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Agriculture and Its Role in Economic Developments

(*Ravin Singh)

Shri Khushal Das University, Hanumangarh, Rajasthan, India

*Corresponding Author's email: robinsingh6804@gmail.com

Agriculture is critical to emerging nations' economic prosperity, and its significance in economic development is vital since agriculture employs the majority of the emerging world's population. The contribution of agriculture to economic growth has been classified into several categories, including product, factor contribution, marketing, foreign exchange, agricultural and poverty alleviation, and employment creation (Fried et al. 5). Thus, this article will discuss the importance of agriculture and how it might influence a nation's economic success.

Product Contribution

The emerging markets rely on their farming to feed their populations. There are a few outliers, though. Some nations, like Malaysia and South Saudi Arabia, produce so much natural gas that they would be able to earn enough foreign cash to cover the cost of their residents' food. However, most developing nations are dependent on agriculture to generate enough food to meet demand since they lack the foreign cash revenues required to purchase food grains for their populations. To feed the people living in these developed economies' cities, farmers must produce more food than they require to exist. Farmers' export earnings will be needed to provide the dietary needs of their labor force as the industrial and service sectors grow.

Factor Contribution

Agriculture fosters economic development by providing labor and capital, two commodities that are necessary for the expansion of industry. Approximately 60% of the labor force in emerging nations is employed in the agricultural sector, making it a sizable industry. As so, it might free up a large amount of labor for use in the industrial and other non-farm sectors. On the other hand, as agricultural production rises, more employment may be created to support industrial expansion. Therefore, excess labor—also known as the unemployed but hiding in agriculture—needs to be mobilized in order to create jobs in expanding industries with the rise of contemporary economic capital markets. The manufacturing sector's costs decrease with decreased labor wages, which opens up huge investment opportunities for businesses.

Source of Capital

Additionally, agriculture might be a major source of funding for the industrial development of emerging nations. Rural people with high incomes can save for industrial growth even in developing countries that are impoverished and have unequal distribution of agricultural revenue. Rich landowners in Britain freely invested a portion of their riches in growing businesses throughout the agricultural revolution (Ccama 14). Additionally, small farmers can preserve their meager deposits in neighborhood banks, which can then lend to industrialists in need of productive capital.

Market Contribution

Agriculture's economic contribution refers to the need for manufactured goods. The farming sector of developing countries is a major driver driving the market or consumer for industrial goods throughout the early stages of development, whenever the urban sector is small and exporting marketplaces have not yet been found. Farmers usually plant cash crops, such cotton, sugar, and jute. The money they make from these sales goes toward manufacturing. Moreover, farmers who produce an excess of marketable grains (cereals and pulses) exchange them for money in the market, which propels the demand for industrial goods. The market or demand for manufactured items must increase before the rate of economic growth may be considered noteworthy. It has been shown in India that periods of slow or declining agricultural development are accompanied with stagnant industrial output because of a slowdown in the goods economy. The domestic market for goods and services grows as a result of increased productivity and output, speeding up the pace of economic expansion.

Foreign Exchange Contribution

During the initial stages of economic expansion, when the industrial sector has not yet advanced significantly, agricultural practices might yield foreign exchange profits. Emerging countries often confront a foreign exchange deficit in the early phases of economic development as a result of their inability to meet the import demands of fast industrialization. Emerging nations can obtain imported commodities necessary for industrial expansion—commodities that cannot be supplied locally or at a higher rate of return on investment—by contributing to foreign exchange gains. Agribusiness can therefore make a significant contribution to economic growth by creating the foreign exchange required for emerging businesses to purchase capital goods and industrial raw materials. One major obstacle to expansion is the lack of foreign exchange.

Agriculture and Poverty Alleviation

The productivity and income of smallholder farmers as well as the employment and compensation of agricultural workers are increased by agricultural growth. This helps to lessen both hidden labor and poverty. Increased agricultural output also contributes to the eradication of poverty by lowering consumer costs and controlling inflation. It has been found that, with the implementation of a suitable agricultural growth strategy, agricultural expansion gives a significant employment opportunity. High-yielding cultivars, fertilizers, pesticides, and the right amount of irrigation water are currently being used to demonstrate modern agricultural technology, which is leading to an increase in agrarian employment. Farmers are able to perform multiple planting with the help of these high-yielding technology inputs, which has a major positive employment impact.

Contribution of Agriculture to Employment Generation

It has been found that if a suitable economic strategy is pursued, expansion in the farming sector provides excellent job possibilities. Jobs are created by the application of improved varieties, synthetic chemicals, herbicides and pesticides, and the ideal quantity of irrigated agriculture, as shown by new technologies. Modern production technology with high yields enable farmers to engage in multiple cropping, which has the potential to be very productive. Increased capital investment is necessary to expand irrigation systems and other productive resources, enabling growers worldwide to benefit from innovation. New high-yielding technologies would increase agricultural productivity and employment if they were widely used in the rural economy. Nevertheless, in order to maximize job opportunities, reckless automated farming should be avoided. Additionally, as local farmers employ more workers, produce better crops, and are more efficient, new laws like leasehold reforms and property acquisition through land-owning constraints must be implemented efficiently to encourage agricultural activity.