



Role and influence of Agriculture in Indian economy.

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Abstract

Agriculture is the cornerstone for the rural Indian economy which revolves on socio-economic advantages and privileges, and any change in its structure may have a commensurate effect on current social equality patterns. Sustainable Agricultural production relies on proper usage under an appropriate technological management within the existing socioeconomic infrastructure of natural resources (soil, water, animal and plant genetic engineering, fishing, forestry, climate, precipitation and topography). Various research studies and policy papers emphasise the resource restrictions, infrastructural constraints, institutional constraints, technological limits and policy constraints facing the Indian Agriculture Sector. In order to accomplish sustainable agriculture, natural resources, financial resources, institutional resources and human resources must be combined (i.e. to optimally utilise the agricultural resources). As a feasible technology, IT plays a significant role in fast economic development and social change in emerging nations. Information technology and bio-technology, which are "the driving forces" of globalisation, are likely to generate new risks and vulnerabilities for the Indian agricultural industry with their complementarities of liberalisation, privatisation and stricter IPR.

Key words: Agriculture, Indian, economy, development etc.

Introduction

India has a very big farming industry. While the industry has reduced its GDP share to around 15 percent in the last 30 years, it continues to employ over half of India's workers and account for most of Indian GDP volatility. India has the world's second biggest arable land area and is a significant producer of many agricultural goods. By the turn of the century, India surpassed the United States as the biggest milk producer in the world and is also a leading producer of pulses like chickpeas and lentils, which are important sources of protein in vegetarian diets. Under the last two decades, Indian agriculture has experienced a major shift in the neo-liberal system. With regard to rural subsistence, agriculture still plays a major role in the economy, providing direct employment to more than half the country's whole workforce. However, it has decreased to a residual sector now providing less than 15% (in terms of its contribution to the overall GDP). Of course, although the development path has moved significantly to non-agricultural industries, there has been insufficient vocational mobility of agricultural workers

Role of agriculture: theoretical perspective

The importance of agriculture in the context of economic development has long been acknowledged. The Physiocrats praised agriculture as the only sector in the economy that has produced surpluses beyond the requirements of labour and capital. Even among both classical and neo-classical economists, the role of agriculture was one of the key subjects that brought a great deal of attention to the generation of important theoretical and Empirical literature by developing economists. Most of the literature focuses on the structural transition process of economies between traditional agriculture and contemporary industrialisation. In addition to



the contributions of some other theorists, the dualistic economic models (some of which have already been studied in Unit 1, but which we will recapitulate here) offer good theoretical insights into the role of agriculture in economic developments, particularly those from Singer, Nurkse, Lewis, and Ranis and Fie. These models and subsequent studies argue that agriculture is a labour intensive activity that saves little capital. It contributes to economic growth by supplying food grains, agricultural raw materials, labour, savings and, more significantly, demand for non-agricultural products. Therefore, these contributions make it abundantly apparent that the growth of agriculture is essential for the entire economic development of the off- and non-farm sectors. Estimates (provided by Nurkse and Ranis & Fie) for surplus labour potential range from 25-40% for overcrowded countries. This issue was emphasised in particular by Thirlwall when he stated that industrialization in Western Europe and England in particular was funded more by the agricultural surpluses

Contribution to GDP

Historical data and empirical research indicate that agriculture contributes substantially to GDP in the early phases of growth. As the economy develops and becomes more industrial, the proportion of the agricultural sector in the GDP is progressively declining and that of non-farm sectors is increasing. But decreasing agricultural proportion of GDP overall does not imply that agriculture does not grow. Although agricultural production also increases throughout the time, the output of the non-farm sectors rises considerably more quickly. As a result, the trajectory of growth shifts from agriculture to non-farm. Why does agriculture decline as economic development increases? We need to look at the demand side as well as the supply side variables that influence agricultural production / growth to comprehend this. On the demand side, the Law of Engle provides for a rise in demand for food grain per capita and demand for products and services from non-agricultural sectors owing to strong demand elasticity. Trade liberalisation and agricultural diversification into high-income elastic horticulture and dairy products would have a detrimental effect on the negative effect of Engel's law on demand for agricultural commodity products.

Contribution to Employment

Agriculture not only provides direct jobs to the majority of rural workers, but also helps to generate indirect jobs in rural non-farm sectors. It creates these opportunities through the production and processing of crops and livestock. The latter includes: (i) expanding agrobusiness activities; (ii) farming education and research and development; (iii) farm information and communication; (iv) animal care & processing; (v) plant protection; etc. Agriculture absorbed 69.5% of the total workforce in 1951. In 1991, this percentage was still 66.9%. The market reforms would lead to increased job possibilities via theoretical postulations to enable the transfer of the workforce from the low-productive farm sector to the highly productive non-agricultural sector. This is how a 'structural change' can be achieved over a period of several decades, which reduces the excessive dependence on the agricultural sector in the economy. However, mobility may also be disturbed if the development process is not 'inclusive' or supportive.

Role in Poverty Reduction



As we know well, many impoverished people rely on agriculture directly or indirectly. Agricultural growth generates an increased demand for non-agricultural basic rural wage products and services. Many of these products are mainly manufactured and eaten locally. High agricultural growth has tremendous potential to provide jobs and income in the rural non-farm sector. Agricultural income growth is thus seen as more effective in poverty reduction. You may notice that in the comparatively higher agricultural growth era of the 1980s India was a reduction in poverty higher than during the low agrarian growth period of the 1990s.

Contribution to Ecosystem Services

Agriculture may also provide a range of ecosystem services, such as pollutant absorption, recreational activity, environmental protection, social and agroforestry services, biodiversity, etc. This means that, in the production process, agriculture may generate both positive and negative externalities. On the one hand, soil and water supplies may be polluted by input intensification and chemisation. On the other hand, positive externalities such as animals, wetlands, organic products, etc. may also be generated. The organic label is one of the best known eco-labels. Organic agriculture may offer a range of ecosystem services that do not include biological pest management and soil and water resources conservation. However, farmers now get no ecosystem services compensation. The issue calls for rectification through changes in national accounting standards and the establishment of incentive and reward systems

Supply of raw material to agro-based industries:

Agriculture provides raw ingredients to a wide range of agricultural businesses such as sugar, jute, textile cotton and vanaspati. Similarly, the food processing businesses rely on agriculture. The growth of these businesses is thus completely reliant on agriculture.

Market for industrial products:

Rural buying power increases are extremely essential for industrial growth since two-thirds of Indians reside in villages. After the green revolution, big farmers' buying power rose because of their higher revenue and less fiscal burdens.

Influence on internal and external trade and commerce:

Indian agriculture plays an important part in the country's domestic and foreign commerce. Internal commerce in food grains and other agricultural goods contributes to service sector growth.

Contribution in government budget:

From the first five-year plan For both the federal and the state budgets, agriculture is regarded as the primary revenue collection sector. But the governments generate enormous income from farming and its related industries, such as livestock raising, animal husbandry, poultry farming and fisheries. Indian railway and the state transport system also generate good income as freight rates for agricultural, finished and completed goods.

Need of labour force:

A significant number of qualified and unqualified workers are needed in construction and other sectors. This work is provided by Indian farming.

Greater competitive advantages:



Indian agriculture offers cost advantages in several agricultural commodities in the export market because to cheap labour and input supply autonomy.

Conclusion

Change in rural India, but there is still a long way to go Agriculture has benefitted from better agricultural methods, yet growth is not fair Land usage in rural regions is shifting as farmers receive excellent value for their holdings. It should be an attempt to halt migration to metropolitan areas The main purpose of wholesale pricing is to track weekly price changes. The number of important commodities, particularly non-food crops, should be limited to an absolute minimum. In an agricultural economy like India, agriculture has been an integral part of the economic and rural development plan. Agriculture is a way of life for rural Indians. The speed of agricultural development is defined at which agricultural output is expanding, whereas the pace of marketable surplus growth defines the pace of economic development. Speedy economic growth is a process of increasing the country's gross national product and percapita income, enabling people to enjoy better and higher living conditions and welfare standards.

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