

Emerging Role of Agriculture in Economic Development in India

Dr. Anshu

Faculty in Department of School of Business Management
Footwear Design and Development Institute, Rohtak (Haryana)
Email: anshu.24@fdiindia.com

&

Dr. Rohit Bansal

Assistant Professor, Department of Management Studies
Vaish College of Engineering, Rohtak (Haryana)
Email: rohitbansal.mba@gmail.com

Abstract

Agriculture plays vital role for the development of the country and the countrymen as a whole including economic development. It lays emphasis for fast track development with a strong and efficient growth of its production with optimal expenses. Though the role of agriculture is confined or limited to source of food, livelihood, foreign trade, increase of capital, savings and industrial development but ultimately it leads to all round gain of the country. Agricultural progress is essential to provide food for growing non-agricultural labour force, raw materials for industrial production and saving tax revenue to support development of the rest of the economy to earn foreign exchange and to provide a growing market for domestic manufacturers. Agricultural growth works like an engine for industrial and service sectors, drive to exports, savings in industrial outfits, involvement in agri-business activities, strengthening of social structural infrastructure with rapid productivity, covers the areas of rural and urban poverty elevation and ultimately increase in the development to various angles.

Keywords: *Agriculture, Economy, Economic Development, Underdeveloped Countries*

Introduction:

Talk about agriculture which is a must for any living being whether human being, animal, bird or in any form is absolutely necessary because without agro produces what can be eaten or meeting the need for

food cannot be dreamt at all. As it is very important for one and all across the Globe, it plays other role of strategy formulation while formalizing the economic development of any country. There is significant contribution of agriculture for the

prosperity which ultimately converts and leads to the development on various angles including the economic development. In all the case be it developed countries, under developed countries or even the undeveloped countries, increasing the per capita income gets diverted in both the sides upper way and / or downwards. There have been revolutions in the developed countries like United Kingdom where agriculture revolution lead to industrial revolution also. Countries like United States and Japan adopted development of agriculture at a faster pace which ultimately resulted into, further growth of economic development. Achieving per capita income, growth of agriculture produces and the process so engaged without limits or boundaries lays over emphasis on industrialization is easier and best suited terminology. With the rise of productivity sustainability and development including economic development of any country contribution of agricultural output is more appropriate tool.

Review of Literature:

If we talk about the growth or balance of GDP, role of agriculture comes on the top because major share of total produces come from it. In the case our country India agriculture includes the horticulture,

floriculture, livestock, fisheries, forestry etc. The producers of agriculture include grains, rice, spices, fruits, milk products, flowers, medicines, herbs and shrubs etc. Almost in all the parts of vegetation is taking pace with rapid speed and more especially in the case of fruits, milk products, tea & coffee. Organic produces is one of the most desired thing in the present market. There is more demand of organic foods and products. This is because that with the advancement and use of more and more chemical fertilizers the strength of soil gets deteriorated besides the benefits of the end produces / crops are also not up to the mark which means that more use of chemicals (including the pesticides and fertilizers) is harmful for human consumption and the produces by use of such things are also not good for the direct consumption. Taking the context of India it holds third position in farm and agriculture activities in the world. As far as the fruit production now India became second largest producer of the world. Agriculture based industry is also necessary and must for preserving the agricultural produces for which cold storages is one segment and allied industries like canning industry, dairy industry, processed & frozen food industry, preserving other food grains with scientific and traditional method is

another source. Prominent Scientist Prof. Kinderberger narrated that agriculture has contribution to the development of economy of any country in various ways such as: by way of providing food and raw material to non-agricultural sectors of the economy; by creating demand for goods produced in non-agricultural sectors by the rural people on the strength of the purchasing power earned by them on selling the marketable surplus; by providing investable surplus in the form of savings and taxes to be invested in non-agricultural sector; by earning valuable foreign exchange through the export of agricultural products; providing employment to a vast army uneducated, backward and unskilled labor.

Objective of the study:

The major purpose of this study is to the knowledge about such a thing or subject which is of very importance for one and all because without agricultural produces, life on earth cannot be imagined. Various studies and prospective are proposed to be included in this study.

Research Methodology:

This research is conducted based on the analysis of past practices, review of various literatures including the reports published by the Governmental Agencies and on the data

available. Cross sectional activities with activities from agriculture sectors to other sectors based on the examples, outputs, references, effects, affects and above all the gain to the sector both agriculture and industrial sector including the economy on broad base.

Role of Agriculture for the Development of Economy:

As agriculture is the main source for livelihood and called the backbone of economy which provides the basic ingredients to mankind and the required raw material for industrialization. Therefore, its role affects economy in various fields and ways: it contributes to national income by fostering economic advancement as major part of it comes from agriculture sector; it is the basic source of food supply for all the countries be it developed, under developed or even undeveloped country and makes balance in demand and supply; in case supplies or produces of agricultural produces fails the economy of any country will jeopardize and the growth rate of that country will be adversely affected.

Advantages of Agriculture from Economic point of view:

Any kind of shortage of agricultural goods the production of industries will get turned around, general price index will impede the growth of economy of any country. Manpower both the technical, skilled, semi-skilled and unskilled gets involved for agricultural activities throughout the world. The progress of agricultural activities gives rise to shifting of manpower from agricultural sector to other sectors. This diversion leads to economic development because it reduces the burden of surplus manpower / labor in case of any limitation on agro industries. As agriculture sector minimizes the burden on various inputs or countries where the foreign exchange or capital is in short because very less or even no foreign exchange sometimes is required. This leads to mitigation of foreign capital crunch. As the development requires the good infrastructure like, roads, markets, storage facility, transportation by various means which ultimately creates demands for Industrial products and the commercial development of the hub or that particular area / country. In the case of a country where agriculture is more practiced and there is gap between the urban and rural population, it reduces the disparity of

income to a greater extent. This is because the priority is given to the agriculture. The development of agriculture sector is relevant both on political and social grounds as it reduces / minimizes the tensions on both the fronts. In case of any difference of thinking or the opinion it raises the hope for prosperity. Purchasing power of agriculturists helps the market for increased production. In the case where majority of population is dependent on agriculture they get accustomed to the goods they produce. It is helpful in framing the effective demand even during adverse situations of the economy and keeping the economic depression away, if it happened / arises. Whatever quantity the agriculture produces are exported by any country, foreign exchange whatever amount it is gained, it is added to the national income in foreign exchange / currency.

India's View Point:

India is the lead agriculture based country. Majority of its population is dependent on agriculture. All kind of farming of the country including the produces is mainly dependent on rain water as there is deficiency of sufficient quantity of irrigation facilities. Still our farmers do produce various products. There was a time when

we used to see to other countries for self to meet our food requirements. With the help of HaritKranti which was the slogan of our beloved Prime Minister Late LalBahadurShastriJi, we are in the position of self-sufficiency and some of the surplus products of agriculture, horticulture, livestock, floriculture etc. are getting exported. With the outcome of Green Revolution, India not only became self-sufficient in meeting the requirement of food grains but also achieved the economic growth all round. As is in the case of developing markets, provision of agricultural credit and involvement of the respected governmental agencies needed, India is in the right earnest in this direction and use of Kisan Credit Cards, Rupya Cards are examples. Investment in marketing by public sectors, private sectors or any other form including the cooperatives in various forms like the marketing, transporting, distribution including import or export of produces, processing of products, supply chain method of marketing etc. ultimately improves the financial position of farmers, agriculturalists and the country and countrymen. Subsidies on fertilizers, irrigation, agricultural loans is a progressive approach and this leads to further research including increase in produces and growth

of economy in various fields .As there is high growth rate in industrial and services sectors of India, agriculture is behind both of them but still the progress on agriculture is keeping pace with the need and requirement. It will not be out of place to mention that there is generally demand and supply is matching somewhat at least to a greater extent in the case of agriculture produces. It will be proper to mention that India being the largest producer of fruits, vegetables, spices and milk etc. for meeting the requirements of growing population. India's policy for sustainable agricultural activities with diversified actions emerges at a larger pace.

Leader of Poverty Alleviation:

Poverty is a curse across the Globe. Growth in the base of agriculture provides various opportunities to various sections of the society who are below the poverty lines. Measures so taken for more cultivation, growing & meeting the demand of agricultural products enable and empower the public to earn the livelihood and become self-reliant. In Indian context various measures like the self-help groups are formed who promote the community to save at least something from their earnings, increase their income, generate employment,

negotiate for the prices of their produces, easy accessibility to the end users, use of technical knowhow and meet the social obligations.

Eco Friendly:

Taking the reference to Indian soil where mostly ground water is being used for irrigation and many a time over use of such water for agriculture leads to the level still as the water taken from ground and used for irrigation purposes, at least some amount of it again goes into the beds of the field if not all. Use of watershed programmes and agricultural research take to best suited methodology and further leads to improved farm land conditions, practices, meeting the thrust and ultimately to the overall development by taking care of saving the environment.

Impact of Agriculture in Economy:

On Capital:

Developing and under developed countries generally have wavering position of its capital and sustaining economic development is triggered more often. Agriculture sector contributes significantly in formation of capital, raising funds in

various means and methods, some of these ways are:

- Exporting agricultural produces
- Collection of produces at reasonable cost (sometimes even on low prices also) and selling them at higher cost
- Transfer of labour and capital to the required place for use

On Employment:

Ample employment opportunities are generated for agricultural activities especially for rural people who are unskilled and belong to poorer sections of the society; this is more in vogue in underdeveloped countries. Agriculture is very important source to earn livelihood as it gives relief to landless workers, marginal farmers. Agriculture is also a boon for the persons involved / engaged in the field of handicrafts, leather work, textiles, metal jobs, processing industries and other related works. In the case of India about 70% labour force is dependent on agriculture.

Welfare:

The standards of living of rural population gets increased as they get nutritional diet like eggs, milk ghee and fruits which are the produce of agriculture and whosoever is involved or engaged in it gets the benefit. Now it is seen that the farmers also enjoying

the modern amenities like mobile, radio, TV, better clothing besides the quality and quantity of foods.

Marketing Scenario:

With the advancement and progression of agricultural processes in various means and methods, extension of market gets extended and the productivity leads to increase in the income of population of any country. Upbringing of marketing because of agricultural produces opens the path for the development of industrial sectors thereby gets addition to the economic development also.

Findings of Study:

During the course of study of various materials, it is noted that agriculture sector has various and obvious challenges, which if attended to properly with care will ultimately lead to overall development of the country, including the economic development. Some such findings are:

- Keeping the limitation of water resources which is used more and more need to be in mind for irrigation and the impact of industrial and urbanization, measures for limited use of

exploitation of natural resources is a must.

- Even in case the higher yields are targeted to be achieved, diversification of higher value crops / cash crops and use of supply chain system is essentially required to be adopted because it will ultimately reduce the marketing costs.
- If agriculture is practiced strategically it helps benefitting the poorer class of society, landless, down trodden and increases the employment opportunities.
- In the case of rain fed areas where the disparity is more, poverty alleviation programme with the local government and with the help of World Bank is the best course.
- As India gained sharp rise in the case of production of food-grains which is ultimately the outcome of Green Revolution and reached by achieving to the level of self-sufficiency thereby keeping the starvation away.
- The role of policy makers becomes more responsive so that

a solid and purposeful foundation can be laid which ultimately lead to more production, achieving the competitiveness and diversification in all spheres of agriculture sector.

Recommendations:

It will be for the benefit of one and all to enhance the agricultural productivity; growth of rural population, weaker sections the society, labourers, and land losers thereby getting the economic development of the country in a broader way. Such development can be achieved to a greater extent if some of the points are kept in mind, exercised without prejudice and above all keeping the growth with utmost care at pace. Such points are:

- Promoting newer ways of technological advancements and reminding the agricultural research.
- Strengthening the agricultural research and extension systems
- Chronic problems of underfunding of infrastructures, operations, non-replacements of aging appliances

- Imparting training to the farmers with updated knowhow
- Role of private players should also be encourage
- Improving irrigation facilities
- Keeping between agriculture and the industries both ways production – marketing and use
- Allocation of resources for operation and maintenance of sustainability programmes

Conclusion:

It can, therefore, be concluded that agricultural development is the necessity for everybody at any place and cost. No country or countrymen can dare to rule out its requirement, funding and up-gradation with proper study and care. In case diversification towards higher value or higher growth is taught to the farmers, it will bring a significant change in a positive way for development. Potentiality for expansion agro processing units with liberalization, supply chain, marketing facilities is practiced. Growth of agricultural sector and industry shall also lead stimulating grow of non-agricultural sectors also because of enhancement of productivity of such crops which are also called the cash crops. Similar to that the other industries like farm

machinery, chemical manufacturing units, pesticide units, fodder industries shall also become richer and grow. Government or the regulating agencies need to take care for providing guidance for agricultural produces, seeds, fertilizers, facility for irrigation, marketing, providing loans to the farmers so that every corner of the cultivated land is used, every farmer is busy in doing his job and getting the food for his consumption.

In the case of India agriculture sector is already keeping pace of better momentum because of increased investment in the sector in the form of providing more irrigation facilities, water management system, warehouses, cold storages, upgraded and better transportation facilities. India is likely to be self-sufficient in the case of pulses also in the near future because of the concerted efforts of both scientists and the Government of India.

Still some of the points need immediate attention from the Indian point of view such as:

- Agriculture sector should be given more priority as other sectors because it turns to economic development also.

- Diversification of other commodities for achieving higher growth
- Up-gradation and processing of produces at various levels with easy access
- Acting as a regulator thereby helping the farming community

Thus it will be proper to say that the role of agriculture is none the less of any kind of advancement of industry including the development of any country and it gives an upward trend of rise to lead the economy of any country as a whole.

References:

- Johnston, B.F. and J.W. Mellor (1961), *“The Role of Agriculture in Economic Development”*, American Economic Review, Vol. 51, pp. 566-593.
- Hayami, Y. and V.W. Ruttan (1971), *“Agricultural Development: An International Perspective”*, Second Edition, 1985, Johns Hopkins University Press, Baltimore, MD.
- Alston, J.M., J.M. Beddow, and P.G. Pardey (2009), *“Agricultural Research, Productivity and Food*

Prices in the Long Run”, Science,
Vol. 325, pp. 1209-1210.

- Pingali, P.L., Y. Bigot, and H .P. Binswanger (1987), “*Agricultural Mechanization and Evolution of Farming in Sub-Saharan Africa*”, Johns Hopkins University Press, Baltimore.
- Bresciani, F. and A. Valdes (2007), “*Beyond Food Production: The Role of Agriculture in Poverty Reduction*”, FAO, Rome.
- The Economic Survey 2016-17.
- Union Budget 2017-18, PPIB.
- India in Business Investment & Technology Promotion Division.