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# Role of Agriculture in Economic Growth

Dr. S. Selvaraj
Assistant Professor,
Department of Economics, KMG College of Arts and Science,
Gudiyatham-Vellore District-635 803

## ABSTRACT

The Indian Agricultural Sector accounts for 26 percent of India's Gross Domestic product (GDP) and employs just around 70 percent of the country's work force. The Department of Agriculture and Co-operation under the Ministry of Agriculture is the nodal organization accountable for the development of the agricultural sector in India. The purpose of the study is to comprehend the status and the role of agricultural sector and its contribution to the development of Indian economy. It also allows us to perceive the various government initiatives, investments, programs and policies for the growth and development of the agricultural sector. This study also highlights and covers the varied views and opinions of former finance minister & chairperson of planning commission Dr. K.N. Raj Committee's recommendations, Minimum Support Prices for agricultural products, HYV seeds, Economic Survey 2018 and Union Budget 2018 on agricultural growth in India.

**KEYWORDS:** Important contributions for agricultural growth such as production, factor, marketing, foreign exchange earnings and economic planning etc., Indian Economic survey 2018, Economic growth models, recent view points on the role of agricultural growth by experts.

## 1. INTRODUCTION

Agriculture plays a significant role in Economic Development of developing countries like India. The aspect of Agriculture in Economic Development is essential as a majority of the population of developing countries earn their livelihood from Agriculture

Nearly two third of its population rely directly upon Agriculture for his livelihood. Agriculture is the central aspect of India's Economy. It comprises about 26 percent of Gross Domestic Product (GDP) Agriculture provides and satiates the food requirements of the people and is the reason for several raw materials for industries. Agriculture contributes direct employment to 70 percent of working people in the country. In this aspect the role of agriculture plays a significant role which is discussed elaborately and projected in various ways how Agriculture can facilitate to the Economic progress of a country. Prof. Simon Knznets identifies the following desirable types of contributions that the sector of Agriculture is competent of making for an all round economic development.

 

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**CONTRIBUTIONS OF AGRICULTURE FOR ECONOMIC GROWTH**

Majority of the developing countries rely on their own agriculture to supply the food to be consumed by their population. However, there are some exceptional countries imports their food as

they are oil based economy. According to Rostow's model of Economic growth, "Prior to take stage of Economic Development there must be Agriculture revolution". Labour and Capital is the another factor as its size is mammoth in developing countries which comprises around 60 percent of their population. But as coercion is opted out in democratic countries, the release of labor from agriculture for use in industrial sector can be accomplished if there is a steady growth in agriculture productivity. A committee headed by late Dr. K.N. Raj also recommended "Agriculture holding tax" to mobilize saving from Agriculture to form economic growth. The market contribution is based on the increase in agriculture productivity which causes a spur in the home market for manufactured goods and services and thereby accelerates the rate of economic development.

India has successfully adopted the green revolution technology of High Yielding Varieties of seeds along with fertilizers and pesticides when higher prices of food- grains were offered to them as incentives. The exports of agriculture products can possibly be a source of foreign exchange earnings. Thus, Agriculture can make significant contribution to Economic Development form its exports of primary agriculture goods. In India, around 40 percent of people live in rural areas and majority of them comprises of small and marginal farmers, landless agriculture laborers. The constant increase in agricultural productivity leads to lower prices and keeps inflation under control which also contributes to lowering of poverty.[3] Land reforms such as tenancy reforms and equal distribution of land through strict imposition of ceilings on landholdings should be effectively implemented as small farmers employ more labor, have larger cropping intensity and higher growth and productivity.

Agriculture contributes till now major share of the national income in India. During the 1950's it contributed around half of the national output, during 1980s and 1990s, a further drop in this proportion took place. During 2002-03, it stood at about 25 percent.Several small scale and cottage Industries like handloom weavings, rice husking, coir, khadi, etc., depend upon Agriculture for their raw materials. There are a wide number of other Industries, which depend on Agriculture in an indirect manner. It also contributes a big portion of exports to keep pace with the international trade.Since Agriculture contributes about 25 percent of the national Income, this sector is the primary source of savings and hence capital formation for the economy.Agriculture is the main support for India's transport system, since railways and roadways receive bulk of their business from the active motion of commodities. Agricultural growth has direct impaction poverty eradication.According to Ranar Nurkse, surplus population in agriculture should be removed and used in newly started industries and public works in rural areas. By doing so, agricultural productivity will be increased and also new industrial units would be formed with the use of surplus labor.

 

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**HIGHLIGHTS OF INDIAN ECONOMIC SURVEY 2018 ON AGRICULTURE CONTRIBUTION**

The Indian Economic Survey 2018 occupies an important role in highlighting the significance of Agriculture. Taking note of the conditions of farmers in India, Cheif Ecnomic Advisor Subramani said, At Present Indian farmers are adopting a farm mechanization which includes the land mechanization also at a faster rate in comparison to recent past. The Economic Survey 2018 says that the sale of tractors to a large extent mirrors the level of mechanization. The survey also estimated that percentage of agriculture workers of total work force would drop to 25.7 percent by 2050 from, 58.2 percent in 2001. It also noted that Agriculture Research and Development is the main source of innovation, which in needed to sustain agricultural growth in the long term.

The survey says that the actual expenditure of department of Agriculture Research and Education or Indian Council of Agricultural Research (ICAR) has increased from Rs.5,393 crores in 2010-11 to Rs.6.800 crores during 2017-2018. The annual growth rate of expenditure has been 4.2 percent over the years and in recent years expenditure has been on higher end. It also points out that many measures have been taken to agriculture sector, including in all current schemes or programs and development activities, focusing on women self-helf group (SHG) to connect them to micro-credit through skill building activities and ensuring their representation in different decision-making bodies.[5]

## 2. CONCLUSION

India's agriculture sector is ever significant to its economy, although its share of the economy has decreased over that last 50 years despite introducing reforms to land distribution, water management, Minimum Support Prices, HYV seeds programs food distribution systems and so on. Horus Financial Consultant Private Limited told to Financial Express online in an Interview, "Agriculture sector needs the much needed attention and 52 percent population of the country are looking forward to reforms in this sector for the past 4 years. It is the duty of the government of an emerging country to have a keen eye at this sector and comprehend the wake-up call as it is facing a crisis at the moment.

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