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Role of Agricultural sector on Indian Economy

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Abstract:

Agriculture sector also known as primary sector is one of the most important sector for economic growth of Indian economy. At present it is among the top two farm producers in the world. It has emerged as the essential-growing sector in the global economy since independence. As their principal mean of livelihood over 58 per cent of the rural households depend on agriculture. The share of primary sectors (including agriculture, livestock, forestry and fishery) is estimated to be 20.4 per cent of the Gross Value Added (GVA) during 2016-17 at current prices. Agriculture is the only means of living for almost two-thirds of the employed class in India. In employment providing, this sector is occupying first place. Its respectable share in foreign direct investment (FDI) inflows as well as in total exports makes it the engine of economic growth. This present study makes an analysis of agriculture sector in Indian economy and discuss about the ups and downs on the performance of agriculture sector.

Keywords: Agriculture, GDP, Economy, India





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Introduction

Agricultural marketing can be defined as the commercial functions in which transferring of agricultural products consisting of farm, horticultural and other allied products from producer to consumer. Moving agricultural produce from producer to consumers through time (storage), space (transport), form (processing) and transferring ownership at various levels of marketing channels all these types of activities are included in agriculture marketing.

Agriculture sector is the backbone of Indian economy. Out of 320 million workforce, 170 million are employed in agriculture. Agriculture sector provide crucial ingredients to mankind and raw material for rapid industrialization sector development. It is clear that besides manufacturing sectors, Agriculture sector provides great employment opportunities for rural people youth on a large scale for their livelihood and also provides an entrepreneurship. To huge population of India agriculture sector provides food but also earns successful returns.

Indian agriculture saw a major and rapid growth after the independence at the rate of 2.6% per annum. India ranked as 2nd in the most arable land in world but the productivity is low, the production is just 30% for each crop as compared to world standards. The Indian food market is the world's 6th largest market with retail contributing 70 per cent of the sales. The Indian food processing industry accounts for 32 per cent of the country's total food market, one of the largest industries of our country. India has adequate technology, but due to lack of awareness, technologies cannot be fully implemented. In India, the condition of agriculture market is very poor because of lack of infrastructure, transportation and communication, etc. which cause a bad impact and result in leads to market failure. Agriculture market needs proper planning and well preparation for the growth of market. On the other side market needs to maximize efficiency and transparency in transactions with the producers and also of retail/consumers price accruing to the farmers. Proper attention must be pay towards the demand for agricultural produce by consumers.

Agriculture Subsidies and Investment

Agriculture subsidies are of two types: Investment subsidies and Input subsidies.

Investment subsidies: To encouraging the farmers for the development infrastructural facilities like installation of drip irrigation system, construction of rain water harvesting system, and acquiring farm implements by aiming to improve the farm productivity on sustainable level.

Input subsidies: It is a type of subsidies which provided subsidies to fertilizers, irrigation water, and

power (electricity) which are used for irrigation and other agricultural purposes. From time to time, input subsidies have also been provided on seeds, as well as on herbicides and pesticides.

In addition, commercial banks, cooperatives and regional rural banks are required to provide credit to agricultural producers at interest rates below the market rate.

Initiatives taken by Government through the 'Ministry of Agriculture, Cooperation and Farmer Welfare"

Pradhan Mantra Fasal Bima Yojana: it is one of the biggest government contribution for the insurance of crop with lowest ever premium rates for farmers. It has many pioneers to its credit like national coverage of post-harvest losses due to flood and unseasonal rains, no capping on Government subsidy, and use of technology for early and accurate settlement of claims. Assistance to farmers afflicted by natural calamity has been increased by 50% and eligibility norms have been relaxed.

Prime Minister Krishi Sinchai Yojana (PMKSY): This Yojana promises assured irrigation, by enabling water use efficiency cultivated area is expanded and enabling drought proofing.

National Agriculture Market Scheme (NAM): This scheme connect mandis across the entire country. It is making India One food zone, One Country, One Market. This will immensely benefit our farmers in getting fair and remunerative prices.

Prampragat Krishi Vikas Yojana: For improving and promotion of organic farming this yojana is being implemented under which 8,000 clusters have been developed so far.

Agriculture and food management performance:

- The agriculture and allied sector witnessed an improved rate of growth in fiscal year (FY) 2017. Central statistical organization (CSO) estimated 4.1% growth in FY17. Which is largely on account of a normal monsoon throughout the country.
- According to the advance estimate of Ministry of Agriculture and Farmers Welfare estimated the production of kharif crop during FY17 is 135 million tons, compared to FY16 which is 124.1 million tons.
- The coverage area of Rabi crop stood at 616.2 lakh hectares, as on January 2017, which is 5.9% higher as compare to the corresponding week's data FY16.

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- During the South West Monsoon Season (June-September) of 2016 the country as a whole received rainfall which was 97 per cent of its long period average (LPA).
- The stock of food-grains (Rice and Wheat) was 43.5 million tons as on December 01, 2016 compared to 50.5 million tons as on December 01, 2015.
- To improve the flow of credit in agriculture sector, the target for FY17 is of INR9 lakh crore which was INR8.5 lakh crore in FY16.
- In 2016-17 food grain production was 275.68 million tons. It is expected to reach a record of 277.49 million tons in 2017-18 crop year.
- India is emerging as the export hub of instant coffee which has led to exports of coffee increase 17 per cent in calendar year 2017 to reach US\$ 958.80 million.
- Tea exports from India reached a 36 year high of 240.68 million kgs in Crop Year 2017.
- India is the second largest fruit producer in the world. India's horticulture output reached 300.64 million tons in 2016-17 and is expected to reach 305.43 million tons in 2017-18.
- The online food delivery industry grew at 150 per cent year-on-year with an estimated Gross Merchandise Value (GMV) of US\$ 300 million in 2016. The sector grew 15 per cent every quarter during January 2017.

Review of literature:

Shukla and Dwivedi, (2015) in India the performance of agricultural sector have been increased significantly and the practice of sustainable agriculture is of quite importance as it accelerates the productivity, efficiency, employment, and providing guidance to reduce the practices. By using environmental friendly tools and adopting the proper knowledge for the protection and preservation of environment as well as to enhance the level of production without harming to the environment.

Kumar and Sinha, (2014) the research intensity ratio of India which is measured by agricultural R&D spending as a share of agricultural output, continues to relatively low. In future the Indian government seeks to address this problem by committing a significant percentage of AgGDP to agricultural R&D. the enabling policy environment and attractive market opportunities play important roles in the diversification of R&D through participation of the private sector.

Arjun, (2013) by improved farming techniques agriculture has been benefited but the growth is not equitable. The use of Land use is changing in rural areas as farmers are getting good value for their holdings and the effort should be to stop the migration to urban areas. The number of essential commodities should be reduced to an absolute minimum, especially the non-food crops.

Himani, (2014) in Indian GDP agriculture makes the highest contribution. From last few years the input of the agriculture sector has been declining, but it is still the biggest contributor. This progress is manifested in India's net trade position. But the uppermost importance is to give training to the farmers and educating them appropriately to change their mindset and reorienting them to take up new activities or adopt foreign. it is also necessary to involve non-governmental organizations in training and mobilizing the rural poor to face the challenge of liberalization.

Cagliarini and Rush, (2011) for Indian economy India's agricultural sector is still very important, although from last 50 years the share of its economy has decreased. But recent decades India has made significant advances in agricultural production, including the introduction of high-yield seed varieties, increased use of fertilizers and improved water management systems.

Conclusion

Agriculture plays a vital role in India's economy. Over 58 per cent of the rural households depend on agriculture as their principal means of livelihood. It is the main Input to the biotic community for any activity in this planet of Earth. The Indian economy is estimated to register a GDP growth rate of 7.1 per cent in 2016-17. The level of agriculture production and overall availability of food grains is satisfactory and sufficient. But it is well known that the food sector helps to increase the income of farmers so there is a need to work hard for providing the security to our people and to make the agriculture sector resilient to the impulses of nature. There is need to provide better amenities and opportunities to the people mainly in villages for ensuring a good quality of life.



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