
Role of Agriculture in the Economic and Rural Development of India

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ABSTRACT:

India is a very vast country having diversity amongst population, region and nature and its major population belongs to the non-urban areas depending directly or indirectly upon the agriculture and its allied sector. About 60% population of the country is engaged in the production, preservation and distribution of agricultural produce and provides major job opportunities and base for the industrial development of the country. Despite of major focus on the development of industrial and service sector, the agricultural sector occupies place of pride in the developing country like India. This sector has played a crucial role in the economic development of the country and also contributed towards economic prosperity and generation employment in the country. Agriculture and its allied sector signify the largest contribution to the Gross Domestic Product (GDP), accounting for almost 25% of total GDP of the country. During last three-four decades this sector has made impressive sign the growth of GDP, generation of employment, capital formation and reduction of poverty.



Agricultural sector at present time has become the medium of foreign exchange. In the present globalised world, India has become the exporter of agricultural produce and it exports even those items which are imported in the past. The country has become self-sufficient in the field of food grains and it started to export these items which help it to generate foreign currency. Total food grains during 2012-13 and 2013-14 were 257.44 and 287.69 million ton respectively. Indian agriculture sector contributes about 18% in GDP at factor cost and about 13% in revenue generation from export of agricultural produce. As per the estimation of Central Statistical Organisation this generates about 50% employment in the country.

Rashtra pita Mahatma Gandhi also recognised the contribution of rural areas and stated, 'Real Bharat lives in village'. We can't imagine India without its rural population. In this paper we want to bring attention about the contribution and situation of present rural Indian economy and also suggest some measures for development of agriculture as the major source of

development of rural economy. The study is based on secondary data published by the government agencies and other reliable source.

Agriculture has been the major source of employment and livelihood for very first of human society in India. Some evidences are seen in Vedic Literature which shows the methods of agriculture in the old age. In Rigveda hymns examples of ploughing, following and irrigation fruit and vegetable cultivation can be seen. Some other evidences would be available regarding cultivation of rice and cotton in the Indus valley and ploughing pattern of the Bronze Age have been excavated at Kalibanga in Rajasthan. In bhumiavargaha an Indian Sanskrit Literature suggested that about 2500 years ago agricultural land classified in 12 categories like: - Urvara (fertile), Ushra (barren), Maru(desert), Aprahata (fallow), Shadvala (grassy), Pankikala (muddy), Talpragah (watery), Kachkacha (continuous to water), Sarkara (full of pebbles and peace of limestone), Sarkarvati (sandy), Nadimatraka (watered from river) and Devmatraka (rained) etc.

Some scientific evidences are also to be claimed by scientist that in Indian peninsula 3000-5000 years ago well fertile land was exist in the north. Some claim that Indian agriculture began by 9000 BP as a result of early cultivation of plant and domestication of animals. Rural economy is basically depends on the agriculture and about 60% population is engaged in agriculture and its allied industries and it contributes about 18% of gross domestic product of the country.

Rural economy is small size in nature and divided in various communities. In rural economy density of population is also very low and people have intimate relationship and face to face contact with each other and everyone knows to others living in the locality. The main occupation of rural areas is agriculture and approximately 60% population get employment from it and its allied activities such growing, cultivation, harvesting and refining and storage of agricultural produce. Population of this area is also has the close relation with nature as their most of activities moves round the natural environment. People of rural are consider land as their mother as they got their livelihood from it.

People of rural areas are mostly homogenous in nature, though they belong in different groups of caste, religion and class their habits and likings are alike. Their social status is traditional in nature and based on caste and it is divided in various status of living as per their caste. Social relation of this sector is more stable as the relationship and interaction in the primary groups are intimate. Some families fulfil the needs of other and they hold control over them. Mostly occupation of this population is based on the caste and it is difficult to alter their job and caste hierarchy decides the social status of this sector. Families of rural areas are joints in nature and the senior male member is the head of this family and control the behaviour of the member of the family. Generally the father is responsible for maintaining discipline among the members of the family and also manages the affairs of the family.

India has made impressive strides on the agricultural front during last three-four decades. Much of the credit should be given to the several small families that form the backbone of Indian agriculture and economy. Government's policy supports, production strategies, public investment in infrastructure, research and extension for crop, livestock and fisheries have significantly helped to increase food production and its availability. During last 40 years, India's food grain production has reached 25744 tons in 2013 from only 104 million tons in 1973. All these increase in production has resulted from yield gains due to changes in technology rather than expansions of cultivation areas. This increased agricultural productivity and rapid growth in

agriculture and its allied industries in the recent years **have** contributed to significant role in reduction of poverty level that was 55% in 1973 to 26% in 2013.

India, being a developing country needs to formulate strategies to bring it a developed nation and upgrade the standards of living of its citizen. Food with required nutritional quality would continue remain the essential and most important need for sustaining human kind. The prime objective of the study is to bring the significance of the agriculture in elimination of poverty, employment generation, up-gradation of standards of living and generation of income and raise the contribution of agriculture in gross domestic product of the nation also.

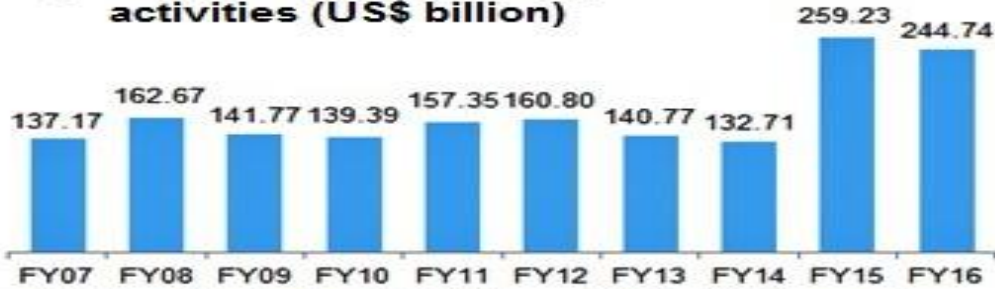
The study is also has to conducted to suggest some measures to raise the economic development of rural areas and to promote the commercialisation of agricultural produce. It also diversifies the agriculture into high value added activities and it has important role in reducing food insecurity through food availability and income generation. Most of the income of rural families depends on the agricultural produce and from farm activities. The rural agriculture has significant role in food availability of the nation.

The agriculture sector has been the backbone of the rural economy and its development as the almost 2/3rd population got their livelihood directly or indirectly from this sector. Despite of major emphasis on industrial and service sector development during last 20 years, agriculture continue occupies a place of pride in our economy. It has played a vital role in economic development of our country especially rural areas and also contributes towards economic prosperity of the people. It has also upgrade the standards of living of the people as it generates more revenues and agriculture and its allied activities have been the single largest contributor to the gross domestic product (GDP) by contributing approximately 27% of total GDP of the nation during last 5 years.

Agricultural productivity has rapidly increased during last 20 to 30 years after green revolution and due to use improved technology, hybrid seeds, fertilizers and irrigation which demolish the poverty of the nation. Agriculture has been the prime part of the nation since very fast as it satisfies the basic needs of human being. Our country is an agriculture oriented nation as the almost 67% people of the nation get their livelihood from it. These days it has also become one of the sources of foreign currency because our nation exported some agricultural produce to the foreign countries. The role of agriculture can be summarised as:-

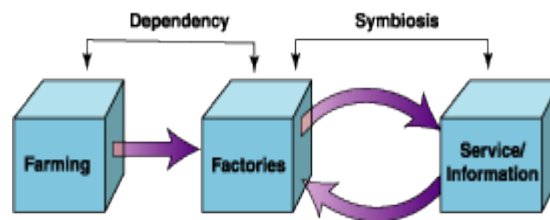
- 1. Share in national income:-** the agriculture and its allied sector contributes towards the gross national product of the country. It contributes approximately 27% of GDP in 2012-13 which was the 3rd largest contributor of the economy. Though the contribution of this sector has decreased during last five years, yet it is still have a vital contribution which is shown in the following diagrammed:

GDP by value added – size of agriculture and allied activities (US\$ billion)



Source: Ministry of Agriculture, Print Release, RBI, TechSci Research;
Notes: GDP – Gross Domestic Product, MOSPI – Ministry of Statistics and Programme Implementation FY16 – Advance Estimates

- 2. Source of employment:** agriculture has been an important source of employment generation in the nation since very first of civil society. It has almost 80% employment of the nation before the independence and more than 67% population got employment in this sector after independence. Even in the financial year 2012-13 more than 52% of the labour force of India was engaged in agriculture and depended for their livelihood which was approximately 55% in 2010-11 and it comes down to 49% in 2014-15. The sector is still the major employment provider in India.
- 3. Provision of food grains:-** agriculture has played a significant role to meet out the need of food grains of our country and the people. Though the India has facing problem of over-population which is increasing rapidly, the production of the country also increased during last 3-4 decades. India’s production has increased approximately 250% from 102 million in 1973 reached to 259.23 million in 2015.
- 4. Supply of raw materials to industrial sector:** agriculture sector also plays a very crucial role in industrial development of the country as it supplies the most of raw materials to the industries. Most of the Indian industries like sugar, cotton, jute, food processing industries and some allied industries are totally depend on the raw materials provided by the agriculture. Moreover workers engaged in the different other industries including service sector are also depended on agricultural produce for their food requirement. Industries and agriculture are interdependent.

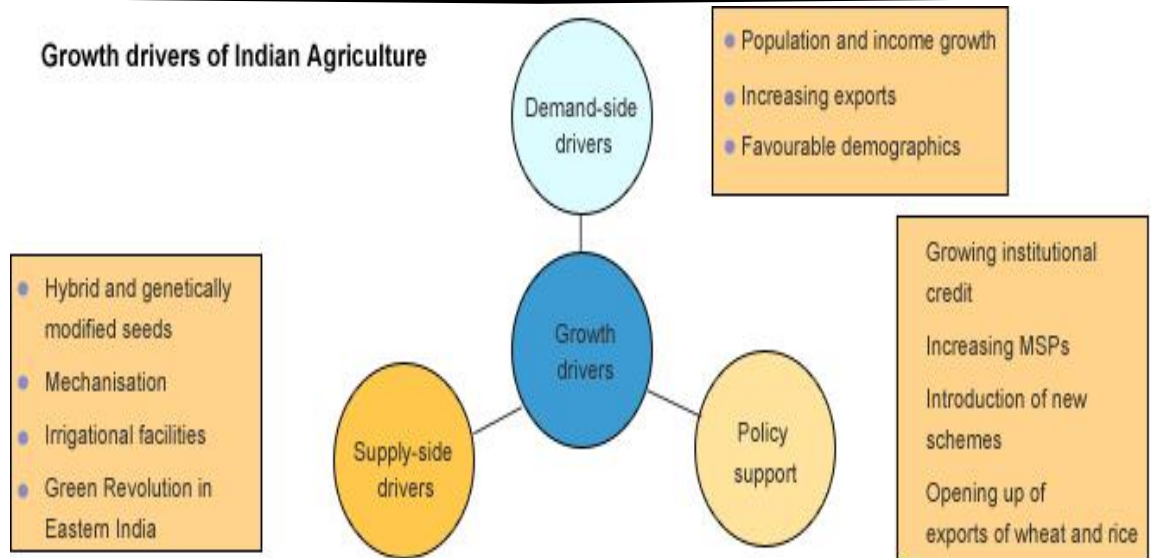


- 5. Large market for industrial produce:** ‘Real Bharat lives in rural areas’ Mahatma Gandhi. Almost 67% population of the India belongs to rural areas which is the large market place for the industrial produce. There is a large purchasing power in rural areas which creates large demand for industrial produce. After the green revolution the income of farmer has been

increased that substantially increased their demand for various products like soaps, detergent, clothes, cycles, scooters, radios, television, torches, head batteries etc. likewise the demand for variety of agricultural inputs like chemical, fertilizers, tractors, pump sets and pesticides etc. has also increased rapidly. This has stimulated the development of these industries for producing these types of products that ultimately generates the employment and increases the prosperity and contributes in GDP of the nation also.

6. **Generation of foreign currency:** Indian agriculture has also emerged as a source of foreign currency these days. It has played a very crucial role in the generation of foreign currency for the country through export of various agricultural produce like tea, coffee, cotton, jute, fruits, vegetables, spices, tobacco, sugar, and cashew etc. In recent years the export of agricultural products accounted for about 70% of total exports of the country. Despite of industrial development of country, agricultural sector plays a significant role in the generation of foreign currency in terms export which assists the nation to remove imbalances in Balance of Payment (BOP) of the country.
7. **Source of trade and transport:** agriculture also helps in the development of service sector like means of transportation i.e. roadways and railways. These transportation industries get bulk of their business from movement of agricultural commodities and raw materials. It also played a very important role in the internal trade of transport.
8. **Enhance the economic prosperity of the country:** agricultural sector plays a crucial role in the growth of socio economic culture of the nation. It enhances the per capita income of the nation which increases the economic prosperity of the people. As the sector generates about 50% employment and 70% foreign currency it is the major source of economic prosperity.
9. **Source of revenue of government:** the government of India imposes various tax and duties on the agricultural inputs and outputs like land revenue, irrigation charges, taxes and duties on machineries, export-import duties and freight charges by the railways. Besides this sometime income tax is also charged on agricultural income in the form partial integration and on the income allied industries. This has become one of the largest sources of revenue of government that is used in the development of rural areas.
10. **Infrastructure development:** the agriculture also helps in the development of infrastructure of the nation. Being a major source of income of government, the government develops roads and railway transport and also expands the telecom services in rural areas in order to commercialise the agricultural produce.

On over all view, India has always been benefited by agriculture since very first of origin of civilisation. It has been called as golden bird in the world for its agriculture. Agriculture of the nation is still the backbone of Indian economy especially of rural areas for which it is the major source of livelihood for the people. Though the future of India is industrialisation but the contribution of agriculture would always prove to be vital for making India a powerful and stable economy. Despites of all above contribution, some measures given as an advice to make it better contributor for the country:-



1. **Use of multiple cropping systems:** multi cropping aims to maximise per unit production of land per unit of time by taking four crops in a year. In India there is only two three crops taken in a year. If we increase the number of crops in a year, we can get additional benefit from it like increased return from land and reduce the cost of production.
2. **Expansion of irrigation facilities:** in India, agriculture is still suffered from improper irrigation system even in some parts of the nation due to lack of irrigation only one crop is grown. The irrigation system have increased manifold overtime, several minor, medium and major projects have been launched in the country. During first five year plans, India had only 18% field irrigated which at present increased to 45% of total land cultivated. But still 55% of land cultivated on god's mercy. Hence there is still need to improve irrigation facilities so as to achieve maximum output. Moreover, only farming has been introduced in those areas where means of permanent irrigation can be installed.
3. **More use of hybrid seeds:** hybrid seeds can absolutely bring a revolution in Indian agriculture which changes drastically the productivity per acre of land. The marginal physical productivity of per unit of land would be increased with the help of hybrid seeds. Our ordinary seeds have less productivity than the hybrid seeds. Many varieties of wheat, rice, oil seeds and other food grains are available in hybrid farm like Pu-18, Kalyan –sona 227, Sonalika, Vijay wheat and IR-8, Sankar, Padma Jaya, Sona Mansoori rice etc. which have more productivity. Despite of these hybrid seeds, there is still requirement of some other hybrid seeds in the field like pulses, oil seeds and vegetable etc. milk, meats and draught capacity of our animal should also needs to be improved quickly through better management practices.
4. **Plant protection:** considerable efforts have been made to protect the crop from the insects and pests and for this the government has established 14 Central Plant Protection Centres at different states of the nation. But there is still require making some efforts as the much crop spoiled every year due to insects and pests. There is some need of improved quality of pesticides and pests and zinc etc.

5. **Scientific methods of cultivation:** methods of cultivation have direct impact on productivity of land. There must emphasised on adoption of superior agriculture technology in respect of crop rotation, selection of qualitative seeds, use of proper manner, treatment of soil and selection of crops etc. In this regard the government has taken initiative i.e. operation of Integrated Agriculture Acre Programme (IAAP), established Agricultural Research Centre (ARC) and Universities for research and development of agriculture. Despite of these, small farmer should be well trained and educated to use the scientific methods of cultivation and the government should run some training programme at lower level.
6. **Use of mechanisation:** mechanisation is another noteworthy step employed to develop agriculture. The government should provide some assistance of machines by supply of subsidised and cheap credit facility to the farmers through co-operative societies and community development blocks to purchase machinery and other modern equipment.
7. **Development of agricultural land:** various efforts have been made to develop agricultural land during five years plans. Major success has been achieved in the levelling of land, terracing of fields and counter building and land surveys are also been conducted. But still much land is lying without cultivation due to lack of irrigation and proper levelling of land.
8. **Animal husbandry:** animal husbandry has assumed a much broader role in the overall development of this sector. Presently this sector accounts for 25% gross value of agricultural output. Though the demand of egg, milk, meat, wool etc. is needed much support from this sector. The government should take effective steps in this regards.
9. **Land reforms:** to increase agricultural productivity, land reforms are immense needs of time. After independence, the government of India has undertaken several land reform measures such as abolition of Zamindari system, fixation of ceilings of holdings of lands, consolidation of land holdings and co-operative forming etc. Still there is a need of effective measure to develop barren land un-watered land. The government made national policy on rehabilitation and resettlement, 2007, National Rural Employment Guaranty Act, (NAREGA), 2006 etc.

CONCLUSION:

Indian agriculture is one of the significant contributors of the development of the rural economy and plays a vital role to generate the employment in the rural areas. It has been the means of livelihood for almost 67% people of the rural areas and generated more than 45% employment of Indian geographical area. In the earlier time after independence, India was depended upon imports of foods but now it is not only self-reliant in terms of food grains but also become the source of foreign revenue. This sector much contributes in the overall development of the nation and its citizen. The government should introduce some scheme to grow the agricultural sector in order to achieve the target of integrated development of the nation. Though the government issued some policies time to time to develop this sector, the efforts are seems to be insufficient and some more policies are required to make this sector more profitable and revenue generator so that the people depends upon it would become self-reliant and enhance their standards of living.

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