

**Mona**  
**Assistant Professor (Guest Faculty)**  
**Department of Economics**  
**Maharaja College**  
**Veer Kunwar Singh University, Ara**  
**B.A Economics , Part -2**  
**Paper -III**  
**Topic : Role of Agriculture in Economic Development of India**

### **Introduction**

*Agriculture plays a vital role in the Indian economy. Over 70 per cent of the rural households depend on agriculture. Agriculture is an important sector of Indian economy as it contributes about 15.4% to the total GDP and provides employment to around 44% (labour force) of the population. Indian agriculture has registered impressive growth over last few decades. The food grain production has increased from 51 million tonnes (MT) in 1950-51 to 250MT during 2011-12 highest ever since independence.*

### **Role of agriculture in the Economic Development:**

#### **i. Share of Agriculture in National Income:**

*Agriculture has got a prime role in Indian economy. Though the share of agriculture in national income has come down, still it has a substantial share in GDP. The contributory share of agriculture in Gross Domestic Product was 55.4 percent in 1950-51, 52 percent in 1960-61 and is reduced to 18.5 percent only at present. The share of the agricultural sector's capital formation in GDP has declined from 2.2 percent in the late-1999s to 1.9 per cent in 2005-06.*

*According to the latest estimates 2020 , agriculture sector constitutes 15.4 % of total GDP of the country.*

#### **ii. Important Contribution to Employment:**

*Agriculture sector, at present, provides livelihood to 65 to 70 per cent of the total population. The sector provides employment to 58.4 per cent of country's workforce and is the single largest private sector occupation.*

*According to the latest estimates of 2020, 44% labour force are employed in agriculture sector in our country.*

#### **iii. Important Source of Industrial Development:**

*Various important industries in India find their raw material from agriculture sector -cotton and jute textile industries, sugar, vanaspati, etc. are directly dependent on agriculture.*

Handlooms, spinning oil milling, rice thrashing, etc. are various small scale and cottage industries, which are dependent on agriculture sector for their raw material. This highlights the importance of agriculture in industrial development of the nation.

#### **iv. Importance in International Trade:**

India's foreign trade is deeply associated with agriculture sector. Agriculture accounts for about 14.7 per cent of the total export earnings. Besides, goods made with the raw material of agriculture sector also contribute about 20 per cent in Indian exports. In other words, agriculture and its related goods contribute about 38 per cent in total exports of country.

#### **v. Source of Government Revenue:**

Agriculture is one of the major sources of revenue to both the Central and State Governments of the country. The government is getting a substantial income from rising land revenue. Some other Sectors like railway and roadways also deriving a good part of their income from the movement of agricultural goods.

#### **vi. Role of Agriculture in Economic Planning:**

The prospect of planning in India also depends much on agricultural sector. A good crop always provides impetus towards a planned economic development of the country by creating a better business climate for the transport system, manufacturing industries, internal trade etc.

A good crop also brings a good amount of finance to the Government for meeting its planned expenditure. Similarly, a bad crop lead to a total depression in business of the country, which ultimately lead to a failure of economic planning. Thus the agricultural sector is playing a very important role in a country like India and the prosperity of the Indian economy still largely depends on agricultural sector. Thus from the foregoing analysis it is observed that agricultural development is the basic precondition of sectoral diversification and development of the economy.

#### **Conclusion :**

In short, agriculture occupies a central place in the Indian economy. Its performance sets the pace of growth in the economy as a whole. It should, however, be noted that Indian agriculture is still in the state of backwardness, the per capita productivity in agriculture is less than in industry.