

## **Role of Agriculture in Indian Economy**

As we know that India is an agricultural economy. Its 55% population is employed by agriculture and it contributes around 14% of the Indian GDP. But as our economy is growing the contribution of this sector is decreasing year by year. Agriculture used to contribute around 53% percent which is slow down to 14% currently. Agriculture and allied sector contributes around 10% of country's export currently.

### **Overview of India's Agricultural Economy**

In the early 1950s, half of India's GDP came from the agricultural sector. By 1995, that contribution was halved again to about 25 per cent. As would be expected of virtually all countries in the process of development, India's agricultural sector's share has declined consistently over time as seen in the table below.

<b>Year</b>	<b>1951</b>	<b>1965</b>	<b>1976</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
<b>Percentage share of GDP (at constant price)</b>	52.2	43.6	37.4	18.9	18.7	18.6	17.6

In the last five decades, the Government's objectives in agricultural policy and the instruments used to realize the objectives have changed from time to time, depending on both internal and external factors.

The agriculture sector employs more than 50 per cent of the workforce in India. It plays a vital role in our overall economy.

### **1. Contribution to National Income**

Agriculture and its related activities have always held a significant share in our national income. In recent years, the share of contribution has declined gradually with the growth of other industrialized sectors in the country. In 1950-51, agriculture and allied activities contributed about 59 per cent of the total national income. This number declined to 40 per cent in 1980-81 and then to 18 per cent in 2008-09. But the agriculture share in India still remains very high as compared to many developed countries of the world. For example, agriculture contributes only 3 per cent to the national income in U.K. and U.S.A

## **2. Source of Livelihood**

Over two-thirds of the working population in India is engaged directly in the agricultural sector. As per estimate, about 57 per cent of the working population is engaged in agriculture, as opposed to 2 to 3 per cent in U.K. and U.S.A. and 6 per cent in France.

## **3. Source of Food Supply**

Agricultural products are the major source of food supply for the huge population of our country. As per certain estimates, it meets about 60 per cent of household consumption.

## **4. Role of Agriculture for Industrial Development**

There are several important industries in India such as cotton and jute textiles, sugar manufacturing, edible oils, plantation industries (tea, coffee, rubber) and many agro-based cottage industries that depend on the agricultural sector for the supply of their raw materials. These agro-based industries generate about 50 per cent of income in the manufacturing sector, thus, agriculture helps in the industrial development of this country.

## **5. Commercial Importance**

Agricultural products constitute a large part of the total exports of this country. Some of the main items in our export list include tea, coffee, sugar, tobacco, spices, cashew nuts, etc. These contribute to about 50 per cent of the total exports from India. In addition to agricultural products, products from agro-based industries like jute and cotton textiles also contribute another 20 per cent to the country's total exports. Hence, the agriculture sector is vital to the country's international trade and commerce activities.

## **6. Source of Government Revenue**

Both the Central and State Governments of the country earn significant revenues from the agriculture sector. The rising land revenue contributes towards a substantial income. There are also other sectors like railways and roadways that derive a good part of their income from the movement of agricultural goods.

With all the above points, it can be safely said that agriculture is an essential foundation in the country's economy. As per the Economic Survey 2017-18 Report, agriculture sector employs more than 50 per cent of the total workforce in India and contributes around 17-18 per cent to the country's GDP. The report also stated that Indian farmers are adapting to farm mechanization at a faster rate in comparison to recent past.

