

Chapter - I

IMPORTANCE OF AGRICULTURE

Being the largest component of India's economic life, Agriculture is of utmost importance for the vast number of people. Yet it is the most backward sector of the economy inhabited by large many poor and very poor. Its development is, therefore, urgently called for.

Such is the placing of agriculture in the national economy that India can as well be described as an agricultural country par excellence. Its people and their entire totality are so much bound up with the fortunes of agriculture that the pace of life and the pattern of activities do no more than mirror all that happens in agricultural sector.

The importance of this sector can be gauged from the fact that a large number of activities in the Indian economy depend, either directly or otherwise, on the agricultural sector. The heavy dependence of principal and key parameters of the Indian economy on agriculture are:

1) National Income

The income that flows out of this sector is substantially large. The share of agriculture, (together with its allied sectors namely forest and fisheries) in the national income is around 40 percent. However, the largest part of around 37 percent comes from agriculture

proper, namely crop cultivation and its allied activities like animal husbandry etc. The manufacturing sector is way behind agriculture with contribution to national income at around 15 percent.

2) Employment (Occupation) :

Agriculture ranks first and way up, among the sources of employment, of the total workers of more than 22 crores today, more than 15 crores are occupied as cultivators, agricultural labourers and are working in activities connected with livestock, forestry, fishing etc. Besides many openings of employment in the industrial and services sectors are indirectly ^{ing} depend on agricultural sector. Yet many of the activities in respect of trade, transport, banking etc; take place in respect of agricultural products. While agriculture engaged as much as 68.7 percent of the total working population in 1981, the remaining 31.3 percent found work in the non-agricultural sectors.

3) Food and Fodder Supplies

In making available the necessities of life such as raw cotton for clothing, milk etc. the role of agriculture and its importance cannot be minimised particularly with respect to the supply of the most basic commodity, namely food. The production of all food grains i.e. cereals like rice, wheat, etc. and pulses like gram etc. came to be 15.15 million tonnes in 1983-84.

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Agriculture also provides all the fodder that is needed to sustain livestock whose number runs into several crores. To feed big numbers and the various types of animals, agriculture makes available huge quantities and large variety of animal feed.

4) Industries, Trade and Transport

Agriculture also supports much of the non agricultural activities pertaining to manufactures, trade and transport. To a variety of manufacturing industries, agriculture provides raw materials or inputs such as industries like food-processing, cereals, oilseeds, fibres, plantation - products, and scores of other items like sugar cane and tobacco leaves etc. Besides providing raw materials to industries, agriculture causes much of the services sector to exist. Agricultural products have to be moved to industrial centres and then manufactured products have to be transported to the consuming points within or outside the country. These activities require such services as those of traders, bankers, transporters, managers etc. And since agriculture contributes the largest part of goods and services produced every year, these require and, therefore, support the existence of a large part of the industrial and service sectors.

5) Export and Imports

India's agriculture produces large many goods with large large quantities being exported to a number of countries. Agricultural goods figure in the country's

foreign trade to a considerable extent. More than one third of the total foreign exchange earnings through exports are contributed to by the agricultural sector. Imports of selected agricultural commodities constitute 14 percent of the total imports.

6) Productive Assets

A considerable part of the country's productive capacity is located in agriculture. These productive assets are found in the form of irrigation works, ploughs, livestock, storage capacity, tractors etc. Together with land under cultivation, and forests, it has a very high status in the economy.

7) Considerable Linkage with Government Budgets

The government's total estimated yield from land revenue and a sort of agricultural income tax was about Rs.224 crores in 1982-83. However, more important is the fact that large amounts of government expenditure have flown in to the agricultural sector.

8) Agricultural sector in India further sustains the industrial sector, directly and indirectly, but creating demand for the products produced by the industrial sector e.g. chemical fertilisers, agricultural implements, diesel (and other) pumpsets; plastic, cement and other pipes for irrigation purposes. Besides these, with increased economic activity and resultant increases

in incomes, the demand for durable consumer goods also increase, further supporting industrial activity. For these reasons agriculture, quite naturally, ranks high in the economic set-up of the country.