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3. Agriculture Economy

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Abstract

India is an agricultural country. The Indian economy is basically agricultural. In spite of economic development and industrialization, agriculture is the backbone of the Indian economy. The Rural Development in India is one of the most important factors for growth of the Indian economy. As Mahatma Gandhi said, "India lives in villages and agriculture is the soul of Indian economy" Agriculture is state subject according to the subject distribution of the state and central in the constitution. A majority of the people living in rural areas is still deprived of the various facilities. Agriculture is an important part of India's economy.

The Indian government's emphasis on small-scale enterprises is quite different from the Chinese emphasis on rural location and employment for local residents. For small-scale enterprises in India, geographical location does not really matter, while reorganization of rural settlement mostly in favour of small rural towns received a high priority in China. Local government played a most important role in the establishment and development of Township and Village Enterprises in China. In India Central Government policies and intervene promote rural industrialization have largely ignored. This could be one of the reasons for the relatively low level of rural industrial development in India. Rural entrepreneur is a key figure in economic progress of India. Rural youth have a chance to earning through entrepreneurships. Entrepreneurial occupation rural for youth resulting in reduction of concealed employment and alternative occupations for rural youth. Rural entrepreneurship is the way of converting developing country into developed nation. Rural entrepreneurship is the answer to removal of rural poverty in India. The problem is that most of the rural youth do not think of entrepreneurship as the career option. Therefore, the rural youth need to be motivated to take up entrepreneurship as a career, with training and sustaining support systems providing all necessary assistance.

Key Words- GDP, Agriculture Economy, Rural Development, Rural entrepreneurship, Productivity, Poverty

Introduction: --

India is an agricultural country. The Indian economy is basically agrarian. In spite of economic development and industrialization, agriculture is the backbone of the Indian economy. Nearly two-thirds of its population depends directly on agriculture for its livelihood. Agriculture is the main stay of India's economy. It contributes up to 26 % of the gross domestic product. Agriculture meets food requirements of the people and produces several raw materials for industries. The Rural Development in India is one of the most important factors for growth of the Indian economy. Agriculture is state subject according to the subject distribution of the state and central in the constitution. Assistance from government and participation for making scheme, initiative and involvement of the rural people are necessary for rural development. Most of the rural areas of the country have lack of communication facilities. A majority of the people living in rural areas is still deprived of the communication and other facilities. They have dependent on the urban areas. Privatization has become global changes have affected rural areas of the country. Connectivity of rural area to urban may accelerate the process of development of the national economy. As a result of above condition the productivity of agriculture is very low. Farming depends mainly upon monsoon rain. Most of the production comprises food crops. About one-third of the land holdings are small, less than one hectare in size. Farmers own their own small plots of land and grow crops primarily for consumption. Even storage facilities for crops are inadequate. Now use of pesticides and fertilizers has increased and large areas have been brought under high yielding variety of seeds. This led to green revolution in several parts of India. This has helped in increasing yields per hectare as well as total production of different crops. There are many reasons responsible for the low productivity of agriculture. About one-third of land holdings are very small less than one hectare in size. Due to small size of land holdings we cannot use modern way of cultivation. Even today the farmers are using very old methods, tools and implements for farming. Farmers are not using artificial ways of cultivation. Inputs like better quality of seeds, fertilizers and pesticides are also not used by most of the farmers. Exploitation of marginal farmers is also responsible. There is also low productivity because of increasing pressure on land and absence of bank credit.

***Nature of Indian Agriculture sector: -**

Agriculture is the backbone of our Indian economy. Agricultural development is a requirement of our national prosperity. It is the main source of earning livelihood of the people.

Nearly two-thirds of its population depends directly on agriculture. Agriculture provides direct employment to 70 % of working people in the country. It is the main stay of India's economy. Agriculture has importance in Indian economy; but the Agriculture faces many problems. Indian agriculture is characterized by low productivity, exposure for vagaries of nature like drought, flood, other natural disasters and weaknesses like mismatch between agricultural and cash crops, inadequate infrastructure. Agriculture contributes only 21 to 26 % of India's GDP, due to this the annual growth rate ranged between 6 to 9 %. In these situations, a large number of the population is engaged in agro-based activities. Agriculture meets the food requirements of large population of India. It ensures food security for the country. Substantial increase in the production of food grain like-rice, wheat etc. and non-food grains like-tea, coffee, spices, fruits and vegetables, sugar, cotton etc. has made India self-sufficient. The growth of most of the industries depends on agriculture. It produces several materials for industries. It forms the basis of many industries of India like-cotton; textile, jute, sugar, and other industries. People working in agriculture also buy the products of other than agriculture industries like-tractors, pesticides, fertilizers, pump-set etc. Hence it is very clear that the agricultural sector is the mother sector of all other sector. World Bank was mentioned in its report entitled Agricultural in South Asia -India: Priorities for Agriculture and Rural Development. This report and some other studies of rural development explained that, Some solutions and factors are: 1) The financial institutions and banks which provide finances to entrepreneurs must create special cells for providing easy finance to rural entrepreneurs. 2) The rural entrepreneurs should be provided finance at concessional rates of interest and on easy repayment basis. The cumbersome formalities should be avoided in sanctioning the loans to rural entrepreneurs. 3) Rural entrepreneurs should be ensured of proper supply of scarce raw materials on priority basis. A subsidy may also be offered to make the products manufactured by rural entrepreneurs cost competitive and reasonable. 4) Common production-cum-marketing centers should be set up with modern infrastructural facilities. 5) Proper assistance should be provided to rural entrepreneurs for setting up marketing co-operatives. These co-operatives shall help in getting the inputs at reasonable rate and they are helpful in selling their products at remunerative prices. Hence, middlemen can be avoided and rural entrepreneurs derive the benefits of enterprise. 6) Training is essential for the development of entrepreneurs. It enables the rural entrepreneurs to undertake the scheme successfully as it imparts required skills to run the enterprise. 7) Utilization of local resource in entrepreneurial

venture by rural youth. Rural youth have a chance to earning through entrepreneurships. Entrepreneurial occupation rural for youth resulting in reduction of disguised employment and alternative occupations for rural youth. 8) The intervention of voluntary agencies with innovative approaches could certainly help in the promotion of village industries.

In fact, agriculture is the backbone of Indian Economy and is central to all strategies of planned economic development in India. Agriculture accounts for 14.6 % of Gross Domestic Product (GDP) (2009-10) and provides livelihood to 65 % of the country's population.

Besides providing food grains to the people at large, this sector supplies raw material to the industries. India has 328.7 million hectares of geographical area out of which net area in cultivation is 141 million hectares. One of the unique features of India is that 43 % of total land is cultivated as against 11 % in the world and almost 15 major climatic conditions of the world are in India. Out of 60 varieties of soil available all over the world, nearly 46 varieties can be noticed in India. The direct contribution of the agricultural sector to national economy is reflected by its share in total GDP, its foreign exchange earnings, and its role in supplying savings and labour to other sectors. Indian agriculture has progressed a long way from an era of frequent droughts and vulnerability to food shortages to a developed state of being a significant exporter of agricultural commodities. This has been possible due to persistent efforts at harnessing the potential of land and water resources for agricultural purposes.

Importance of Agriculture in the Indian Economy

* Indian agriculture has been the source of supply of raw material to leading industries in India. Cotton, Jute, Sugar, cottage industries like handloom weaving, oil crushing, rice husking and such depend upon agriculture for raw materials.

*Agriculture plays a vital role in the Indian economy. Over 70 per cent of the rural households depend on agriculture. Agriculture is an important sector of Indian economy as it contributes about 17% to the total GDP and provides employment to over 60% of the population.

*Despite falling contribution to GDP, agriculture and the rural economy remain the foundation for India's overall growth story. With two of three citizens living in villages, their incomes and consumption patterns are critical to increase demand for industry. As per the advance estimates of growth in gross value added for 2017-18, farm output will expand 2.1% compared with 4.9% the previous year. India's agriculture sector is likely to grow at 2.1 per cent

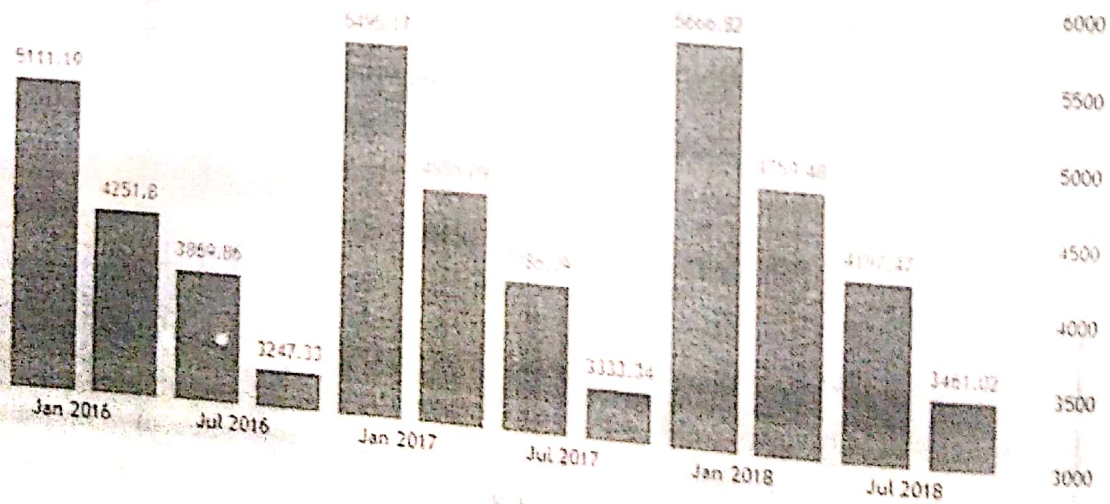
in 2017-18, followed by Industry (4.4 per cent) and services (8.3 per cent), according to the Economic Survey 2017-18

*Agricultural products like tea, sugar, oil seeds, tobacco, spices etc. constitute the main items of export in India. Broadly speaking, the proportion of agricultural goods which are exported amount to 50 % of total Indian exports and manufactured goods with agricultural content contribute to another 20 % and the total comes to 70 % of India's exports. This has great significance for economic development. Increased exports help the country pay for the increased import of machinery and raw materials.

*The development in agriculture is an essential condition for the development of national economy. As agriculture is the major occupation of majority population it is in consonance with good crops and large purchasing power leading to greater demand for manufacturers and consequently better prices. Prosperity of farmers is also the prosperity of industries likewise; bad crops lead to depression in business.

India GDP from Agriculture

*GDP from Agriculture in India decreased to 3461.02 INR Billion in the third quarter of 2018 from 4197.47 INR Billion in the second quarter of 2018. GDP From Agriculture in India averaged 4037.84 INR Billion from 2011 until 2018, reaching an all-time high of 5666.82 INR Billion in the fourth quarter of 2017 and a record low of 2690.74 INR Billion in the third quarter of 2011.



India GDP from Agriculture

This page provides - India GdpFrom Agriculture- actual values, historical data, forecast, chart, statistics, economic calendar and news. India GDP From Agriculture - actual data, historical chart and calendar of releases - was last updated on January of 2019.

GST data and the Indian Economy:-

The number of indirect taxpayers in the country witnessed growth of 50 per cent to 9.8 million unique GST registrants, as of December 2017.

India's internal trade in goods and services (excluding non-GST goods and services) at 60 per cent is even higher than that estimated in last year's economic survey.

The current GST tax base (excluding exports) is around 6.5 to 7 million, broadly similar to the estimates of Revenue Neutral Rate Committee and GST Council. Based on the average collections from GST, the implied weighted average collection rate (incidence) is 15.6 per cent. This is similar to the estimate of 15-16 per cent made by the RNR committee.

Non-agricultural workforce in the formal sector in India is considerably greater than previously held beliefs about the size of formal sector non-farm payroll. Estimates, on the basis of enterprise-based definition of employment, imply that nearly 53 per cent of non-agricultural workforce is in the formal sector.

Issues in the Growth of Indian Agricultural Sector.

1. The unavailability of inputs of assured quality is one of the causes for the low productivity of Indian agriculture. This can be seen in case of fake quality seeds, fertilizers and pesticides.
2. Excessive and unscientific application of fertilizers and pesticides endangering the future productivity of land.
3. The system of Crop Insurance has not provided adequate coverage to the farmers and the different schemes formulated have been inadequate and ineffective.
4. The inaccessibility to reliable and cheap agricultural credit continues to be a major problem for the Indian farmer and his dependence on the informal sector has often been the cause for his destruction.
5. Due to the predominance of small and marginal farmers the size of operations are very small to draw the benefits of scale of operations.

6. The level of value addition to agricultural products is very low as compared to world standards. It has been estimated that nearly 30% of agricultural produce can be subjected to processing.
7. In many rural areas agriculture is the only opportunity for employment. In the absence of any other opportunities for gainful employment, too many people are working on farms leading to the predominance of hidden unemployment and low productivity of human element in agriculture.
8. There is strong need for further investment in Research and Development in the agricultural sector to make crops more resistant to diseases.
9. Due to inefficient resource utilization there is very high degree of wastage requiring more knowledge and better techniques for farming.

Need to be done for Agriculture Sector

To meet these challenges there is need for further efforts to ensure that the Indian agriculture achieves higher levels of efficiency and profitability. Realistic assessment of the need for continued support and assistance to the agricultural sector from the Government is the need of the hour. So the agricultural sector must be empowered to meet the challenge of providing food and jobs and raise the per capita income to all the people at large.

- i) While minimum support prices are provided for 23 crops, the main procurement takes place for wheat, rice and cotton. Farmers, who suffer from myriad risks, must get remunerative prices which can be done through strengthening and expanding e-NAM (electronic markets) in all States.
- ii) A mechanism to involve the private sector in procurement, storage and distribution of food grains at MSP rates may be considered for the Public Distribution System, which can result in huge savings for the Centre.
- iii) Under infrastructure, irrigation is a key gap, covering less than half of net sown area; drip irrigation and micro irrigation too need focus.
- iv) A chain of post-harvest infrastructure of cold storage and warehouses can effectively link agriculture-produce with markets and with food processing facilities. Currently, less than 10% of produce is processed. The government has initiated mega food parks and provided incentives for creating post-harvest facilities. It may consider setting up cold chains in all districts and leasing them out to food processing and logistics firms.

Conclusions:-

The Indian agriculture faces many problems. Agriculture has benefited from improved farming techniques but the growth is not equitable. Indian agriculture is characterized by low productivity. Agriculture contributes only 21 to 26% of India's GDP due to this the annual growth rate ranged between 6-9%. Change is happening in rural India but it has still a long way to go. The Rural Development in India is one of the most important factors for growth of the Indian economy. Assistance from government and participation for making scheme, initiative and involvement of the rural people are necessary for rural development. Most of the rural areas of the country have lack of communication facilities. A majority of the people living in rural areas is still deprived of the communication facilities. They have dependent on the urban areas. Rural entrepreneur is a key figure in economic progress of India. Rural youth have a chance to earning through entrepreneurship. Entrepreneurial occupation rural for youth resulting in reduction of disguised employment and alternative occupations for rural youth. Rural entrepreneurship is the way of converting developing country into developed nation. Rural entrepreneurship is the answer to removal of rural poverty in India. The problem is that most of the rural youth do not think of entrepreneurship as the career option. Therefore, the rural youth need to be motivated to take up entrepreneurship as a career, with training and sustaining support systems providing all necessary assistance.

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