



AGRICULTURE SECTOR OF INDIAN ECONOMY

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- Acquiring more area for cultivation purposes
- Expanding irrigation facilities
- Use of improved and advanced high-yielding variety of seeds
- Implementing better techniques that emerged from agriculture research
- Water management
- Plan protection activities through prudent use of fertilizers, pesticides, and cropping applications

ABSTRACT

Agriculture Sector of Indian Economy is one of the most significant parts of India. 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. Indian economy is likely to grow in the range of 5.4 to 5.9 per cent in 2014-15 overcoming the sub-5 per cent GDP growth of past two years, even as poor monsoon and disturbed external environment remain a cause for concern, says the Economic Survey.

The agriculture sector of India has occupied almost 43 percent of India's geographical area. Agriculture is still the only largest contributor to India's GDP even after a decline in the

same in the agriculture share of India. Agriculture also plays a significant role in the growth of socio-economic sector in India. In the earlier times, India was largely dependent upon food imports but the successive stories of the agriculture sector of Indian economy has made it self-sufficing in grain production. The country also has substantial reserves for the same. India depends heavily on the agriculture sector, especially on the food production unit after the 1960 crisis in food sector. Since then, India has put a lot of effort to be self-sufficient in the food production and this endeavor of India has led to the Green Revolution. The Green Revolution came into existence with the aim to improve the agriculture in India. The services enhanced by the Green Revolution in the agriculture sector of Indian economy are as follows:

KEYWORDS : Agriculture Sector . Indian Economy.

INTRODUCTION

Agriculture Sector of Indian Economy is one of the most significant parts of India. 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. Indian economy is likely to grow in the range of 5.4 to 5.9 per cent in 2014-15 overcoming the sub-5 per cent GDP growth of past two years, even as poor monsoon and disturbed external environment remain a cause for concern, says the Economic Survey.

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Agriculture, for decades, had been associated with the production of basic food crops. Agriculture and farming were synonymous so long as farming was not commercialized. But as the process of economic development accelerated, many more other occupations allied to farming came to be recognized as a part of agriculture.

At present, agriculture besides farming includes forestry, fruit cultivation, dairy, poultry, mushroom, bee keeping, arbitrary, etc. Today, marketing, processing, distribution of agricultural products etc. are all accepted as a part of modern agriculture.

Thus, agriculture may be defined as the production, processing, marketing and distribution of crops and livestock products. According to Webster's Dictionary, "agriculture is the art or science of production of crops and livestock on farm."

IMPORTANCE OF AGRICULTURE

Agriculture plays a crucial role in the life of an economy. It is the backbone of our economic system. Agriculture not only provides food and raw material but also employment opportunities to a very large proportion of population. The following facts clearly highlight the importance of agriculture in this country.

1. Source of Livelihood:

In India the main occupation of our working population is agriculture. About 70 per cent of our population is directly engaged in agriculture. In advanced countries, this ratio is very small being 5 per cent in U.K., 4 per cent in USA., 16 per cent in Australia, 14 per cent in France, 21 per cent in Japan and 32 per cent in USSR.

This high proportion in agriculture is due to the fact that the non-agricultural activities have not been developed to absorb the rapidly growing population.

2.Economic Growth: Agriculture is the backbone of Indian economy. Though, with the growth of other sectors, the overall share of agriculture on GDP of the country has decreased. Still, Agriculture continues to play a dominant part in the overall economic scenario of India.

3.Source of Food for domestic consumption: Food is essential for life. We depend on agricultural outputs for our food requirements. India produces large quantity of food grains such as millets, cereals, pulses, etc. A major portion of the food-stuffs produced is consumed within the country. Our farmer's works day and night to feed our population that counts over 1.21 billion.

Besides agriculture with a commercial bias, subsistence agriculture with its emphasis on the production of food for the cultivator's family is widespread. Traditionally, Agriculture is followed as the simplest method of obtaining food for the family. Agriculture in India is more a 'way of life' than a 'mode of businesses.

4.Export: India exports excess food and agricultural products. A large proportion of India's export trade is based on the agricultural products, such as jute, tea, tobacco, coffee, spices, and sugar. It helps in increasing the foreign exchange. India is ranked seventh in terms of agricultural exports. In 2013, India exported agricultural products valuing around 39 billion dollars.

5.Basic occupation of millions: Agriculture is the basic occupation for majority of main-workers in India. A large number of rural women are also engaged in agriculture. According to 2001 census, over 56.6% of the main workers in India are engaged in agricultural and allied activities.

6.Agro-based industries: A number of industries are agro-based industries, such as jute, cotton, sugar, tobacco, etc. Raw materials for such industries are supplied from agricultural produce.

Problems faced by the Agriculture Sector

- **Framgented land holding**

Nearly 80% of the 140 million farming families hold less than 2 acres of land. Large land holdings enable the farmer to implement modern agricultural techniques and boost productivity. Small land holdings restrict the farmer to use traditional methods of farming and limit productivity.

As land holdings are small, more people invariably work on the farms in the rural areas and coupled with the obsolete technology, farm incomes come down.

- **Irrigation problems**

Most of the farming in India is monsoon dependent – if monsoons are good, the entire economy (and not just the agricultural sector) is upbeat and when the monsoon fails, everyone everywhere takes a hit to some extent. The problem here is of proper management of water or the lack of it.

Irrigation which consumes more than 80% of the total water use in the country needs a proper overhaul if the country has to improve agricultural output and boost the overall economy.

(Irrigation)

land (yekr)	Observed N	Expected N	Residual
Dryland	208	70.0	138.0
0-3	42	70.0	-28.0
3.1-6	51	70.0	-19.0
6.1-9	39	70.0	-31.0
abov9.1	10	70.0	-60.0
Total	350		

Test Statistics

	Irrigation
Chi-Square	353.571 ^a
Df	4
Asymp. Sig.	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 70.0.

- **Seed problems**

Most of the farmers – especially the poor and marginal ones – are dependent on seeds sold in the market. Moreover, the HYV seeds as well as the GM seeds which promise higher yields force the farmers to buy seeds for every crop. With spurious seeds hitting the market, the farmers’ woes have exceeded all limits. Sometimes seeds do not give the stated/claimed yields and farmers run into economic troubles.

In many cases of GM and HYV seeds, farmers are forced to use high amounts of fertilizers and pesticides, provide large amounts of water (irrigation) and abide to all the other farming requirements that the companies mandate to get the proper yields.

A proper regulation/legislation to hold seed companies accountable for false claims is the need of the hour as companies use legal loopholes to push the blame on to the farmers in the case of failed crops.

- **Sustainability problems**

Indian agricultural productivity is very less compared to world standards due to use of obsolete farming technology. Coupled with this, lack of understanding of the need for sustainability in the poor farming community has made things worse.

- **Over dependence on traditional crops like rice and wheat**

Every crop requires certain climatic conditions to give the best yields. Though rice and wheat are produced in a large area in India, certain areas can readily switch to other crops to get better productivity. India is importing cooking oil from abroad though we have the necessary conditions to grow more oilseeds here.

Government handling of the issue

MSP, overall agricultural strategy of the country, PDS, storage/granaries, lack of export market creation. India lacks the required number of storage facilities (granaries, warehouses, cold storage etc) which negates the advantage of having a bumper crop in years of good monsoon.

The **Minimum Support Prices (MSP)** offered by the Government is a double edged sword – MSPs protect farmers from being exploited by middlemen but during times of excess crop, Government runs the risk of an unnecessary fiscal deficit by buying the excess produce. Lack of proper storage facilities and lack of a proper international market linkage leads to lower exports and in many cases leads to huge amount of wastage.

Farmer suicides

In 2012, the National Crime Records Bureau of India reported 13,754 farmer suicides. Farmer suicides account for 11.2% of all suicides in India. Activists and scholars have offered a number of conflicting reasons for farmer suicides, such as monsoon failure, high debt burdens, genetically modified crops, government policies, public mental health, personal issues and family problems.

Problems Infrastructure

India has very poor rural roads affecting timely supply of inputs and timely transfer of outputs from Indian farms. Irrigation systems are inadequate leading to crop failures in some parts of the country because of lack of water

Productivity

Although India has attained self-sufficiency in food staples, the productivity of Indian farms is below that of Brazil, the United States.

Manures, Fertilizers and Biocides:

5. Lack of mechanization:

6. Soil erosion:

7. Agricultural Marketing:

Agricultural marketing still continues to be in a bad shape in rural India. In the absence of sound marketing facilities, the farmers have to depend upon local traders and middlemen for the disposal of their farm produce which is sold at throw-away price.

In most cases, these farmers are forced, under socio-economic conditions, to carry on distress sale of their produce. In most of small villages, the farmers sell their produce to the money lender from whom they usually borrow money.

8. Inadequate Storage Facilities:

Storage facilities in the rural areas are either totally absent or grossly inadequate. Under such conditions the farmers are compelled to sell their produce immediately after the harvest at the prevailing market prices which are bound to be low. Such distress sale deprives the farmers of their legitimate income.

The Parse Committee estimated the post-harvest losses at 9.3 per cent of which nearly 6.6 per cent occurred due to poor storage conditions alone. Scientific storage is, therefore, very essential to avoid losses and to benefit the farmers and the consumers alike.

At present there are number of agencies engaged in warehousing and storage activities. The Food Corporation of India (F.C.I.), the Central Warehousing Corporation (C.W.C.) and State Warehousing Corporation are among the principal agencies engaged in this task. These agencies help in building up buffer stock, which can be used in the hour of need. The Central Government is also implementing the scheme for establishment of national Grid of Rural Godowns since 1979-80.

9. Inadequate transport:

One of the main handicaps with Indian agriculture is the lack of cheap and efficient means of transportation. Even at present there are lakhs of villages which are not well connected with main roads or with market centers.

Most roads in the rural areas are Kutcha (bullock- cart roads) and become useless in the rainy season. Under these circumstances the farmers cannot carry their produce to the main market and are forced to sell it in the local market at low price. Linking each village by metalled road is a gigantic task and it needs huge sums of money to complete this task.

10. Scarcity of capital:

Agriculture is an important industry and like all other industries it also requires capital. The role of capital input is becoming more and more important with the advancement of farm technology. Since the agriculturists' capital is locked up in his lands and stocks, he is obliged to borrow money for stimulating the tempo of agricultural production.

The main suppliers of money to the farmer are the money-lenders, traders and commission agents who charge high rate of interest and purchase the agricultural produce at very low price. All India Rural Credit Survey Committee showed that in 1950-51 the share of money lenders stood at as high as 68.6 per cent of the total rural credit and in 1975-76 their share declined to 43 per cent of the credit needs of the farmers.

11 farmer expenditure higher than Income.

Paired Samples Statistics

Paired Samples Test

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 Average expenditure- Average Income	8471.43	67893.12	3629.04	1333.89	15608.97	2.33	349	.020

Paired Samples Correlations

	N	Correlation	Sig.
Pair 1 Average expenditure– Average Income	350	.155	.004

Solution:-

- .Improving water resource and irrigation management.
- Market Research and Information Network
- Construction of Ware housing
- Grading and Standardization
- Development/Strengthening of Rural Agricultural Marketing Infrastructure
- Enhancing agricultural productivity and rural growth
- Strengthening market knowledge and skills among farmers
- Guiding non-farm entrepreneurship among farmers.
- Give proper extension services about new technologies to farmers.
- Acquiring more area for cultivation purposes.
- Use of improved and advanced high-yielding variety of seeds
- Implementing better techniques that emerged from agriculture research
- Soil Testing
- Plan protection activities through prudent use of fertilizers, pesticides, and cropping applications.

• **Agricultural Marketing:**

In order to save the farmer from the clutches of the money lenders and the middle men, the government has come out with regulated markets. These markets generally introduce a system of competitive buying, help in eradicating malpractices, ensure the use of standardized weights and measures and evolve suitable machinery for settlement of disputes thereby ensuring that the producers are not subjected to exploitation and receive remunerative prices.

• **Inadequate storage facilities**

This scheme provides storage facilities to the farmers near their fields and in particular to the small and marginal farmers. The Working Group on additional storage facilities in rural areas has recommended a scheme of establishing a network of Rural Storage Centers to serve the economic interests of the farming community.

- **Inadequate transport: village attach city to good road.** Linking each village by metalled road is a gigantic task and it needs huge sums of money to complete this task.

• **Scarcity of capital:**

This shows that the money lender is losing ground but is still the single largest contributor of agricultural credit. Rural credit scenario has undergone a significant change and institutional agencies such as Central Cooperative Banks, State Cooperative Banks, Commercial Banks, Cooperative Credit Agencies and some Government Agencies are extending loans to farmers on easy terms.

CONCLUSION

In the earlier times, India was largely dependent upon food imports but the successive stories of the agriculture sector of Indian economy has made it self-sufficing in grain production. The country also has substantial reserves for the same. India depends heavily on the agriculture sector, especially on the food production unit after the 1960 crisis in food sector. Since then, India has put a lot of effort to be self-

sufficient in the food production and this endeavor of India has led to the Green Revolution. The Green Revolution came into existence with the aim to improve the agriculture in India.

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