



**AGRICULTURE SECTOR AND RURAL DEVELOPMENT IN INDIA:
AN EMPIRICAL ANALYSIS**

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Abstract:

The present research paper has focused on the role of the agriculture sector in rural development of India. The secondary data were used and it was obtained from various sources like annual reports of agriculture and farmers welfare department, ministry of rural development, census reports, and NSSO data. Agriculture sector significantly contributes to the positive improvement of the economy generally and rural development particularly. India is an agricultural country with 195 million hectares is gross cropped area, 141 million hectares of land as net sown area, the highest percentage of land under cultivation in the world. The country accounts for 17.7 percent of the world's population and ranks in the second largest populated country. The country has about 68.8 percent of the population living in its rural areas and the only source of their livelihood is agriculture and allied activities. The total production of food grains was increased from 259.29 million tonnes in 2011-12 to 284.95 million tonnes in 2018-19. The contribution of agriculture in gross value added at basic prices has continuously fallen in India from 17.72 percent in 2012-13 to 14.09 percent in 2019-20. The share of agriculture in employment declined from about 69.7 percent in 1951 to about 54.6 percent by 2011. The amount of agricultural credits are very much insufficient and the private non-institutional sources still remained a significant contribution in supplying credit to the farmers and rural peoples. To achieve sustainable rural

development through agricultural practices, it needed the more than four percent growth rate in agriculture, provision of quality and adequate quantum of inputs such as quality seeds, fertilisers, and their timely supply besides electricity, socio-economic inclusion policy and participation of the rural people in development strategies are the key concerns of the policy.

Keywords: Rural Development, Agriculture Sector, Structural Growth, Rural Livelihood

1. Introduction:

The agriculture sector and rural area have a mutual association with development, providing food to cities, raw materials to industries, contribute in foreign exchange, market for industry and livelihoods sources to rural people. There is a symbiotic relationship with sustainable development, contributing many ideas about growth, production, distribution, exchange, income, employment, and poverty reduction. The primacy of agriculture as central to rural development in the 1960s, to dwindling investment in the 1980s, and onward to its renewed presence on today's national development agendas. India has seen the high deviations in the conditions affecting agricultural and rural development since 1991, with new opportunities for farmers to economic growth and higher-value farm produce. Agriculture denotes the predominant land use and a major component of the viability of rural areas. Agricultural activities make up the road map of rural livelihood, contributing significantly to the overall rural area in terms of employment, income, infrastructure, market, technology, machinery and business opportunities and quality of the environment.

2. Food Grain Production:

The agriculture sector is the primary source of food grain supply to urban as well as rural citizens. Due to the excess pressure of the population in economic growth, the demand for food is increasing at a fast rate. If the agriculture sector fails to meet the growing demand for food products, it is found to affect unfavourably the growth rate of the economy and rural development. Raising the supply of food by the agricultural sector has, therefore, great importance for the economic growth of a country. The total production of food grains was increased from 259.29 million tonnes in 2011-12 to 284.95 million tonnes in 2018-19 in India. The first estimate of total food grain production in 2019-20 is 140 million tonnes.

Table 1: Total Food Grains Production of Agriculture in India

Sr. No	Year	Food Grain Production (in million tonnes)		
		Kharif	Rabi	Total
1	2011-12	131.27	128.01	259.29
2	2012-13	128.07	129.05	257.12
3	2013-14	128.69	136.35	265.05
4	2014-15	128.07	123.96	252.02
5	2015-16	125.09	126.45	251.54
6	2016-17	138.33	136.78	275.11
7	2017-18	140.47	144.55	285.01
8	2018-19 (4 th AE)	141.71	143.24	284.95
9	2019-20 (1 st AE)	140.57	-	140.57

AE: Advanced Estimates

Source: Ministry of Agriculture, Agricultural Statistics at a Glance, 2018.

3. Agriculture Sector in Gross Value Added:

The agricultural prosperity contributed considerably in fostering economic as well as rural advancement. The leading industrialized countries of today were once predominantly agricultural while the developing economies still have the dominance of agriculture and it largely contributes to the national income. The contribution of agriculture in gross value added at basic prices has continuously fallen in India from 17.72 percent in 2012-13 to 14.09 percent in 2019-20. Falling share of agriculture and allied sector in GVA is an expected outcome in a fast growing and structurally changing economy. In India, still major contribution of gross value added comes from agriculture and allied sector.

Table 2: Share of Agriculture Sector in Gross Value Added in India

(Basic year 2011-2012 Prices)

Sr. No	Year	GVA of Agriculture	Total GVA	% Share of Agriculture
1	2012-13	1523470	8599224	17.72
2	2013-14	1588237	9084369	17.48

3	2014-15	1606140	9719023	16.53
4	2015-16	1615216	10503348	15.38
5	2016-17	1717467	11318972	15.17
6	2017-18	1803039	12104165	14.90
7	2018-19 (AE)	1855632	12906936	14.38
8	2019-20 (AE)	1907605	13540380	14.09

PE: Provisional Estimates, RE: Revised Estimates.

Source: Ministry of Statistics and Programme Implementation, Govt. of India.

4. Employment for Rural People:

Agriculture provides employment opportunities for rural people on a large scale. It is an important source of livelihood. In India, averagely 54.6 percent of the total labour force depends upon agriculture. The changing structure of Indian agriculture in terms of employment and landholding. The share of agriculture in employment declined from about 69.7 percent in 1951 to about 54.6 percent by 2011. Among agricultural workforce about 54.9 percent are registered as agricultural labour and the rest, i.e., 45.1 percent as cultivators in 2011. The indicator shows that agricultural workforce shifted from cultivators to agricultural labours. The share of the labour force employed in agriculture has fallen and urban population increased.

Table 3: Population and Agricultural Workers in India

Sr. No	Year	Total Population	Rural Population	Agricultural Workers		
				Cultivators	Agricultural Labourers	Total
1	1951	361.1	298.6 (82.7)	69.9 (71.9)	27.3 (28.1)	97.2 (69.7)
2	1961	439.2	360.3 (82.0)	99.6 (76.0)	31.5 (24.0)	131.1 (69.5)
3	1971	548.2	439.0 (80.1)	78.2 (62.2)	47.5 (37.8)	125.7 (69.7)
4	1981	683.3	525.6 (76.9)	92.5 (62.5)	55.5 (37.5)	148.0 (60.5)
5	1991	846.4	630.6	110.7	74.6	185.3

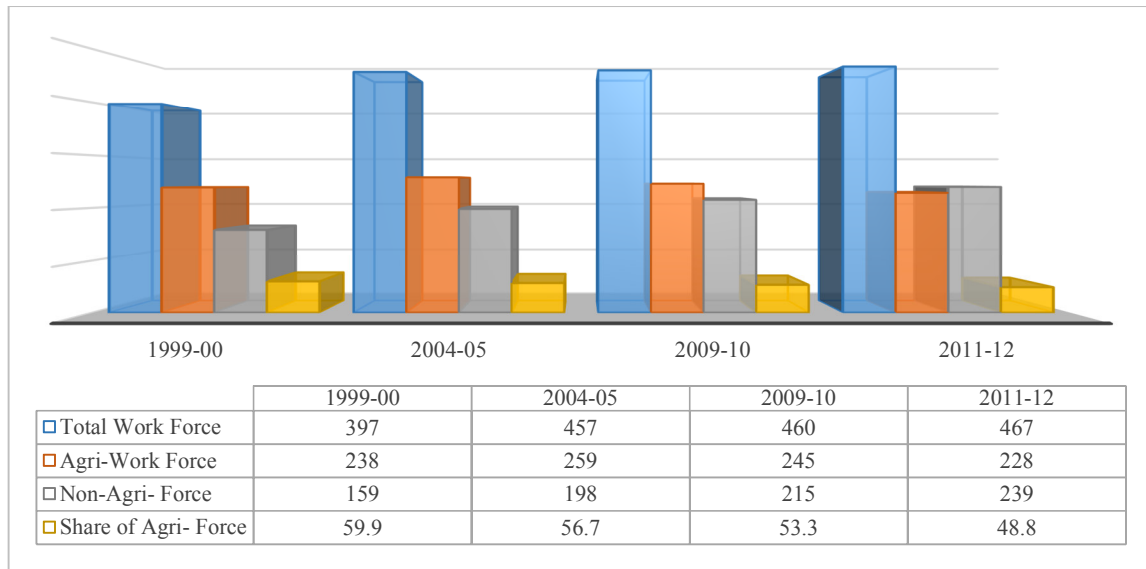
			(74.5)	(59.7)	(40.3)	(59.0)
6	2001	1028.7	742.6 (72.2)	127.3 (54.4)	106.8 (45.6)	234.1 (58.2)
7	2011	1210.6	833.5 (68.8)	118.7 (45.1)	144.3 (54.9)	263.0 (54.6)

Source: Agricultural Statistics at a Glance 2004, Ministry of Agriculture, Govt. of India

5. Shift Manpower in Non-Farm Sector:

Agricultural development permits the shift of manpower from agricultural to non-agricultural or non-farm sector. In the initial stages, the diversion of labour from agricultural to non-agricultural sector is more important from the point of view of rural development as it eases the burden of surplus labour force over the limited land. Usually, landless workers, marginal and small farmers are engaged in non-agricultural activities such as handicrafts, furniture, textiles, leather, metal work, processing industries, and in other sectors. At an average, only around 2 million people were added to the workforce since 2004-05 compared to around 12 million people that were added to the workforce every year as an average between 1999-2000 and 2004-05. However, the addition to non-agricultural employment has actually been around 6 million people every year since 2004-05, as the workforce employed in agriculture had started declining in absolute numbers and consistently so, since then. The size of the workforce in agriculture declined by around 30.57 million between 2004-05 and 2011-12, although the size of the total workforce increased. The percentage of people employed in agriculture has been consistently declining, from around 59.9 percent in 1999-2000 to 48.8 percent in 2011-12.

Figure 1: Number of Agricultural and Non-Farm Workforce in India (in Millions)

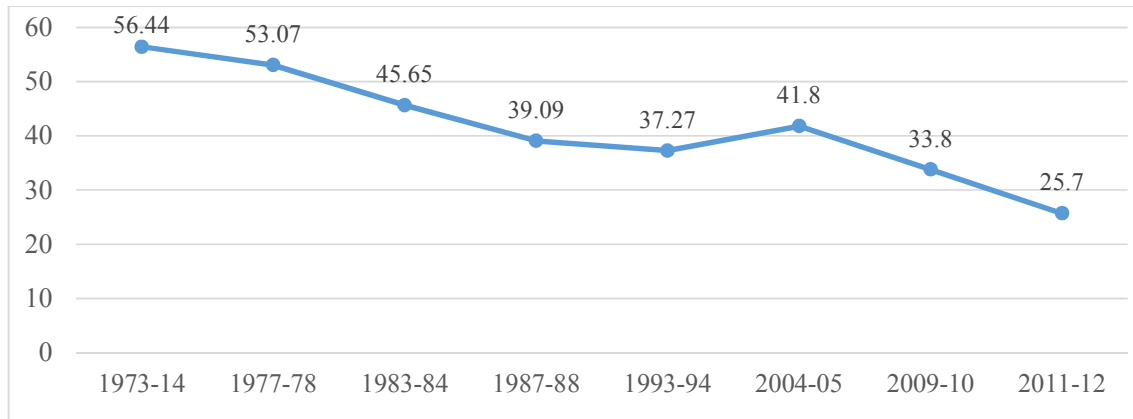


Source: NSSO

6. Poverty Eradication:

Poverty entails more than the lack of income and productive resources to ensure sustainable livelihoods. Its manifestations include hunger and malnutrition, limited access to education and other basic services, social discrimination and exclusion as well as the lack of participation in decision-making. Various social groups bear disproportionate burden of poverty. The revised estimates of rural poverty by planning commission state that, India has achieved to reduce the number of rural poor from 56.44 percent in 1973-74 to about 25.7 percent in 2011-12. According to the recent estimates, 216.5 million people in rural areas are poor and still, close to one third of the total population in India lives below the poverty line and majority of poor lives in villages and rural India. The water shortage, bad weather conditions and reoccurring droughts are also the reasons of poverty in rural areas.

Figure 1: Percentage of Rural Poverty in India



Source: Ministry of Statistics and Programme Implementation & Rajya Sabha Starred Question No. 34, dated on 06.02.2017.

7. Source of Foreign Exchange:

In the world, most of the developing countries are exporters of agricultural products. The ability to import capital goods for industrial development depends crucially on the export earning of the agriculture sector. If exports of agricultural goods fail to increase at a sufficiently high rate, these countries are forced to incur heavy deficit in the balance of payments resulting in a serious foreign exchange problem. India is trying to diversify its production structure and promote the exports of manufactured goods even though this requires the adoption of protective measures in the initial period of planning.

Table 4: Export of Agriculture and Allied Products from India (in Crore)

Sr. No	Year	Value
1	2014-2015	184316.23
2	2015-2016	160572.21
3	2016-2017	164594.79
4	2017-2018	179070.11
5	2018-2019 (P)	198540.59
6	2019-2020 (P)*	16081.98

Note: *: Upto April 2019. P: Provisional.

Source: Ministry of Commerce and Industry, Govt. of India.

Gross export value of agriculture products was 184316.23 crore in 2014-15 and it was research up to 198540.59 crore in 2018-19. It means that, total export value of agriculture products is continuously growing in India since last decades. The agriculture sector has been

one of the main sources of capital investment in the rural area through earning in foreign trade.

8. Number of Soil Testing Labs (STLs) in India:

The development of agriculture requires infrastructure facilities creating demand for industrial products and the development of commercial sector. The soil testing laboratories are the essential factor in the agriculture sector to verify the nutritional component in the soil for cultivating specific crops. In 2019, there were 7949 soil testing labs working and among them, 6326 labs were mini labs, 1304 labs were static, 165 labs were mobile labs and 154 labs are satiated at the village level. Farmers have been getting more knowledge and information about crop production and increased their qualitative agricultural practices. Therefore, income and new business opportunities have been increased in rural areas through the more demand for labour and various agriculture inputs.

Table 5: Number of Soil Testing Labs (STLs) in India, 2019

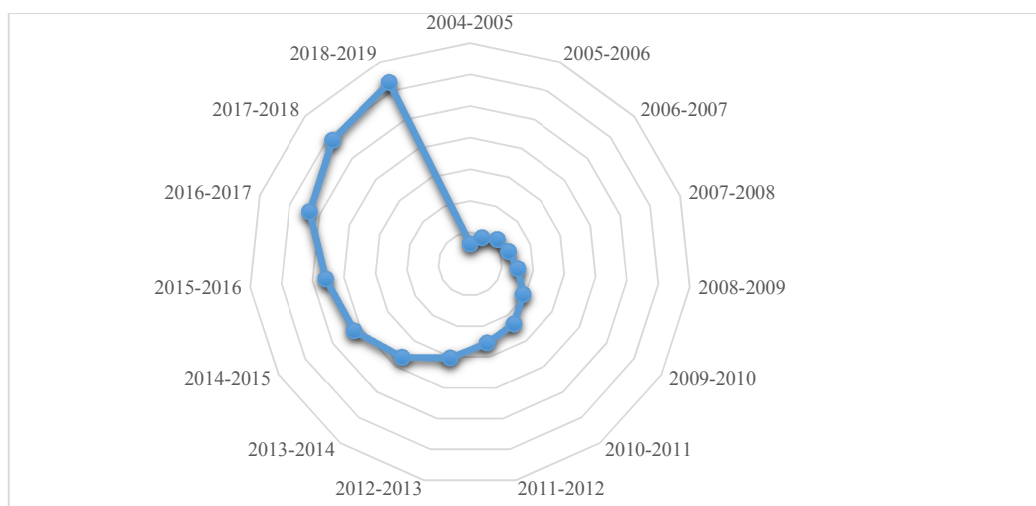
Sr. No	Type	Number
1	Static	1304
2	Mobile	165
3	Mini Lab	6326
4	Village level	154
	Total	7949

Source: Lok Sabha Unstarred Question No. 453, dated on 25.06.2019.

9. Agricultural Credit Flow in India:

Agricultural credit is known as important inputs for conducting overall agricultural and rural development. The Government implemented the institutional credit approach through various agencies like co-operatives, commercial banks, regional rural banks etc. to provide satisfactory credit to farmers and rural people, at a cheaper rate of interest. The agricultural credit has been rising in recent decades for the increased share of agriculture inputs and production. There was 125309 crore was provided to the agriculture sector 2004-05 and it was increased up to 1256829.62 crore in 2018-19. It means that the farmers were invested averagely 1.25 lakh crore in various from in agriculture as well as rural area. But the major problem of institutional credit faced by lending institutions, particularly the co-operatives banks. The amount of agricultural credits are very much insufficient and the private non-institutional sources still remained significant contribution in supplying credit to the farmers and rural peoples.

Figure 3: Agricultural Credit Flow in India (in crore)



Source: Ministry of Finance, Govt. of India & Rajya Sabha Starred Question No. 131, dated on 29.11.2019.

10. Production of Major Livestock Products:

India's advantage in world livestock is evident from its larger share in the production of milk, eggs, meat, fish, and wool. The milk production has increased from 80.6 million tonnes during 2000-01 to 176.3 million tonnes in 2017-18. Similarly, total egg production has increased from 36.6 billion during 2000-01 to 95.2 billion during 2017-18..

Sr. No	Year	Milk (Million Tonnes)	Eggs (Billion Nos.)	Wool (Million Kgs.)
1	2000-01	80.6	36.6	48.4
2	2006-07	102.6	50.7	45.1
3	2007-08	107.9	53.6	43.9
4	2008-09	112.2	55.6	42.8
5	2009-10	116.4	60.3	43.1
6	2010-11	121.8	63	43
7	2011-12	127.9	66.5	44.7
8	2012-13	132.4	69.7	46.1
9	2013-14	137.7	74.8	47.9
10	2014-15	146.3	78.5	48.1
11	2015-16	155.5	82.9	43.6
12	2016-17	163.7	88.1	43.5

13	2017-18	176.3	95.2	41.5
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Source: Ministry of Agriculture, Agricultural Statistics at a Glance, 2018.

Conclusion:

The agriculture sector is an essential part of the rural livelihood and rural development in order to meet the wants of rural people. It is a necessity to the creation of self-reliability and employment opportunities for rural people with improving the standard of living in rural areas. Agriculture and allied sector is the path to sustainable development. In current area, the agriculture sector is facing various problem such as natural crises, poor infrastructure, unavailability of electricity, low use of modern machinery and updated technology, unfavourable trade policy, and agricultural extension services. Therefore, agriculture and rural development are suffering through critical situation. To achieve sustainable agriculture and rural development, it needed the four percent growth rate in agriculture, provision of quality and adequate quantum of inputs such as quality seeds, fertilisers, and their timely supply besides electricity, socio-economic inclusion policy and participation of the rural people in development strategies are the key concerns of the policy.

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