

# AN OVERVIEW OF THE ROLE OF AGRICULTURE IN THE INDIAN ECONOMY

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## **Abstract:**

Agriculture serves as the primary means of livelihood for these communities. Additionally, related activities such as dairy farming, fishing, goat rearing, pig farming, and poultry contribute to the supplementary income of rural families. Advancing agricultural practices is crucial not only for enhancing rural development but also for fostering the overall economic growth of the nation.

**Keywords:** Agriculture and market linkages, Crop production, Extensive cultivation, Intensive cultivation, Modern cultivation methods, Indian economy, Agricultural productivity challenges, Rice production comparison, Agricultural growth impact

## **1.0 Introduction**

India's economy is predominantly agrarian, with 72% of its population residing in rural areas. Agriculture serves as the primary source of income for rural households, supplemented by activities such as dairy farming, fishing, goat rearing, pig farming, and poultry farming. The development of agriculture is crucial not only for rural progress but also for the overall economic advancement of the nation. Agricultural growth is vital for eliminating rural poverty and ensuring food security. India ranks sixth among the world's largest economies, with a significant portion of its population relying on agriculture for sustenance. The agricultural sector contributes around 14% to the country's GDP. Despite the pivotal role played by agriculture in the Indian economy, there has been a decline in this sector, while the service sector shows signs of improvement.

## **2.0 Review of Literature**

S.Selvaraj (2012) emphasized the importance of strengthening the regulated agricultural market system due to the changing nature of linkages between agriculture and markets. Additionally, Rehman.S.Ibrahim (2012) proposed that crop production could be increased through extensive and intensive cultivation methods. Extensive cultivation involves increasing the total area under cultivation, while intensive cultivation implies growing more crops on the same area through the use of modern methods and better inputs. Shyama Prasanna Mukherjee (2016) highlighted the potential of sufficient agricultural production to meet the increasing demand for food and alleviate rural poverty in the fringe of Raipur city. The study also analyzed agricultural productivity and efficiency in the selected sample villages, as well as the status of food availability in the area. Finally, the work evaluated the problems and prospects of agricultural production.

## **3.0 Agriculture Sector in Indian Economy**

The Indian economy relies heavily on agriculture, which poses challenges due to its dependence on the production, distribution, and consumption cycle. Productivity is another issue faced by the agro-economy, with Indian farmers producing only 2.4 tonnes of rice per hectare, falling short of its potential. In comparison, China and Brazil produce 4.7 and 3.6 tonnes of rice per hectare respectively. Despite these drawbacks, the agriculture sector remains vital for the Indian economy.

## **4.0 Objective of the Study**

The objective is to examine a concise overview of agriculture in India. Additionally, the focus will be on assessing the impact of agricultural growth on the country.

## **5.0 Research Methodology**

The study exclusively utilized secondary data sources, including leading journals, newspapers, the internet, research papers, and reference books. Importance of Agriculture in the Indian Economy Agriculture is a crucial

sector in the Indian economy, providing employment to a significant portion of the population and playing a vital role in international trade.

## **6.0 Role of Agriculture in the Indian Economy**

The role of the agricultural sector in the Indian Economy is.

### **a). Indian's GDP Contribution:**

Since gaining independence, the agriculture sector has consistently been the primary contributor to India's GDP. In the 1950-1951 fiscal year, agriculture and related activities accounted for 59% of the country's total GDP. Despite a gradual decline, the agriculture sector remains a critical component of the Indian Economy. In contrast, developed countries like the UK and USA only see about 3% of their total GDP coming from the agriculture sector.

### **b).Employment in Agriculture**

With over half of the country's population engaged in the agriculture sector, India has the largest number of employees in this field. In comparison, developed nations like the UK, USA, France, and Australia have only 2%-6% of their population engaged in agriculture.

### **c).Food Source**

As the second-most populous country in the world, India has a constant need to feed its large population. This necessitates a strong agricultural sector and a reduced dependency on it for the overall Economy.

### **d).Agricultural-Industrial Relationship**

The industrial sector in India heavily relies on the agricultural sector for raw materials to sustain continuous production. Approximately half of the income generated in the industrial sector comes from agricultural-based industries, highlighting the strong interdependence between the two sectors.

### **e).Contribution to the Government's Revenue**

Agriculture plays a crucial role in providing income for both the central and state governments. Land revenue continues to be a major source of revenue for the government, while the transportation of agricultural products contributes to the revenue of the Indian railways, further supporting the government's revenue generation efforts.

### **f).Economic Planning and Agriculture**

India's economic outlook is greatly influenced by the performance of the agricultural sector. A bountiful harvest provides a boost to the country's anticipated economic expansion by enhancing the business environment for transportation, manufacturing, domestic trade, and other related industries. Conversely, a poor harvest leads to a significant downturn in the country's economic activity, ultimately disrupting economic planning. Therefore, in a country like India, the agricultural sector holds a pivotal role, and the nation's economic well-being continues to heavily depend on it. The findings of the aforementioned research clearly indicate that agricultural growth is an essential prerequisite for diversification across sectors and overall economic progress.

## **7.0 Findings**

The Indian economy remains heavily reliant on agriculture. Fortunately, India is projected to achieve a record food grain production of nearly 300 million tons, specifically 298.32 million tons, comprising 149.92 million tons from the kharif season and 148.4 million tons from the rabi season. The average growth rates for gross sown area and gross irrigated area stand at 0.33% and 0.58%, respectively. The cumulative values for gross sown and gross irrigated areas are 9.11 and 0.60. The overall growth rate for these areas ranges from 99.28% to 104.15%. The average gross capital formation is recorded at 2875.14 billion. In terms of GDP, agriculture in India accounts for 15.4%, with a projected growth rate of 3% for the farm sector this year, despite challenging conditions. This growth is expected to contribute at least 0.5% to India's overall GDP growth for the fiscal year 2017-2018. However, production in factories has declined, and the services sector has experienced setbacks. The seasonally adjusted Markit India manufacturing purchasing managers index (PMI) dropped to 27.4 in April, marking the lowest PMI reading in 15 years since data collection began. 2. The Indian economy continues to depend significantly on agriculture. On a positive note, India anticipates achieving a record food grain output of approximately 300 million tons, with a precise figure of 298.32 million tons—149.92 million tons from the kharif crop and 148.4 million tons from the rabi crop. The average growth rates for gross sown area and gross irrigated area are 0.33% and 0.58%, respectively. The cumulative values for these areas are 9.11 and 0.60. The overall growth rate for gross sown and gross irrigated areas is between 99.28% and 104.15%. The average gross

capital formation is estimated at 2875.14 billion. In terms of agricultural GDP, India's contribution stands at 15.4%, with a growth rate of 3% expected for the farm sector this year, despite adverse conditions. This growth is projected to add at least 0.5% to India's GDP growth for the 2017-2018 period. Conversely, production in manufacturing has contracted, and the services sector has faced.

### 8.0 Suggestion

No doubt the agricultural system has seen much more progress in the recent years in terms of production and technological upliftment. Much more needs to be done as there are severe challenges in the state like droughts, uneven rainfall, inefficient methods of cultivation, inferior quality of seeds, lack of adequate fertilizers and pesticides etc. Above all lack of interest of a farmer now as the agriculture does not fetch him adequately as in the end a farmer gets a very low price for his produce, because of inefficient markets and marketing system in the country. India has witnessed a lot of farmer suicides; because of low production and inefficient marketing system in the country. Agriculture is still the main source of livelihood to a majority of population of India especially the rural. These issues are of much concern and the policy makes must think twice while framing the policies and bring reforms in the agriculture. The system needs to give more focus agricultural up liftment in terms of infrastructure and support to the farmer. The need of the hour is to make Indian agriculture self-sufficient and more competitive over the globe.

### 9.0 Conclusion

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