

Indian Agriculture- Status, Importance and Role in Indian Economy

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Abstract

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.

Keywords: GDP. Agriculture Sector.

1. Introduction

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. Indian agriculture has registered impressive growth over last few decades. The food grain production has increased from 51 million tonnes (MT) in 1950-51 to 250MT during 2011-12 highest ever since independence.

2. Objectives of the Study

1. To current Status.
2. To provide a basis of monitoring and evaluation

3. Current Status

1. The Directorate of Economics and Statistics, Ministry of Agriculture (DESMOA) is responsible for the collection, (a) weekly and daily wholesales prices, (b) retail prices of essential commodities, (c) farm harvest prices.
2. Weekly wholesale prices cover 140 agricultural commodities from 620 markets.
3. Retail prices of essential commodities are collected on a weekly basis from 83 market centres in respect of 88 commodities (49 food and 39 non-food) by the staff of the State Market Intelligence Units, State Directorates of Economics and Statistics (DESS) and State Department of Food and Civil Supplies.
4. Farm Harvest Prices are collected by the field staff of the State revenue departments for 31 commodities at the end of each crop season and published by the DESMOA.

3.1 Some salient facts about Agricultural scenario

1. Agriculture is the largest provider of livelihood in rural India
2. It contributes 25 percent to India's GDP
3. It is still dependent primarily on the monsoons
4. The growth in agricultural production has been stagnant for the past several years.
5. The drought in north and western parts in FY09 created shortages in supply of food grains.

3.2 Contribution to GDP over the years

Sector	1980	1990	2001	2003
Agriculture	38.1	31.1	24.7	22.2
Industry	25.9	29.3	26.4	26.8
Service	36	39.7	48.8	51.0

Source: Bayes and Ahmed (2003)

3.3 Role of agriculture in Indian economy

1. Share in National Income:
2. Largest Employment Providing Sector:
3. Contribution to Capital formation:
4. Providing Raw Material to industries
5. Market for Industrial Products:

3.4 Importance in International Trade:

1. Share in national income
2. Source of employment-
3. Provision of food grains.
4. Supply of raw materials to industrial sector.
5. Market for industrial product.
6. Earner of foreign exchange.

7. Significance for trade and transport.
8. Source of revenue for the government-

4. Conclusion

1. Change is happening in rural India but it has still a long way to go
2. Agriculture has benefited from improved farming techniques but the growth is not equitable
3. Land use is changing in rural areas as farmers are getting good value for their holdings. The effort should be to stop the migration to urban areas
4. Wholesale prices are primarily used to monitor the weekly price movements.
5. The number of essential commodities should be reduced to an absolute minimum, especially the non-food crops.

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