

## **PROJECT REPORT-3**

**Student name:** Bikram Mondal

**Economics Hons # Semester-VI # 2021-22 Session**

**Project Title:** Role of Agriculture in Indian Economy.

A growing surplus of agricultural produce is needed in the country to: (i) increase supplies of food and agricultural raw materials at non-inflationary prices; (ii) widen the domestic market for industrial goods through increased purchasing power within the rural sector; (iii) facilitate intersectoral transfers of capital needed for industrial development (including infrastructure); and (iv) increase foreign exchange earnings through agricultural exports. Moreover, as stated above, growth in the agricultural sector is crucial for reducing poverty and malnutrition. As stated in the state of Indian Agriculture 2011-12 Report, achieving 8-9 per cent rate of growth in overall GDP may not deliver much in terms of poverty reduction unless agricultural growth accelerates. At the same time, 'growth with inclusiveness' can be achieved only when agricultural growth accelerates and is also widely shared among people and regions of the country. Thus, we may conclude that 'agriculture has to be kept at the centre of any reforms agenda or planning process, in order to make a significant dent on poverty and malnutrition, and ensure long-term food security for the poor.

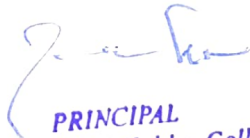
Indian agriculture had reached the stage of development and maturity much before the now advanced countries of the world embarked on the path of progress. At that time, there was a proper balance between agriculture and industry and both flourished hand-in-hand. This situation continued till the middle of the 18<sup>th</sup> century. The interference from the alien British Government and its deliberate policy of throttling the village handicrafts and cottage industries destroyed the fiber of balance and the economy of the country was badly shattered. Britishers pursued a typical colonial policy in India and did nothing to develop ( or restore) agriculture. Instead they created a class of intermediaries known as Zamindars who sucked the very blood out of the rural poor. A substantial part of the produce was taken away by this parasitic class and actual cultivator was left only with subsistence income. The cultivators had neither the resources nor the incentive to invest in agriculture. Therefore, Indian agriculture in the pre-

independence period can be correctly described as a subsistence occupation. It was only after the advent of planning (and more precisely after the advent of Green revolution in 1966) that some farmers started adopting agriculture on a commercial basis.

There is general agreement on the importance of capital formation in economic development. Unless the rate of capital formation increases to a sufficiently high degree, economic development cannot be achieved, since agriculture happens to be the largest industry in developing countries like India, it can and must play an important role in pushing up the rate of capital formation.

Agriculture provides raw material to various industries of national importance. Sugar industry, jute industry, cotton textile industry, vanaspati industry are examples of some such industries which depends on agriculture for their development. The entire range of food processing industries is similarly dependent on agriculture. Therefore, unless agriculture develops, these industries will also remain backward.

Agriculture presently contributes about 15 percent of GVA in India yet it continues to employ almost half of the workforce. Moreover, an average Indian still continues to spend half of his/her expenditure on food. Since agriculture continues to be a source of livelihood and food security for a vast majority of low income, poor and vulnerable sections of the society, its role in poverty reduction is self evident.



**PRINCIPAL**  
**Dhruva Chand Halder College**  
P.O.- D. Barasat, P.S.- Jaynagar  
South 24 Parganas. Pin- 743372