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## Role of Agriculture in Economy

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The Indian Economy holds the sixth position in the world's top economies. The majority of the country's population depends on agriculture for their livelihood. The agriculture sector contributes roughly 14% of the country's total GDP. Although the agriculture sector plays a crucial role in the Indian Economy, there is a constant drop in this sector while the service sector is comparatively improving.

### Agriculture Sector in Indian Economy

The Indian Economy is an Agro-Economy; the difficulty with such an agro economy is that the agriculture sector is highly dependent on the cycle of production, distribution, and consumption. Another problem with the Agro-economy is productivity. Currently, Indian Farmers produce 2.4 tonnes of rice per hectare of land, far behind its actual potential. On the other hand, China and Brazil produce 4.7 and 3.6 tonnes of rice per hectare. Despite so many disadvantages of the agriculture sector, it is still the most crucial sector for the Indian Economy.

### Importance of Agriculture in the Indian Economy

Almost half of the population of India indulged in agriculture. The agriculture sector holds an important place in the economy. A few of the important points are:

1. Agriculture provides employment opportunities to rural agricultural and non-agricultural labourers.
2. It plays a significant role in international trade and import and export activities.

### Role of Agriculture in the Indian Economy

The role of the agricultural sector in the Indian Economy is:

- **Contribution in GDP:** Since the time of Independence, the agriculture sector has been the major contributor to the country's GDP. In the financial year 1950-1951, agriculture and other related activities had a share of 59% of the country's total GDP in that financial year. Although there is a constant drop in the agriculture sector, it is still one of the most crucial sectors in the Indian Economy. On the other hand, in developed countries such as the UK and USA, the agriculture sector contributes only about 3% of the country's total GDP.
- **Largest Employee Sector:** In India, the agriculture sector has more than half of the total population of the country engaged, which makes it the sector with the most number of employees in the country. Comparing it with the developed nations, India has about 54.6% of the total population in the agriculture sector engaged, while in developed nations such as the UK, USA, France, and Australia, only 2%-6% of its total population is engaged in the agriculture sector.
- **Source of Food:** India is the second-most populous country in the world. And to feed such a huge population, there is always a constant need for a supply of food. Therefore,

there is a need for agriculture and a need for less dependency on the agriculture sector for the Economy.

- **Relation between Agricultural and Industrial sector:** For the continuous manufacturing of products, there is a constant need for raw materials, and to fulfil this need, most of the industries in the country collect this raw material directly from the agricultural fields. In India, around half of the income generated in the industrial sector comes from agricultural-based industries. Therefore, in India, the industrial sector is highly dependent on the agricultural sector.
- **Commercial Significance:** Indian Agriculture is important for the industrial sector and trading purposes both internally and externally. Agro-products such as tea, coffee, sugar, cashew nuts, spices, etc., which are edible and textile products such as jute, cotton, and others contribute 50% and 20% respectively to the total export of the total country. These add up to around 70% of the country's total export and help the country in earning foreign exchange.
- **Contribution to the Government's Revenue:** Agriculture is the most significant source of income for the central and state governments. The government of the country has substantial revenue from rising land revenue. Also, the movement of agricultural goods helps generate revenue for the Indian railways, which helps the government in revenue generation.
- **Economic Planning and Agriculture:** India's planning prospects are also heavily reliant on the agriculture sector. A good harvest always offers momentum to the country's projected economic growth by improving the business climate for the transportation system, manufacturing sectors, internal commerce, and so on.

A successful harvest also means that the government will have enough money to cover its budgeted expenditures. Similarly, a bad harvest causes a total depression in the country's business, which eventually leads to a collapse of economic planning. Thus, in a country like India, the agricultural sector plays a critical role, and the Indian economy's prosperity is still heavily reliant on it. As a result of the above study, it is clear that agricultural growth is a necessary precondition for sectoral diversity and economic development.

## Conclusion

The Indian economy is an agro-economy and depends highly on the agricultural sector. Despite just supporting the Indian Economy, the agricultural sector also supports the industrial sector and international trade in imports and exports. Although the contribution of the Agricultural Sector to the Indian Economy is reducing, it is the sector with the most number of people working in it around the country.