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Contribution of Indian agriculture in Economic Development

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Abstract

Agriculture is the backbone of the Indian economy and the key to its development. Agriculture has been a major sector of the Indian economy since ancient times. Agriculture and allied sectors contributed 56.46 percent to India's gross domestic product in 1950-51 which gradually declined to 26.10 percent in 2000-01. After that in 2020-21 it has come down to 14 percent. Considering the working population of the country, 70 percent of the total 36 crore population of the country were working in the agricultural sector. In 2024, 42 percent of the country's total population of 142 cores is still working in the agricultural sector. India's agricultural exports, rice is the highest agricultural commodity i.e. 28% of the country's exports during the period 2022-23. After that marine product is the second highest export. And considering India's agricultural exports, rice is the highest agricultural commodity i.e. 29% exported in the country during the period 2023-24. After that rice, marine product is the second largest export of 19 percent. The export of spice is 12 percent, buffalo meat is 11 percent, sugar is 8 percent, oil mill is 5 percent, coffee is 4 percent and other agricultural products are 2 percent.

Keywords: Agriculture, Development, National Income, Gross Domestic Product, Export-Import, Employment, Food grains, Fodder, Revenue, Working population

Introduction

Being the main occupation, agriculture is the biggest source of national income of a developing country like India, the main means of employment and livelihood, and the basis of industrial development, commerce and foreign trade.

Underdeveloped nations whose main occupation is agriculture cannot achieve a high rate of economic development with their limited resources unless they develop basic agricultural sector. Despite the abundance of natural resources, due to the inadequacy of capital and other specialized resources, employment could not be provided to the labour force generated due to the slow progress of industrialization and the rapidly increasing population in a developing country like India. Employment to the unemployed labour force in the country can be provided only in agriculture and related industries. Therefore, the development of agriculture is of great importance for the economic progress of the country and for removing unemployment. Here, it will be important to pay more attention to agricultural development for the economic development of the country because the capital output ratio is not very high in the agricultural sector. As a result, more production can be done in the agricultural sector by investing less capital. Apart from this, foreign currency is not as much required for agricultural development as for industrial development. This is the reason that the planners of our country laid special emphasis on the development of agriculture along with industrialization in the blueprint prepared for the progress of the country.

Objectives of the Study

The following objectives have been formulated for the present study.

1. To study the contribution of agriculture to the national income of India.
2. To study the role of employment in agriculture sector.
3. To study the contribution of agriculture sector in India's exports.

Limitations of Study

The present study is relies on secondary data and the findings of the study are derived from the various reports available from the data world Bank, Government of India and Maharashtra.

Research Methodology

The present study is analytical. Therefore, secondary data has been used. Data is the core of the analysis. Therefore, different statistical

techniques such as growth rates, regression, etc. have been used to analyse and draw conclusions.

Analysis and Discussion

The following factors explain the importance of agriculture in the Indian economy as an developed Economy.

1. Significant contribution in national income:

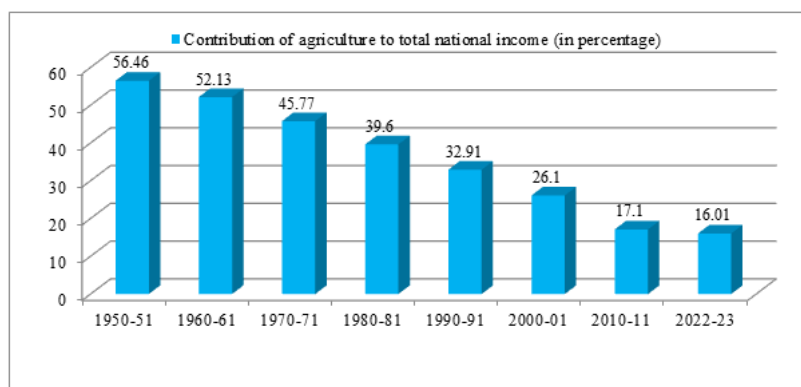
The contribution of agriculture sector in the national income of the country is more than that of other sectors. Although the contribution of this sector has been gradually decreasing after independence due to planned development and industrialization, yet the share of agriculture in national income is still relatively high. The contribution and importance of agriculture in national income is show from Table no.1.

Table no.1

Contribution of agriculture in GDP

Years	Contribution of agriculture to total national income (in %)
1950-51	56.46
1960-61	52.13
1970-71	45.77
1980-81	39.60
1990-91	32.91
2000-01	26.10
2010-11	17.10
2022-23	16.01

Source: data.worldbank.org



It is clear from Table 1 that the contribution of agriculture and allied sectors in the gross domestic product was 56.46 percent in 1950-31 which gradually decreased to 26.10 percent in 2000-01. After that, it has decreased to 14 percent in 2020-21. This is an indicator of the economic development of the country. It is shown from the

table that the contribution of agriculture in national income still remains important.

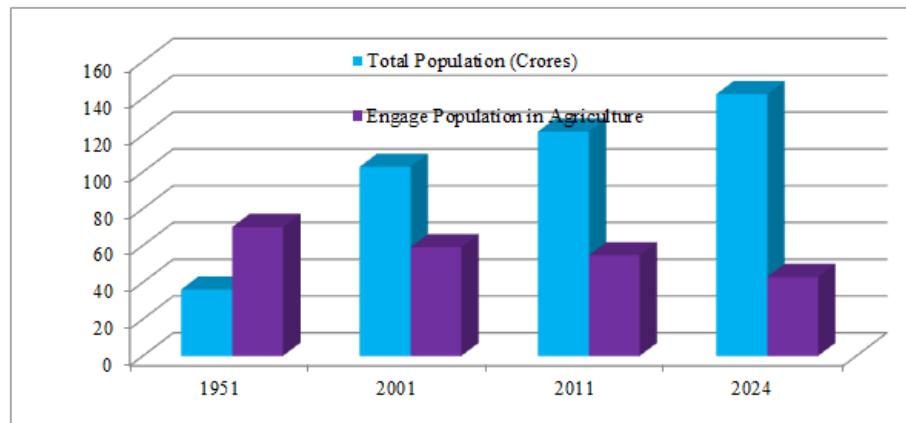
2. Contribution in employment:

Agriculture in India is the means of livelihood for most of the population directly and indirectly. this way, all other occupations put together are far behind agriculture in terms of employment.

Table no.2
Contribution of agriculture in Employment

Years	Total Population (Crores)	Engage Population in Agriculture
1951	36.10	70.0
2001	102.70	59.0
2011	121.87	54.6
2024	142.20	42.86

Source: data.worldbank.org



It is clear from Table 2 Considering the working population of the country, 70 percent of the country's total population of 36 crores in 1950 was working in the agricultural sector. In 2024, 42

percent of the country's total population of 142 crores is still working in the agricultural sector.

3. Contribution of India's exports.

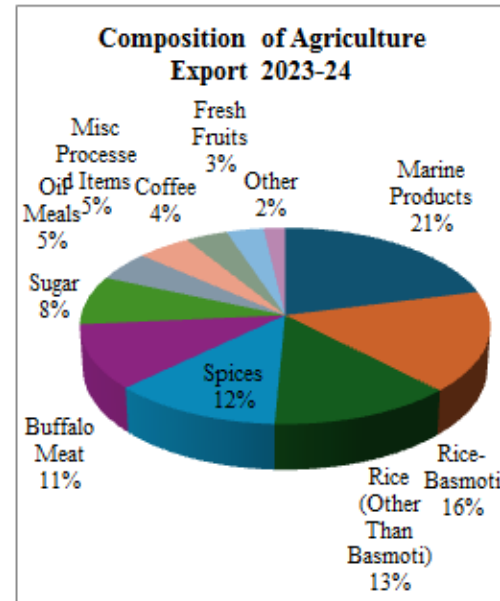
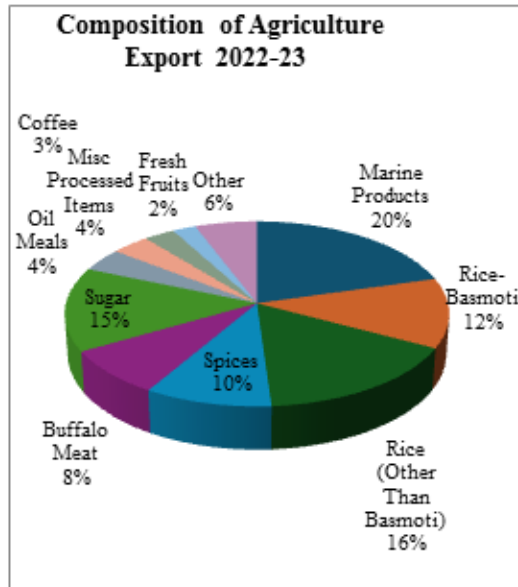
Table no.4
India's Export of agricultural production

Years	India's Total exports.	Export of agricultural production	Share of agricultural production in total India's exports
1990-91	32.55	6.3	19.4
1995-96	106.4	21.1	19.8
2000-01	203.57	24.30	15.2
2010-11	113.69	12.0	10.5
2020-21	215.9	23.4	10.8
2023-24	778.5	78	10.1

Composition of Agriculture Export: The major agricultural exports from India include: Marine Products, rice, spices, coffee, sugar and other oil Meals.

S. No	Commodity	2022-23	2023-24	% Growth
1	Marine Products	8,077.98	7,372.00	-8.74
2	Rice-Basmati	4787.65	5843.30	22.05
3	Rice (Other Than Basmati)	6356.71	4573.41	-28.05
4	Spices	3785.36	4248.56	12.24
5	Buffalo Meat	3193.69	3743.26	17.21
6	Sugar	5770.83	2824.74	-51.05
7	Oil Meals	1601.72	1713.98	7.01
8	Misc Processed Items	1421.64	1653.35	16.30

9	Coffee	1146.18	1286.28	12.22
10	Fresh Fruits	864.62	1146.60	32.61
11	Other	2289.66	659.45	
	Total	39,296.04	35,064.93	



The above table considers the composition of India's agricultural exports. Considering India's agricultural exports, rice is the highest agricultural commodity i.e. 28% of the country's exports during the period 2022-23. After that marine product is the second highest export. The export of spice is 10 percent, buffalo meat is 8 percent, sugar is 10 percent, oil mill is 4 percent, coffee is 3 percent and other agricultural products are 6 percent.

And considering India's agricultural exports, rice is the highest agricultural commodity i.e. 29% exported in the country during the period 2023-24. After that marine product is the second largest export of 19 percent. The export of spice is 12 percent, buffalo meat is 11 percent, sugar is 8 percent, oil mill is 5 percent, coffee is 4 percent and other agricultural products are 2 percent.

4. Supply of food and fodder:

The most important contribution of agriculture in India is to provide food in sufficient quantity for the country's large and growing population. Due to the satisfactory condition of agriculture and the rapidly growing population, it is still possible to import food grains from other countries in minimal quantities. However, the share of imports in the total availability of grain remains very low. Apart from this, about animals of the country get fodder from agriculture.

5. Contribution of agriculture to exports

From the point of view of foreign trade, the position of Indian agriculture remains important. Agriculture accounts for 11 percent of India's total exports of India. India is a major exporter of agricultural products, with exports increasing in recent years. An increase in agricultural exports has a positive effect on the income of farmers.

6. Base of Industries:

Agriculture is also the base of many small and big industries of the country. Many industries like cotton textile, sugar, jute, tea, coffee, rubber, vegetable ghee, oil etc. are mainly dependent on the country's agriculture for their raw materials. In small scale industries, raw materials for mills such as rice, flour, oil and pulses etc. are obtained from agriculture.

7. Source of income from means of transport:

A large part of the income from agricultural production in the country is from means of transport. Apart from this, the traditional and modern means of transport related to transportation of agricultural products from villages to rural and urban markets.

Maximum utilization of land for agriculture: Out of the total 32.87 crore hectares available in the country, about 14.1 crore hectares of land is under cultivation, which is about 43.2 percent of the total

land area. Thus, most of the land in the country is used for agriculture. It is noteworthy that 52% of the total land in India is arable.

8. Contribution to revenue:

Agriculture sector has a significant impact on the government budget of the country. A country's taxation, credit and expenditure policies are primarily determined on the basis of the scale of agricultural production. A huge amount of money is spent every year on agricultural development in the country and the country earns billions of rupees every year from land revenue and agricultural income tax. Apart from this, the government also gets additional revenue every year from the export of agricultural goods.

9. International Importance:

India is the world's largest producer of most of the world's fruits, including bananas, guavas, mangoes, lemons, papayas, and vegetables, including chickpeas. India also produces spices including ginger, pepper and chili.

Globally, India ranks first in milk production, second in dry fruits, third in fish production, fourth in egg production and fifth in poultry production. India is the largest wheat producing country in the world.

Indian agricultural output has grown from 87 USD bn to 397 USD in the last 14 years, an annual growth rate of 11%.

India's total irrigated area of 96 million hectares is the largest in the world.

Indian agriculture is multifaceted and 60% of India's total agricultural GDP is accounted for by animal husbandry and horticulture alone.

Conclusion

Thus, the role of Indian agriculture has always been important in making India a developed country, as India ranks first in the country's national production, in creating employment, in meeting the food needs of the growing population, in the revenue received by the country in the development of agricultural supplementary industry and in various agricultural products at the international level.

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Conflicts of Interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

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