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IMPORTANCE ISSUES OF AGRICULTURE IN INDIAN ECONOMY

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Abstract:

India, one of the world's most populous rural economies, remained locked until the early 1990s. Agriculture is a vital part of India's economy, and it is also one of the world's top two farm producers. This industry employs nearly 52 percent of India's workforce and contributes about 18.1 percent of the country's GDP.For nearly two-thirds of India's employed community, agriculture is their only source of income. In the next 20 years, India's already high population will surpass Japan's to become the world's third largest, while its economy will soon overtake Japan's to become the world's third largest. Agriculture is extremely important to the Indian economy. Agriculture supports more than 70% of rural families. Agriculture is a significant part of the Indian economy, accounting for about 17% of overall GDP and employing more than 60% of the workforce. Over the last few decades, India's agriculture has developed at a rapid pace. Agriculture is an important part of India's economy. Agriculture remains the backbone of growth, despite its contribution to the country's overall Gross Domestic Product (GDP) falling from around 30% in 1990-91 to less than 15% in 2011-2012, a pattern that is anticipated in any economy's development phase. Inadequacies in the provision of vital public goods such as research and production, extension programs, surface irrigation, rural roads, and so on, as well as inadequate policies, have resulted in the inability to achieve targeted growth in agriculture. We must overcome some of these deficiencies in order to achieve the 12th Plan's targeted development. There will be a substantial increase in public and private sector investment in agriculture research and growth, including extension, rural infrastructure, post-harvest and retail infrastructure, including storage and processing, legal reforms relating to land prices and agricultural commodity marketing, and appropriate price policy. Irrigation, energy for pumping water, fertilizer, and other farm inputs need to be priced more rationally.

Key Words: Indian Economy, Agriculture, GDP, Issues in Economy

Introduction:

India's agricultural sector is especially high. Though the sector's share of GDP has decreased to about 15% in the last 30 years, it still employs about half of India's population and is responsible for much of the country's GDP instability. Until the early 1990s, India, one of the world's biggest farming economies, was locked. By 1991, it was becoming clear that inward-looking import substitution and an overvalued exchange rate policy, as well as various domestic policies implemented over the previous four decades, had hindered entrepreneurial decision-making in many fields and resulted in a high-cost domestic production environment that was out of line with global markets.

As a result, the new economic plan of 1991 stressed both external market shifts in the exchange rate, currency, and foreign expenditure policies, as well as internal reforms in areas like industrial policy, price and distribution regulation, and financial and public sector fiscal restructuring. Furthermore, India's 1995 membership in the World Trade Organization (WTO) and commitment to the organization was a clear indicator of the country's ability to profit from globalization and face the challenge of

accelerating its economic growth. Productivity growth is one indicator of economic growth and it is the foundation for increases in real wages and welfare.

Since diminishing returns to input consumption make input growth insufficient to achieve output growth, the concept of productivity growth has gained traction as a means of sustaining output growth over time. The following are the three key objectives of this article, which looks at India's agricultural productivity development in the light of globalization. First, it looks at these potential connections in the agriculture field as a whole. Second, it examines the issues and opportunities for increasing agricultural production in different Indian states. Third, the paper emphasizes globalization's threats and policy consequences for Indian agriculture's success.

The following are some main facts about the agricultural situation:

- Agriculture is the most important source of income in rural India.
- It accounts for 25% of India's GDP.
- It is also largely reliant on the monsoons.
- For the last few years, farm production has been constant.

Objectives of the Study:

To analyze the value of agriculture and its function in economic growth, to investigate the success of Indian agriculture.

Agriculture's Importance in the Indian Economy:

- National Income Share
- The Sector That Provides the Most Jobs
- Capital Formation Contribution
- Providing factories with raw materials
- Industrial Products Market

In terms of international trade, its significance is as follows:

- Proportion of national income
- Provision of food crops
- Source of jobs
- Provision of raw materials to the manufacturing industry.
- Industrial goods market
- Foreign currency earner

Agriculture Public Expenditure:

To bring about technological progress in agriculture and higher agricultural development, a 'big drive' for public expenditure in agriculture is needed. It is clear that the share of public expenditure on agriculture as a percent of total public expenditure has decreased significantly since the reforms (Desai and Namboodiri 1997). Agriculture and related sector gross capital investment as a percentage of overall gross capital formation has decreased from around 11.7 percent in 2001-02 to 6.89 percent in 2006-07, and then to 6.6 percent in 2007-08.

However, over the past few years, it has seen a significant increase in its share, which peaked at 8.5 percent in 2008-09 and then fell to 8.2 percent in 2009-10. The GCF in agriculture and related sectors as a percentage of GDP in agriculture rose to over 20% in 2009-10, up from about 14% in the first half of the previous decade. However, as a percentage of overall GDP, the GCF in agriculture and related sectors has remained stable at about 2.5 to 3.0%. It is necessary to increase agricultural investment in order to achieve a growth rate of over 4-4.5 percent in the agriculture sector.

We have looked at spending patterns in the public sector over the last three decades in the areas of

- Agriculture and related industries
- Irrigation and flood protection, and
- Rural growth.

We have looked at the proportion of overall spending spent on agricultural science and education, as well as developments in food and fertilizer subsidies. Table shows the pre-reforms (VI and VII FYPs) and post-reforms (VIII and XI FYPs) outcomes. According to the data in the table, the share of public spending on agriculture and related industries has decreased from about 6% in the Sixth Plan to about 4.5 percent in the Tenth Plan. The 11th Plan expected a higher allocation (124 percent) of public sector services for agriculture and allied operations by the Centre, States, and UTs, from the Tenth Plan realization stage of Rs. 60,702 crore to Rs. 1,36,381 crore (at 2006-07 prices), with the Centre's share of 50,924 crore (GOI, 2011). The Rashtriya Krishi Vikas Yojana was initiated in the 11th Five-Year Plan as a 100 percent grant-in-aid initiative with a planned allocation of Rs. 25,000 crore over and above other existing programs to encourage states to spend more in agriculture.

Overview of the Agricultural Economy in India:

The agriculture sector contributed half of India's GDP in the early 1950s. By 1995, the percentage had been cut in half again, to about 25%. As would be expected of nearly all developing countries, India's agricultural sector's share has steadily decreased over time, as seen in the table below. The government's agricultural policy priorities and tools have changed over the last five decades as a result of both internal and external considerations. Agricultural policies can be divided into supply side and demand side policies at the sectoral level. Among the former are land reform and land use, new technologies development and diffusion, public expenditure on irrigation and rural infrastructure, and farm price supports. State activities in agricultural markets, on the other hand, as well as the operation of public delivery systems, are examples of demand-side policies. In terms of their effect on government finances, such strategies also have macro consequences. Policies to reinforce agricultural and non-agricultural sector linkages, as well as industrial policies that impact agricultural input supplies and agricultural material supply, are examples of macro-level policies. The agricultural sector developed at an annual rate of 2.7 percent during the pre-green revolution period, from independence to 1964-1965. During this time, there was a big policy push for land reform and irrigation production. During the green movement, which lasted from the mid-1960s to 1991, the agricultural sector expanded at a rate of 3.2 percent from 1965 to 1976, and 3.1 percent from 1976 to 1977 and 1991 to 1992.

According to Acharya (1998), the policy package for this time period included: a) the introduction of high-yielding wheat and rice varieties through strengthened agricultural research and extension services, b) measures to increase the supply of agricultural inputs such as chemical fertilizers and pesticides, c) the expansion of major and minor irrigation facilities, d) the declaration of minimum support rates for major crops, government cereal procurement to create buffer stocks and fulfill public distribution needs, and e) the prioritization of agricultural credit. During this time, the federal and state governments took a series of business interference actions. The promotional steps are concerned with the production and management of primary markets in the form of physical and institutional facilities at the first point of touch for farmers looking to sell their surplus goods.

Subsistence and Commercial Farming:

Subsistence farming is practiced by the vast majority of Indian farmers. This entails producing food for one's own consumption. In other words, the farmers and

their families eat the majority of the harvest, and there is no surplus to sell on the market. Land holdings are small and fragmented in this form of farming.

Cultivation methods are primitive and straight forward. In other words, new farm machinery such as tractors and farm inputs such as organic fertilizers, insecticides, and pesticides are completely absent. Farmers primarily cultivate cereals, as well as oil seeds, pulses, tomatoes, and sugarcane, in this form of farming. Subsistence cultivation is the polar opposite to commercial farming.

The majority of the produce is sold in the market to make money in this situation. Farmers use irrigation, organic fertilizers, insecticides, pesticides, and High Yielding Varieties of crops, among other things, in this scheme. Cotton, jute, sugarcane, groundnut, and other commercial crops are cultivated in various parts of India. Since the residents of Haryana are mostly wheat eaters, rice farming in the state is primarily for commercial purposes. Rice farming, on the other hand, will be mostly of a subsistence nature in India's East and North-Eastern states.

Green Revolution:

It refers to a significant technical advancement in India focused on I improved seeds of high-yielding varieties, (ii) sufficient and reliable irrigation water, and (iii) increased and effective chemical fertilizer application to boost agricultural productivity.

White Revolution:

It refers to a significant rise in milk production as well as the creation of a national milk grid that eliminates geographical and seasonal inconsistencies. (1) cross breeding indigenous cows with high yielding European breeds; (2) pasteurization of milk to extend its shelf life; (3) procurement of high quality milk from rural members; and (4) refrigerated transportation method to deliver milk to distant metropolitan centers by road and rail.

Blue Revolution:

The term "blue revolution" refers to a significant increase in the catch of both freshwater and marine fish.

Yellow Revolution:

The term "yellow revolution" applies to a remarkably consistent and reliable supply of poultry goods.

Pink Revolution:

It refers to a significant increase in the quantity of apples produced, especially in Himachal Pradesh and J&K.

India's Primary Crops:

India grows almost every flower. Can you think of a reason? There are hundreds of seed varieties cultivated from Kashmir to Kanyakumari, and from the western coast of Gujarat to the far north eastern states of Arunachal Pradesh. Both of these crops are divided into four categories. Let's take a closer look at each type's main crops:

Conclusion:

While its share of the economy has declined over the last 50 years, India's agricultural sector remains vital to the Indian economy. In recent decades, India has made major strides in agricultural productivity, including the launch of high-yield seed varieties, increased fertilizer use, and better water conservation. Land reforms, water management reforms, and food delivery system reforms would boost production and help India meet its rising food demand. In India, various forms of farming are practiced. Subsistence and industrial cultivation, vigorous and widespread farming, plantation and mixed farming are some of these activities.

Subsistence agriculture, which is heavily reliant on the monsoon and livestock, as well as a wide range of crops and a predominance of food crops, are the most notable characteristics of Indian agriculture. Food crops, cash crops, plantation crops, and fruits are the four main types of crops grown in India. Stagnation in productivity, high farm input costs, land exhaustion, and scarcity of fresh ground water, climatic change, globalization and liberalization of the economy, food security, and farmer suicide are some of the major challenges facing Indian agriculture.

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