-

The infrastructure in the agricultural sector enhances the comparative advantages of that region in which the infrastructural investment is made. When the region gains comparative advantage in the agricultural activities, the net result is increase in the production and productivity of various agricultural goods and services in general. The increased level of production and productivity results in a shift in the supply curve upwards, which has its positive implications on the price factor depending on the nature of the elasticity of demand for the commodity under consideration.

2. Reduces Cost of Production:-

Development of agricultural infrastructure in a particular region not only enhances the agricultural production and productivity but in many cases, leads to reduce the marginal cost of production. It should be noted that the transaction cost. That generally falls outside the cost of input prices can be one of the major components of the total cost of production in the agricultural sector and the infrastructure plays a dominant role in reducing the transaction cost.

3. Increases the Regional Value:-

An important benefit derived from the agricultural infrastructure is that it helps to increase the level of value added in the region. Increased level of agricultural infrastructure in a particular region would lead to extend investment in allied sectors which can produce high value added products. The increased level of capital formation in a region due to the availability of agricultural infrastructure leads to derived demand for the investment in the industries that produce value added commodities.

4. Agriculture in the National Income:-

The share of agriculture in GDP was around 55 percent. Agriculture contributed a major share of the national income in India at one time.

5. Agriculture and pattern of Employment in India:-

Agriculture dominated the economy to such an extent that a very high proportion of working population in India is engaged in agriculture. Agricultural sector still provides employment to 54.6 percent of India's work force and is the single largest private sector occupation.

6. Agriculture and Industrial Development:-

Indian agriculture has been the source of supply of raw materials to our leading industries. Cotton and jute textile industries, sugar, flour mills vanaspati and plantations all these depend on agriculture directly. There are many other industries which depend on agriculture in an indirect manner.

7. Agriculture and International Trade:-

Agricultural products like tea, sugar, oilseeds, tobacco, spices etc. constituted the main items of exports of India. Broadly speaking, the proportion of agricultural goods which were exported came to 50 percent of our exports and manufactured with agricultural content.

8. Social Benefits:-

Provision of initial level of agricultural infrastructure or enhancement of the existing one may lead to a different kind of cropping pattern from the existing one that would generate some indirect positive benefits that may be called social benefits. These benefits are enjoyed not only by the regional economic activities but also by activities beyond the administrative and political boundaries of the region.

9. Economies of Scale:-

Some types of agricultural infrastructure may result in increased economies of scale that would increase the agricultural income. The economies of scale is realized when the cost of production of a particular firm declines due to external advantages. Provision of one particular infrastructure for a specific objective may result in satisfying multiple objectives thereby increasing the economies of scale in the production activities. For example, rural electrification for providing electricity for the agricultural sector or rural road network may

attract small-scale industrial units that also consume electricity and road in the production process.

FUTURE TRENDS OF AGRICULTURE IN INDIA:-

1. One of the major economic trends will be downward pressure on cereal prices. These are projected to stagnate until 2020 despite increased demands. This, coupled with decreasing farm subsidies, will result in a need for greater efficiency at the farm level.

2. Government is no longer the predominant player in food regulation. Vertical integration of the food chain has been accompanied by a declining role for government and an increasing role for food retailers and the private sector. At the same time consumer demands - especially for "non-chemically contaminated food", are expected to boost to some 15-20% the market share of organic food by 2020.

3. A potential concern associated with the increased production and movement of livestock (largely swine and poultry) across the world is the transfer of epizootic diseases from animals to humans. The increased trading in livestock and food crops has also resulted in the creation of niche products in off-season markets. However, it also raises a series of trade related questions on market access.

4. There is a trend to increasing urbanization in many countries as people are unwilling to remain on the land and to continue to be involved in agricultural production. Agriculture in general is declining in economic importance and hence in public opinion. It is alarming to note that the number of students in agriculture faculties is declining rapidly. The reduced numbers of people involved in agriculture will also be a driver for increased mechanization of farming and raises a new challenge of how to find technologies that are ecologically sustainable, particularly for developing countries.

5. Increasing public concern regarding food safety must be met with a massive education programme. One thing that has become clear is that food safety and human health are generally assigned higher priority than the environment in the public mind.

6. The medicalization of agriculture is expected to continue. Two examples that come to mind include further investigating the use of nutraceuticals to improve diets and a better understanding of the role of protective factors, found in certain foods such as brassicas, in protecting against certain types of cancer.

CONCLUSIONS

Agriculture plays an important role in the Indian economy. Although its contribution to gross domestic product (GDP) is now around one sixth, it provides employment to 56% of the Indian workforce. Also, the forward and backward linkage effects of agriculture growth have increased the incomes in the non-agriculture sector. The growth of some commercial crops has significant potential for promoting exports of agricultural commodities and bringing about faster development of agro-based industries. Thus agriculture not only contributes to overall growth of the economy but also reduces poverty by providing employment and food security to the majority of the population in the country and thus it is the most inclusive growth sectors of the Indian Economy. Hence we need to set our priorities right in the changing scenario. It is just not India but the farming sector would be required to feed the world in the coming days.

In order to promote agricultural and rural development, the Government of India places high priority on reducing poverty by raising agricultural productivity. However, bold action from policymakers will be required to shift away from the existing subsidy-based regime that is no longer sustainable, to build a solid foundation for a highly productive, internationally competitive, and diversified agricultural sector.

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