

# Role of Agricultural Development in Indian Economy: A study

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## Abstract

Agriculture is a vital economic activity in numerous developing countries, such as India. The condition of the soil is essential for improving agricultural productivity, and the overuse of chemical fertilizers has led to a decrease in soil fertility. Public policy has a substantial impact on shaping the actions of farmers. This section analyzes different research papers on public policy and its effect on the agricultural industry. The study represents the agricultural development aspects in the Indian Economy i.e. irrigation, Food grains growth, Gross Domestic Product, Agriculture impact on GDP, Agricultural Employment Growth, important findings and suggestions of the study.

**Keywords:** Agriculture, Indian economy, Economic activity, Development countries, Role of Agriculture, Rural development

## 1. Introduction:

Agriculture serves as a crucial economic activity in many developing nations, including India. The quality of soil is vital for enhancing agricultural output, and the excessive use of chemical fertilizers has contributed to a decline in soil fertility. Public policy plays a significant role in shaping the behavior of farmers. This chapter examines various research studies on public policy and its influence on the agricultural sector. Despite being the backbone of the Indian economy, agriculture has traditionally been viewed as a way of life rather than a business in India. While the urban population is growing rapidly, 73.55 percent of the population remains rural (GOI, 2011). Agricultural performance in the country was subpar until the mid-sixties due to the reliance on traditional farming methods, practices, and tools. Agricultural development is crucial for economic growth, rural development, and poverty reduction in low-income developing countries. Increasing productivity in agriculture is a key driver of economic growth and poverty alleviation, both within and beyond the agricultural sector. Enhancing productivity relies on robust rural infrastructure, well-functioning domestic markets, appropriate institutions, and access to suitable technology.

## 2. Objectives of the study

1. Examine a concise overview of agriculture in India.
2. Investigate the influence of agricultural growth on Gross Domestic Product (GDP) in India.

## 3. Review of Literature

Extensive research has been conducted on agricultural marketing in India by scholars and researchers. This section provides a brief overview of the literature gathered by the researcher in the form of reports and research studies. In terms of labor surplus economies, the withdrawal of agricultural labor from the agriculture sector may or may not have a negative impact on output growth rates. Schultz, T.W. (1964) highlighted that the

output in India decreased when the agricultural working population declined due to an influenza epidemic, challenging the notion of surplus labor in agriculture. Rehman.S.Ibrahim (2012) proposed that crop production could be increased through extensive and intensive cultivation methods. Extensive cultivation involves expanding the total area under cultivation by making more land available and converting waste and uncultivable land into cultivable land through agricultural research. Intensive cultivation, on the other hand, focuses on growing more crops on the same area by utilizing better and modern cultivation methods, improved seeds, fertilizers, and pesticides. Amarender Reddy (2013) highlighted the persistent regional disparities in India, with a particular focus on the importance of agriculture in the economic and political landscape. Orissa, one of the poorest states in India, has experienced stagnation in agriculture over the past four decades. The growth rate of agriculture in Orissa from 1991 to 2008 was lower than the national average. The agriculture in Orissa is characterized by low productivity, high water consumption in paddy cultivation, and limited diversification into high-value crops. There is a need to increase the use of quality seeds, irrigation, and other productivity-enhancing inputs to boost income from all crops. Shyama Prasanna Mukherjee (2016) emphasized the significance of sufficient agricultural production to meet the growing demand for food and alleviate rural poverty, particularly in the outskirts of Raipur city. The study analyzed agricultural productivity and efficiency in selected villages near Raipur city, focusing on the availability of food in the region. The research also identified challenges and opportunities for agricultural development in the area.

#### **4. Analysis of the data**

##### ***4.1.Irrigation in India:***

The research focused on the food grain production in India during the year 2019. Rice consumption in India reached 109.09 million tons in 2019, marking the highest food grain consumption in the country due to the essential role of Rice as a staple crop. In Northern India, wheat consumption was recorded at 97.44 million tons, followed by the consumption of cereals, Maize, and Pulses by many individuals in India.

##### ***4.2.Food grains growth in India:***

The survey outlines the food grain situation in India. Over the study period, there was a fluctuation in the total food grain production in India. The peak yield was recorded at 11.719 in 2008-2009, while the lowest was at 9.216 in 2017-2018. In 2014, India faced a monsoon failure, leading to a decrease in food grain irrigation from 2120 to 2028. The table above illustrates the decline in food grain production in India in recent years, indicating a slowdown in the agricultural sector.

##### ***4.3.Gross Domestic Product:***

India, with a population of over a billion people, has more than 70% of its population residing in rural areas. Agriculture, which employs 40% of the workforce, is a significant industry that impacts the Indian economy. However, despite its importance, agriculture only contributes a mere 16% to the \$2.3 trillion economy.

##### ***4.4.Agriculture's impact on GDP:***

The survey indicates the positive trends in India's grain production. Over the study period, India's gross domestic product exhibited a fluctuating pattern. The peak yield was recorded at 17.03 in 2008-2009, while the lowest was 15.36 in 2017-2018. The table above illustrates a decline in India's gross domestic product in recent years, reflecting a slowdown in the agricultural sector.

##### ***4.5.Agricultural Employment Growth:***

The research indicates a worrisome trend in employment growth in India. Over the study period, there was a fluctuating pattern in total employment growth in the country. The peak value recorded was 11.719 in 2008-2009, while the lowest was 9.216 in 2017-2018. The table above illustrates a decline in employment levels in

India in recent years, particularly in the agriculture sector. The analysis of employment growth in India leaves much to be desired.

## 5. Findings

The Indian economy is heavily reliant on agriculture, with the country expecting a record food grain production of nearly 300 million tons. The growth rate of gross sown and gross irrigated area is 0.33% and 0.58% respectively, with cumulative values of 9.11 and 0.60. The average gross capital formation is 2875.14 billion, and the average GDP in agriculture in India was 15.4%. Despite adverse conditions, the farm sector is projected to grow by 3% this year, contributing at least 0.5% to India's GDP growth in 2020-2021. However, production has declined in factories and services have suffered losses, as evidenced by the lowest reading of PMI in 15 years at 27.4 in April.

## 6. Suggestions

No doubt agricultural system has seen much more progress in recent years in terms of production and technological upliftment. Much more needs to be done as there are severe challenges in the state like droughts, uneven rainfall, inefficient methods of cultivation, inferior quality of seeds, lack of adequate fertilizers and pesticides etc. Above all lack of interest in a farmers now as the agriculture does not fetch him adequately as in the end a farmer gets a very low price for his produce, because of inefficient markets and marketing system in the country. India has witnessed a lot of farmer suicides; because of low production and an inefficient marketing system in the country. Agriculture is still the main source of livelihood to a majority of population of India especially the rural. These issues are of much concern and the policy makes must think twice while framing the policies and bring reforms in the agriculture. The system needs to give more focus agricultural upliftment in terms of infrastructure and support to the farmer. The need of the hour is to make Indian agriculture self-sufficient and more competitive over the globe.

## 7. Conclusion

The region heavily relies on the agriculture sector, which is currently in the process of transitioning to a market economy. This transition has led to significant changes in various aspects of the industry, resulting in a decline in agricultural production for most countries in the region. As a consequence, food insecurity has become a pressing issue, with some countries requiring food aid for refugees. Upon analyzing secondary data related to agricultural trends, it is evident that there is a slow increase in production, a decrease in cultivated area, and a low yield per hectare. These challenges, particularly low crop productivity, need to be addressed with the support of the government, private sector investment, farmer awareness campaigns, and education initiatives related to crops, seeds, fertilizers, irrigation, and diversification.

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