

Research Paper



INDIA'S AGRICULTURE: IMPORTANCE AND STATUS IN PRESENT SCENARIO

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ABSTRACT

Agriculture is still considered as the backbone of Indian economy as it engages about 65% of Indian population in different agricultural operations and contributes about 16% in GDP. But since the inception of planning the share of agriculture in the GDP shows continuous decline from 55.1% in 1950-51 to 16.1% in 2013-14. However importance of agriculture has not diminished because the country has achieved self-sufficiency in food production and secondly the dependence of rural population in Agriculture has not declined. Agriculture derives its importance from the fact that it is the dominant occupation of rural economy. During the last few decades agriculture sector has witnessed remarkable increase in the production and productivity of almost all crops including commercial crops, fruits, food grains, oilseeds, vegetables, food grains, poultry and dairy. At global level India has been able to emerge as the second largest producer of fruits and vegetables. India is also the largest overseas exporter of cashews and spices.

KEY WORDS: Agriculture, Economy, Development, commercial crops, fruits, food grains,

OBJECTIVE

- To analyse the importance and contribution of agriculture in Indian economy

RESEARCH METHODOLOGY

Keeping in view the nature and intention of the present study the data has been collected from various research papers, journals, Reference books, reports of Ministry of Agriculture, government of India and internet. The data has also been taken from existing published and unpublished literature to understand the importance and contribution of Agriculture in the development of Indian economy.

MATERIAL AND METHODS

India possesses a very large and diverse agricultural sector. However the share of this sector in the national GDP has halved in the past 30 years which reached to around 15 per cent, but this sector it still provides employment to about more than half of India's workforce and accounts for much of the volatility in Indian GDP. India, which is known as one of the largest agricultural-based economies, which remained closed for the world until the early 1990s. but as we know that during 1991, the growing awareness about the different policies and economic structure which was out of the line with world prices resulted opening of the economy for the other economies of the world. Policies like, inward-looking import substitution and overvalued exchange rate policy coupled with various domestic policies followed during the

past four decades, inadequate entrepreneurial decision making in many areas and resulted in a high cost domestic industrial structure that was out of line with contemporary world prices. The economic policy of 1991 stressed very broad reforms both in the internal and external sectors. It resulted, external sector reforms in the exchange rate, trade and foreign investment policies, and internal reforms in areas such as industrial policy, price and distribution controls, and fiscal restructuring in the financial and public sectors. In addition, to this the commitment of India during 1995 to World Trade Organization (WTO) unfolds the intention of India towards the grabbing the advantage of Globalization and also to face the challenges which came in the path of development. Productivity is considered an important measure to understand the graph of economic growth as it acts the main input for the forms the basis for progresses in real incomes and welfare.

Development of Agriculture was the main force of development for many present industrially developed countries of the world. No doubt the contribution of agriculture has decreased continuously during the last few decades but still it contributes almost about 18% to the country's GDP. Agriculture makes the highest contribution to India's GDP. Agriculture contributes almost about 18 percent to the country's GDP. It has been seen in the last few years that the input of the agriculture sector has been declining, but it is still the biggest contributor.

During 1st five year plan (1951-56), agriculture remained special concern for planners with the aim to deal



with food crises. Since post –independence many policies where framed for structural, technological and institutional changes for agriculture. Due these policies many set objectives where achieved during different plans. But the contribution of agriculture in the GDP has decreased continuously since

the inception of plans. Taking in to consideration this decline, 11th five year plan put a target to check the growth and productivity of agricultural sector. In a similar way the main focus of 12th five year plan was rapid and inclusive growth of agriculture.

Changes in the sectoral composition of GDP in India

Year	Agriculture & Allied Sectors	Industry	Services
1950-51	53.1	16.6	30.3
1960-61	48.7	20.5	30.8
1970-71	42.3	24.0	33.8
1980-81	36.1	25.9	38.0
1990-91	29.6	27.7	42.7
2000-01	22.3	27.3	50.4
2012-13*	17.2	31.7	51.1
2013-14*	16.1	31.4	52.5

Source: Economic Survey of India- 2013-14

*Ministry of Agriculture & Farmers Welfare, Government of India

One cannot deny the fact, India's agricultural sector has made huge strides in developing its potential but still Indian agriculture is known as gamble of monsoons where only 40% agricultural land has availability of irrigation facility. A sector which engages almost 60% population of the country is still underdeveloped in the present. We should also accept that green revolution massively increased the production of vital food grains and introduced technological innovations into agriculture. This progress is revealed in India's net trade position. Where once India had to depend on imports to feed its people, since 1990 it is a net exporter of agri-food products. India's agriculture is large and diverse and its huge size means that even small changes in its trade have substantial effects on world agricultural markets.

After a minute study of the dependence ratio on different sectors of the economy, it is quite evident that about 60% population is still dependent on agriculture sector the contribution of which is continuously showing a decreasing trend. The question arises why a sector which contributes only 15% in the national GAV is forced to absorb 60% labour force. This is clearly symptomatic of the failure of other growing sectors i.e., industry and services in absorbing the surplus labour from agriculture, that labour force whose marginal productivity is negative i.e., who are disguised employed. It seems that this problem will aggravate in the future as we know that the demographic profile of India is currently under a transition. It is expected that the working age population as a proportion of total population would double in the succeeding three decades. Analysing the absorption nature of other sectors of the economy it indicates a growing proportion of population dependant on agricultural income which would have to be absorbed through creation of adequate employment opportunities within the agricultural sector that seems only hope for such a large future labour force of India. But from the economic perspective this is not justice. This type of mismatch between the pace in the contribution of agriculture in GAV and dependence of people on this sector is far away from sustainable development of any sector of economy.

SUBSISTENCE AND COMMERCIAL FARMING

A good number of Indian farmers are still practising subsistence farming as the landholdings are small and fragmented. They employ traditional methods and equipments in the cultivation of crops. In this type of farming entire production is consumed by the family and nothing remains as surplus that can be sold in the market. In other words there is a total ignorance and absence of modern equipments like tractors, thrashers and farm inputs like chemical fertilizers, weedicides, insecticides and pesticides. The productivity of the labour and wages are very low which encourages the perpetuation of backwardness of Agriculture. In this type of farming, growers mostly cultivate cereals along with oil seeds, pulses, vegetables and sugarcane. Commercial farming is completely opposite picture of subsistence farming were concentration is on the cost minimization and output maximization. There is open competition were grower trusts on the modern chemical fertilizers, insecticides, pesticides and High Yielding Varieties of seeds etc. At every step of crop operation scientific methods are adopted to make full utilization and also to increase efficiency of the available resources which acts as an input in the production process. In this type of farming most of the produce is sold in the market through different marketing channels. Cotton, jute, sugarcane, groundnut are major commercial crops grown in different parts of India. Rice farming in Haryana is mainly for commercial purpose as people of this area are predominantly wheat eaters. However in East and North-Eastern states of India, rice cultivation would be largely of subsistence type.

The outlay and actual figures during different plans shows that actual expenditure (Required Investment) has remained higher than the budget outlay allocated during various plans. It means that there is very huge scope of investment in agricultural and allied activities. And the fact cannot be denied that if adequate investment is done in this sector it will boost the production of all food and non-food grains which is bound to export surplus produce and thus will bring growth and revival in agriculture.

Plan-wise Share of Public Sector Outlays and Expenditure under Agriculture and Allied Activities

Plan	Outlay	Actual Expenditure
Ninth Plan (1997-2002)	4.9	4.0
Tenth Plan (2002-07)	3.9	3.8
Eleventh Plan (2007-12)	3.7	4.4
Annual Plan (2007-08)	3.2	4.2
Annual Plan (2008-09)	4.0	4.3
Annual Plan (2009-10)	3.6	4.1
Annual Plan (2010-11)	4.0	4.9
Annual Plan (2011-12)	4.2	4.5
Twelfth Plan (2012-17)	4.7	N.A
Annual Plan (2012-13)	4.5	5.4
Annual Plan (2013-14)	4.7	4.8
Annual Plan (2014-15)	2.4	2.4
Annual Plan (2015-16)	2.0	NA

Source: Ministry of Agriculture & Farmers Welfare, Government of India

The below figure 1&2 shows variation in the share of land area under crops produced in India between 2007-08 and 2014-15. All these crops show a clear change in the land area under its cultivation. Rice the staple food of major population of India shows 1% decrease in however wheat shows 1% increase area under its cultivation. The other crops which show decrease of area under it cultivation are namely

pulses, oilseeds and sugar cane. It means that only two crops i.e., wheat and cotton shows increase in area.

The various factors which govern the change in the area are the market demand of the crop, procurement price, availability of insurance cover and feasibility of an area for the economic production of a crop.

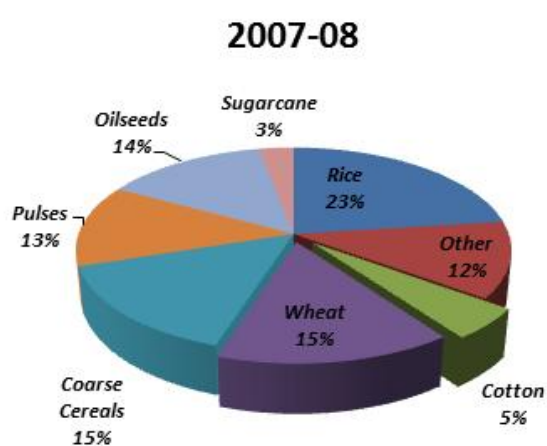


Figure: 1

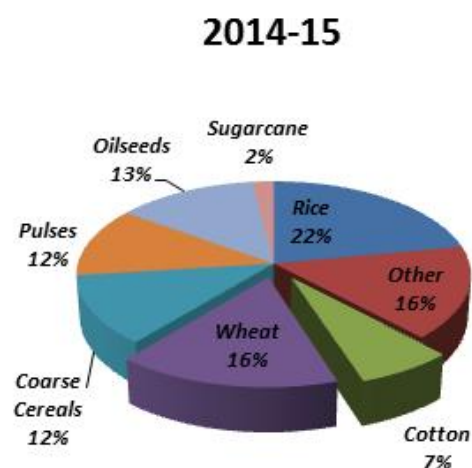


Figure: 2

CONCLUSION

It is true that agriculture sector of India lagged behind in the pace of growth with respect to the other sectors of economy. But this does not confirm nor does it give a base to conclude that agriculture sector has lost its role which it was playing during the early phase of planning. This too is not true that this sector is not contributing in the development of Indian economy in a healthy way. Agriculture has remained and will remain an important factor to determine the fate of India. Its importance can be determined by the percentage of total national population engaged and the contribution which this traditional sector contributes in the national GDP (Gross Domestic Product). The present paper shows that agriculture sector has enough potential to absorb growing labour force but the question is that there is need to find out the ways and methods which will engage the labour force in a gainful way where marginal productivity will show an increasing trend. Agriculture not only provides employment but also satisfies the demand of food for a very huge population. A good proportion of food is also exported which helps to earn foreign exchange reserves.

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