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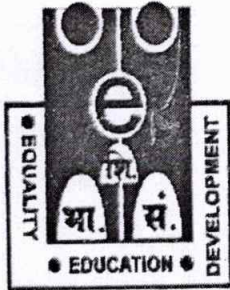
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Role of Agriculture in Development of India and Its Challenges

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Abstract:

Role of Agricultural Sector is very important for economic development in developing country like India. Agriculture is a prime sector of livelihood for majority of rural Indian people. An agricultural sector provides raw material for Agro based Industries and food for rural and urban population. But the growth of agricultural sector has 3 to 4 percent and the industries sector has grown at more than 7 to 8 percent. So the Indian planner thought that, an Agriculture sectors development is most essential for the development of Indian economy. Today near about 62% people find direct and indirect employment in agriculture sector. Agricultural sector has contributed generate income and employment in India. Now a day the Agriculture sector loses the share in national income for example 1950-51 share of agriculture in national income was 56% which was come down 13% in to 2015-16 (Angad Singh Maravi, 2015, P, 1125). This paper explains the place of Agriculture in Indian Economy.

Keywords: Agriculture, Gross Domestic Product, Export and Import, Employment, Investment

Introduction:

Role of Agricultural Sector is very important for economic development in developing country like India. Agriculture is a prime sector of livelihood for majority of rural Indian people. An agricultural sector provides raw material for Agro based Industries and food for rural and urban population. But the growth of agricultural sector has 3 to 4 percent and the industries sector has grown at more than 7 to 8 percent. So the Indian planner thought that, an Agriculture sectors development is most essential for the development of Indian economy. Today near about 62% people find direct and indirect employment in agriculture sector. Agricultural sector has contributed generate income and employment in India. Now a day the Agriculture sector loses the share in national income for example 1950-51 share of agriculture in national income was 56% which was come down 13% in to 2015-16 (Angad Singh Maravi, 2015,P,1125). This paper explains the place of Agriculture in Indian Economy.

Objectives:

This study carried on the basis of following objectives.

- 1) To study role of Agriculture in development of India;
- 2) To identify challenges before Agricultural development in India.

Research Methodology:

A. Collection of Data:

The study is totally based on secondary data which is collected through various



books, reports and websites on internet.

B. Scope of Study:

The study covers the share of Agriculture in national income, investment in Agriculture, Imports and Exports agricultural commodities, ration of agricultural workers in total workers in India.

C. Period of the Study:

The study is limited to selected indicators of agricultural sectors. This research considers the study period from year 1950-51 to 2014-15.

Role of Agriculture in Development of India:

Following are the significant facts of Indian Agriculture

1. The agriculture and allied sectors contributed approximately 13.4% of Indian GDP (At constant prices 2004-05) during 2014-15.
2. The sector witnessed irrigator growth rate.
3. More than 55% population engaged in Agricultural production
4. The average farm size is not optimum for gaining the economics of large scale production.
5. The proportion of arable land under irrigation.
6. Unemployment among agricultural workers raised form 9.5% in 1993-94 to 18.2% in 2014-15.
7. Nearly 65% of agriculture in India is rained, cultivated largely by small and marginal formers.
8. Irrigation water use efficiency is very low.
9. The sector has faced the demand supply credit gap problem.
10. Through the credit supply from formal sector increased continuously still the infernal sources occupies nearly 38% credit supply.

Share of Agriculture in National Income:

Agriculture has always been the backbone of the Indian economy and despite concerted industrialization in the last six decades; agriculture still occupies a place of pride. Table No. 1 shows the share of Agriculture in National Income in India

Table: 1

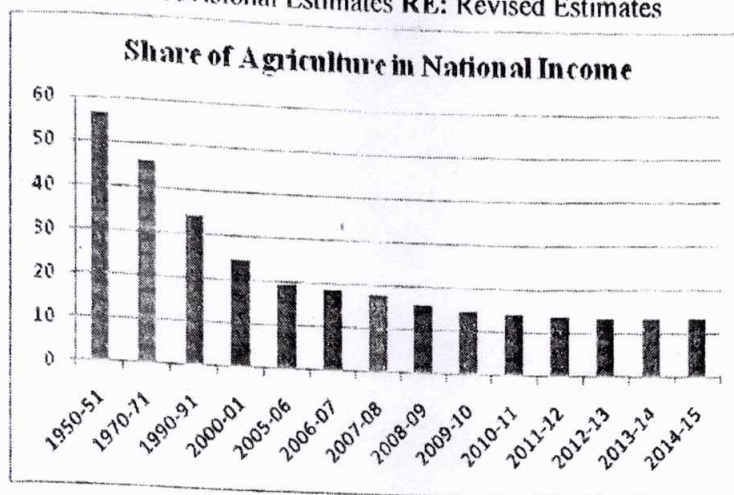
Share of Agricultural Sector in Total Gross Domestic Product
(At 1999.00 prices) (In Percentage Terms)

Year	Agriculture
1950-51	56.5
1970-71	45.9
1990-91	34.0
2000-01	24.7
2005-06	19.55
2006-07	18.51
2007-08 (2004-05 Prices)	17.8
2008-09	15.7
2009-10 (PE)	14.7
2010-11 (RE)	14.5
2011-12	13.9



2012-13	13.6
2013-14	13.5
2014-15	13.4

Source: Central Statistics Organization 2015
PE: Provisional Estimates RE: Revised Estimates



In Percentage Terms and Year

The above given table shows share of agriculture in the national income in India. In 1950-51 the share of agriculture in GDP was 56.5 percent. At the process of industrialization and economic growth gathered momentum under the five year plans with manufacturing and services growing rapidly and agricultural sector limping along, the percentage share of agriculture in GDP declined and reached a level of 13.3 percent in 2014-15.

Indian Agriculture and Pattern of Employment in the Country:

Agriculture dominates the economy to such an extent that very high proportion of working population in India is engaged in agriculture. Indian agriculture and pattern of employment in the country shown in Table No. 2

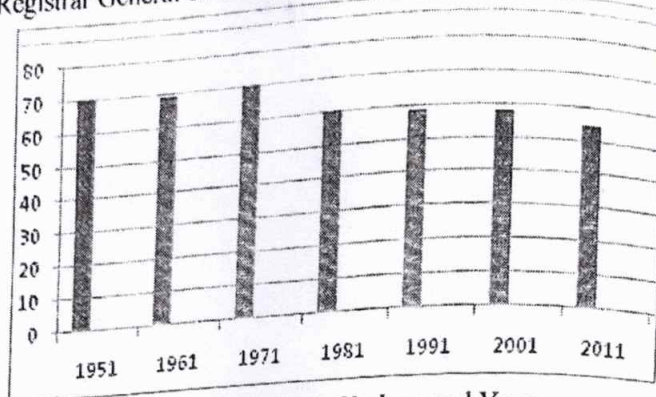
Table No. 2 Population and Agricultural Workers (In Millions)

Year	Total Population	Rural Population	Total Workers	Agricultural Workers		Total Percentage of Workers
				Cultivators	Agricultural workers	
1	2	3	4	5	6	7
1951	361.1	298.6 (82.7)	139.5	69.9 (71.9)	27.3 (28.1)	97.2 (69.7)
1961	439.2	360.3 (82.0)	188.7	99.6 (76.0)	31.5 (24.0)	131.1 (69.5)
1971	548.2	439.0 (80.1)	180.4	78.2 (62.2)	47.5 (37.8)	125.7 (69.7)
1981	683.3	525.6 (76.9)	244.6	92.5 (62.5)	55.5 (37.5)	148.0 (60.5)
1991	846.4	630.6	314.1	110.7	74.6	185.3



		(74.5)		(59.7)	(40.3)	(59.0)
2001	1028.7	742.6 (72.2)	402.2	127.3 (54.4)	106.8 (45.6)	234.1 (58.2)
2011	1210.8	833.7 (68.9)	481.7	118.8 (45.1)	144.3 (54.9)	263.1 (54.6)

Source: Registrar General of India, Agricultural Statistics at a Glance 2015 PN.14.



Percentage of Total Workers and Year

Table No. 2 indicates Indian agriculture and pattern of employment in the country. Data provided by the census of India reveals that in absolute terms, agriculture provided employment to 97.2 million persons in 1951; the number of people working land (cultivators and agricultural labours) increased to 263.1 million in 2011. In terms of percentage however people working on land came down from 70 percent to 54.6 percent during the five decades between 1951 and 2011.

This table also clear that agricultural sector still provides employment to 54.7 percent of India's work force and is the single largest private sector occupation. It is however, really disturbing that the proportion of agriculture labours has increase from 28 to 55 percent between 1951 and 2011 but that of cultivators registered a decline from 72 percent to 45 percent.

Role of Agriculture in the field of International Trade:

Importance Indian agriculture also arises from the role it play in India's trade. Agricultural products as like sugar, tea, oilseeds, tobacco, spices etc. constituted the main items of exports which were 18.5 percent in 1990-91, continuous decline and were of the order of only 12.66 in 2014-15.

Agriculture imports constitute only a small proportion of the country's total imports. During the period 1990-91 to 2014-15, agriculture imports have been in the range of 2 to 7 percent of the total imports of the country. Edible oil, raw cashew nut, cereals, pulses, splices, sugar, milk and milk product, chicken meat etc. are agricultural and allied product imported in to the country. (GouravDatt and AshwaniMahajan 2015 P. 522-531).

Table No. 3 shows that India's imports and exports of agricultural commodities.

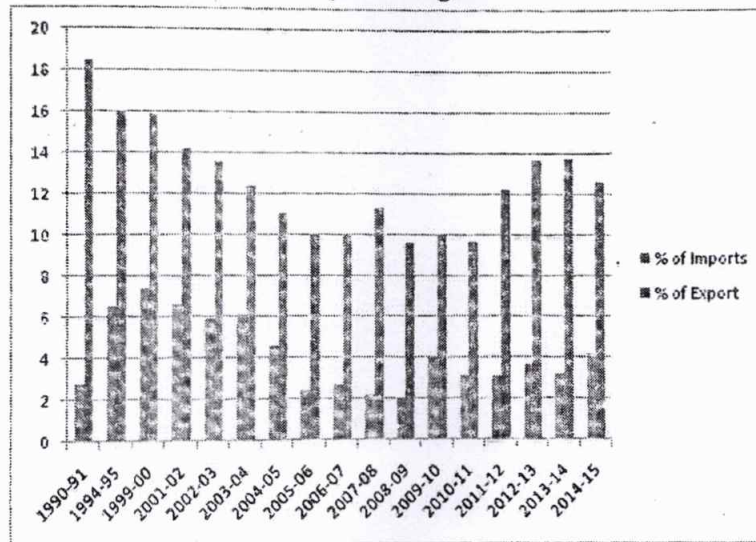
Table No. 3

India's Imports and Export of Agricultural Commodities (Value Rs in Core):



Year	Agriculture Imports	Total National Imports	% of Agriculture Imports to Total National Imports	Agriculture Exports	Total National Exports	% of Agricultural Imports to national Exports
1	2	3	4	5	6	7
1990-91	1205.86	43170.82	2.79	6012.76	32527.28	18.49
1994-95	5937.21	89970.70	6.60	13222.76	82673.40	15.99
1999-00	16066.73	215528.53	7.45	25313.66	159095.20	15.91
2001-02	16256.61	245199.72	6.63	29728.61	209017.97	14.22
2002-03	17608.83	297205.87	5.92	34653.94	255137.28	13.58
2003-04	21972.68	359107.66	6.12	34415.48	293366.75	12.41
2004-05	22811.84	501064.54	4.55	41602.65	375389.53	11.08
2005-06	15977.75	660408.90	2.42	45710.97	456417.86	10.02
2006-07	23000.28	840506.31	2.74	57767.87	571719.28	10.10
2007-08	22549.81	1012311.70	2.23	74673.48	655863.52	11.39
2008-09	28719.24	1374435.55	2.09	81064.52	840755.06	9.64
2009-10	54365.29	1363735.55	3.99	84443.95	845533.64	9.99
2010-11	52652.88	1683466.96	3.13	111018.99	1142921.92	9.71
2011-12	74284.58	2345463.24	3.17	180528.60	1465959.39	12.31
2012-13	99338.66	2669161.96	3.72	223618.24	1634318.84	13.68
2013-14	87465.66	2715433.91	3.22	262778.96	1905011.09	13.79
2014-15 (P)	115434.49	2733935.41	4.22	239453.23	1891644.67	12.66

Source: Agricultural Statistics at a Glance 2015 P.N. 296,
 Directorate General of Commercial Intelligence and Statistics,
 Ministry of Commerce and Industry
India's Imports and Export of Agricultural Commodities



Pattern of Investment in Agricultural Sector:

At the outset a word of explanation is necessary about the meaning and content of 'Agricultural Sector' in the first three plans. Agricultural sector was composed of agriculture and allied sectors (horticulture, animal husbandry and fisheries) and irrigation and flood control. In the successive plans, 'rural development' and special area programmes, were added and irrigation and flood control was admitted (GouravDatt and AshwaniMahajan2015 P. 522-531). In Table No. 4, outlay on agriculture is composed of agriculture and allied sectors, special area programmes and rural development, irrigation and flood control.



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.

2. Seeds:

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.

3. Lack Irrigation facilities and Dependency on monsoon:

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.

4. Lack of Marketing and storage Facilities:

There are important lacks in MSP, overall agricultural strategy of the country, PDS, storage/ granaries, 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. Exports in agricultural sector are also not very encouraging with a share of just 10% of the total export, for a country where more than 50% of population is dependent on agriculture.

5. Productivity and Profitability:

Most of the Indian farmers still get very low profitability & output in compared to other developed states even there is a big gap between Indian states also.

6. Lack of Mechanization:

In spite of the large scale mechanization of agriculture in some parts of the country, most of the agricultural operations in larger parts are carried on by human hand using simple and conventional tools and implements like wooden plough, sickle, etc.

7. Soil Erosion:

Large tracts of fertile land suffer from soil erosion by wind and water. This area must be properly treated and restored to its original fertility.

8. 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.

9. Manure, Fertilizers and Biocides:



Indian soils have been used for growing crops over thousands of years without caring much for replenishing. This has led to depletion and exhaustion of soils resulting in their low productivity. The average yields of almost all the crops are among the lowest in the world. This is a serious problem which can be solved by using more manures and fertilizers.

10. Transportation and other infrastructure:

One of the main handicaps with Indian agriculture is the lack of cheap and efficient means of transport and infrastructure facility. Even at present there are lakhs of villages which are not well connected with main roads or with market centers. Most of the rural areas are 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. Licking each village by metalled road is a gigantic task and it needs huge sums of money to compete this task.

11. Illiteracy:

Illiteracy is another problem. They have no idea what's going on in farming industry. Internet and books can't even help them. Rural illiteracy is very high in India. This causes the farming skill to be transferred from father to son, instead of by means of proper education system.

12. Insurance:

Traditionally farmers pray to the almighty to mitigate the risk rather than opting for crop insurances. Lack of knowledge and banking has still kept them in the dark. Less than 2% of the farming community is covered under insurance.

Conclusions and Suggestions:

A once a time the agriculture sector having the great importance in India it contributes large in the generating national income, employment, capital formation, foreign earning through the export of the agriculture commodities. However, in recent days the service sector has been becomes important sector for the Indian economy because this sector now contributes 59.9% of GDP and good amount of employment opportunities in India.

After analyzing the data it is found that there is decline trend of Indian agriculture sector. Hence, the government should make the provision of more credit facilities to this sector. There is also need of more extensive and large scale agriculture that contributes more in the national income as well as employment generation in India. The agriculture system in the proper plan for the utilization of agricultural resources Institutional Finance is one of the most important issues regarding to the agriculture development in India

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