

AGRICULTURAL SECTOR

BA 6TH SEM (H)
INDIAN ECONOMY-II
UNIT-2

INTRODUCTION

- Agriculture sector has an important place in Indian economy .Indian agriculture is the backbone of the entire economy. Economic transformation of a developing country like India crucially depends on performance of its agriculture and its allied sector
- This sector plays a significant role in rural livelihood , employment and national food security. Its happens to be the largest source of livelihood in India. Proportion of Indian population depending directly or indirectly agriculture for employment opportunities is more than that of any sector in India as high as 70 % of its rural household still depends primarily on agriculture for their livelihood, with 82 percent of farmer being small and marginal.

- It provides raw materials to industries ,food to entire population and feed and fodder to livestock. Agriculture is also an important source of finance of Central and State governments. Indian agriculture has an honorable place international level earning valuable foreign exchange for the country.
- Although, its contribution to national income is diminishing due to higher growth in secondary and tertiary sectors, reflecting the development process and the structural transformation taking place in the economy.

ROLE OF AGRICULTURAL SECTOR IN INDIAN ECONOMY

- **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.
- **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
- **Supply of Foodgrains :** The most important contribution of agriculture is to provide food supply to increasing population of the country. During planning era ,due to agricultural development ,India has become self-sufficient in food-grain supply.

- **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.
- **Contribution to trade:** 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 and textile products such as jute, cotton, and others contribute significantly to the total export of the total country.
- **Contribution to the Government's Revenue:** Agriculture is the most significant source of income for the central and state governments

- **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.

- **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.