

## The role of Agriculture in Indian Economy

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### Abstract

*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. Agriculture is an important part of India's economy and at present it is among the top two farm producers in the world. This sector provides approximately 52 percent of the total number of jobs available in India and contributes around 18.1 percent to the GDP. Agriculture is the only means of living for almost two-thirds of the employed class in India. As being stated by the economic data of financial year 2006-07, agriculture has acquired 18 percent of India's GDP. The agriculture sector of India has occupied almost 43percent of India's geographical area. The food grain production has increased from 51 million tonnes (MT) in 1950-51 to 250MT during 2011-12 highest ever since independence. In the research emphasis on the agriculture growth rate and the impact on Indian economy.*

**Keywords** - Role of Agriculture in Indian Economy, Problems linked to Indian Agriculture, Major Government initiatives.

### Introduction

**A**griculture constitutes the most significant part of Indian Economy. It has undergone rapid transformation in the past two decades; the policies of globalization and liberalization have opened up new avenues for agricultural modernization. This has led to not only commercialization and diversification, but also triggered various technological and institutional innovations owing to investments in sector. Agriculture is the most important occupation for most of the Indian families. Over 58% of the rural households depend on agriculture as their principal means of livelihood. Agriculture, along with fisheries and forestry, is one of the largest contributors to the Gross Domestic Product (GDP). In India, agriculture contributes about sixteen percent (16%) of total GDP and ten percent (10%) of total exports. Over 60 % of India's land area is arable making it the second largest country in terms of total arable land. Indian agriculture has registered impressive growth over last few decades.

The Indian agricultural sector accounts for 13.9% of India's gross domestic product (GDP) and employs just a little less than 54.6% of the country's workforce. The Department of Agriculture and

Cooperation under the Ministry of Agriculture is the nodal organization responsible for the development of the agriculture sector in India. The purpose of the research is to understand the status of Indian agriculture sector, various kinds of challenges, and obstacles in front of farmers, agro industry and governments for the development in agriculture in critical uncontrollable environments, also to know various Government initiatives, investments, policies for the development of agriculture and role of agriculture in Indian economy.

### Objectives of the Research

- 1) To know the study of Agriculture status in India.
- 2) To identify the challenges and role of agriculture in Indian economy.

### Research Methodology

This study is based on the secondary data. It is collected from websites, books, and related research papers.

### Role of Agriculture in Indian Economy

Agriculture is the most important sector of Indian Economy. According to the Economic Survey (2017-2018), Indian agriculture sector accounts for 17-18 percent of India's gross domestic product

(GDP) and provides employment to around 50% of the country's workforce. Agriculture sector in India is therefore rightly called as backbone of Indian economy. Agriculture and allied sector has a critical role in ensuring food security, reducing poverty and sustaining growth in India.

**The role of Agriculture in Indian economy more clear from the following facts: -**

- 1) Share in national income
- 2) Agriculture plays vital role in generating employment
- 3) Supply of raw material to agro-based industries
- 4) Source of food security to the expanding population
- 5) Importance in international trade

**Problems linked to Indian Agriculture**

At the time of Independence India's agriculture was an economic laggard. Its backwardness was reflected in the extremely low per hectare and per worker productivity.

1. Fluctuations and instability in crop output: The fluctuation in crop output is very much visible in India, as Indian agriculture is very much dependent on monsoon.
2. Labour market dualism: Due to the excessive pressure of population on land, wages in agricultural sector tend to be considerably lower as compared to the modern industrial sector.
3. Climate Dependence: Indian agriculture is heavily dependent on monsoon rainfall since only half of the cropped area has irrigation facilities.

**Major Government initiatives in the Agricultural Sector**

- 1) Government has planned to connect 26 Agricultural Produce Market Committees (APMCs) via electronic market platform, under the National Agriculture Market (NAM) initiative
- 2) The Ministry of Food Processing Industries took some new initiatives to develop the food-processing sector that would enhance the income of farmers and export of agro and processed foods, among others

- 3) To improve on-farm water use efficiency to reduce wastage of water, enhance the adoption of precision-irrigation and other water saving technologies
- 4) To enhance recharge of aquifers and introduce sustainable water conservation practices by exploring the feasibility of reusing treated municipal based water for peri-urban agriculture and attract greater private investment in precision irrigation system.

**Conclusion**

Over the recent past, multiple factors have worked together to facilitate growth in the agriculture sector in India. These include growth in household income and consumption, expansion in the food processing sector and increase in agricultural exports. Rising private participation in Indian agriculture, growing organic farming and use of information technology are some of the key trends in the agriculture industry. As per the 4th Advance Estimates, food grain production is estimated at 252.68 million tonnes (MT) for 2014-15. Production of pulses estimated at 17.20 million tonnes. Finally, it has been concluded that agriculture sector has a lot of challenges in current uncontrollable environmental factors. There is a need of government intervention in agriculture investment, supporting policies for the growth of agro-productivity, export-import and contribution in GDP. Role of agro-industry, agro-allied business need a proper management of their inputs into outputs to achieve the objectives of agriculture sector in India.

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