

Role of Agriculture in Indian Economy

India is the largest producer in the world of milk, cashew nuts, coconuts, tea, ginger, turmeric and black pepper. It also has the world's largest cattle population (281 million). It is the second largest producer of wheat, rice, sugar, groundnut and inland fish. It is the third largest producer of tobacco. India accounts for 10% of the world fruit production with first rank in the production of banana and sapota

1. Share in National Income

Agriculture is basic business of our, but the share of agriculture in the total national income has been gradually decreasing on account of development of the secondary and tertiary sectors. Its contribution continues to be significant. The contribution to GDP from agriculture has been continuously falling from 55.1% in 1950-51 to 37.6% in 1981-82 & further to 14% in 2012-13. But, still it continues to be the main sector because it provides livelihood to a majority of the people. The more developed a country, lesser the contribution of agriculture.

2. Source of Employment:

Today almost 60% population depends directly or indirectly on agriculture. The greater dependence of working population on agriculture indicates the underdevelopment of non-agricultural activities in the country. Despite India's economic development, over 70% of the population still lives in rural areas. The decline of the labour force in agriculture has not kept pace with its decline in the economy. In 1951, 69.5% of the working population was engaged in agriculture. This percentage fell to 66.9% in 1991 & to 56.7% in 2001. However, with rapid increase in population the absolute number of people engaged in agriculture has become exceedingly large.

3. Importance in industrial development:

Agriculture provides raw materials for leading industries such as cotton textiles and sugar industries. Not only have this workers in industries depended on agriculture for their foods but also provides the market for a variety of goods.

4. Importance in International Trade:

A number of the agricultural commodities like tea, coffee, spices and tobacco constitute our main items of exports. This amount to 15% of our total exports. Hence, agriculture provides foreign exchange which helps us to buy machines from abroad. It also maintains a balance of payments and makes our country self-sufficient.

5. Exports of Floricultural Product:

According to the government's agri-trade promotion body, APEDA India's exports of agricultural and floricultural products, fruits and vegetables, animal products and processed food products was worth US\$ 7.98 billion in 2008-09, an increase of 13.88 per cent from US\$ 7.01 billion in 2007-08. India's agri-export turnover is expected to double in the next five years, according to APEDA. Agri-export turnover is set to rise to nearly US\$ 18 billion by 2014. At present, around 70 per cent of the country's agricultural and processed food is being exported to developing countries like the Middle East, Asia, Africa and South America.

6. Development of Tertiary Sector:

Tertiary sector provides helpful services to the industries and agriculture like banking, warehousing etc. The internal trade is mostly found in agricultural produce. For example, various means of transport get bulk of their business by the movement of agricultural goods.

7. Revenue to the Government:

State governments get a major part of their revenue in terms of land revenue, irrigation charges, agricultural income tax etc. Central government also earns revenue from export duties on the agricultural production. Moreover our government can raise substantial revenue by imposing agricultural income tax, however this has not been possible due to some apathy of political party.

8. Supply of Diversified Food:

Indian agriculture policy shifted to “evolution of a production pattern in line with the demand pattern” leading to a shift in emphasis to other agricultural commodities like oilseed, fruit and vegetables. Farmers began to adopting improved methods and technologies in dairying, fisheries and livestock, and meeting the diversified food needs of India’s growing population.

9. Import of Intermediate Products:

Indian agricultural imports are focused mainly on intermediate products. The biggest growth has been in” intermediate products which increased nearly fourfold over the period. This reflects the importance of vegetable oils in Indian imports. Palm oil is by far the biggest import at 29% of the total. Together with soybean oils, they represent over 40% of imports. Protein rich peas are also within the top 5. The increase in imports of these foodstuffs is driven by population growth, while cashew nuts and cotton are among the top exports, they also appear in the top 10 imports. Cashew nuts are imported for further processing, the silk and cotton, which are used in the Indian textile industry.

10. International Importance:

Our agriculture has brought fame to the country. India enjoys first position in the world as far as the production of tea and groundnuts are concerned.

11. Share of Forestry in GDP:

Agriculture in India is the means of livelihood of almost two thirds of the work force in the country. Agriculture and allied sectors like forestry and logging accounted for 16.6% of the GDP in 2007, employed 52% of the total workforce a steady decline of its share in the GDP, is still the largest economic sector and plays a significant role in the overall socio-economic development of India.

12. Increased Value Added Per Worker:

In India agricultural value added per worker has grown by only 15% in real terms from 1990 to 2004. By comparison, productivity in China rose by over 60% and more than doubled in Brazil.

13. State Economies:

Consistent with the trends of economic development at national level, role of agricultural sector in the state economies is also changing rapidly. The share of agriculture in GSDP has declined

significantly during the last two decades. In some States, such as Bihar, Punjab, UP, Haryana, Rajasthan, and Orissa, the sector today contributes more than one-quarter of GSDP, while in some states, such as Gujarat, Kerala, Kamataka, TN and Maharashtra, the sector contributes less than 20 percent to GSDP.