

Role of Agriculture in Development

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Abstract

Agriculture in India has straightforwardly or in a roundabout way kept on being the wellspring of business to greater part of the population. Indian agriculture has seen a ton of changes in its structure. India, prevalently an agricultural economy, has solid indications of change in agriculture and united exercises. India has considered agriculture to be a valuable instrument of financial development as different segments of creation rely upon it. Proficient in reverse and forward mix with agriculture has prompted internationally serious creation framework as far as cost and quality. Cooperatives appear to be all around situated to facilitate item separation at the ranch level and to incorporate forward into esteem included preparing exercises.. Indian agriculture can be adjusted and made proficient through legitimate and better administration rehearses. The present study brings out over a wide span of time situation of agricultural promoting winning in India, its difficulties and future proposals. In addition the open doors give by agricultural showcasing ought to be tapped viably by the advertisers.

Keywords: *Agriculture, economy, development, monetary*

I. Introduction

The agricultural sector continues to play a crucial role for development, especially in low-income countries where the sector is large both in terms of aggregate income and total labor force. The World Bank's 2008 World Development Report, Agriculture for Development, explained why the decline in the support of agriculture by international donors (see Figure 1) was so damaging for the progress of growth, development and poverty reduction in poor countries. The report was a landmark document that described masterfully the various dimensions of the challenge and helped rekindle interest in agricultural policy. But with the food, financial, and climate crises of the past three years, much has changed since the report was released in late 2007. A major concern has been increased exposure to shocks, worsening food insecurity and vulnerability to poverty. It seems to be an appropriate time to review the economic literature on agriculture, focusing on the issues that are critical for agricultural productivity and poverty reduction. This is the modest ambition of this paper.

In the first section, we discuss the role played by agriculture in the development process and the interactions between agriculture and other economic sectors. Agriculture contributes to both income growth and poverty reduction in developing countries—by generating income and employment in rural areas and providing food at reasonable prices in urban areas.

The sector matters greatly in low-income countries where about 60 percent of the labor force is employed in agriculture: it accounts for 25 percent of GDP (but only 9 percent in middle-income and 1 percent in high-income countries). Of the 5.5 billion people who live in developing countries, 3 billion live in rural areas. Agriculture is the main source of livelihood for 86 percent of these rural households. Some 75 percent of poor people still live in rural areas and derive the major part of their income from the agricultural sector and related activities. Agriculture provides food, income and jobs and hence can be an engine of growth in agriculture-based developing countries and an effective tool to reduce poverty in transforming countries. Balancing agriculture and industry is an important—though difficult—dimension of development policy. Recently—agro-pessimistl views—based on the observation that agriculture in developing countries is often the least productive sector—have been voiced in the literature. In the second section, we look back on the determinants of the Green Revolution and discuss the foundations of agricultural growth. In developing countries that have experienced sustained increases in yields, the mode of agriculture has been intensive and has involved adoption of new varieties by farmers, irrigation and massive use of fertilizer—with predictable environmental consequences—which presupposes good institutions. In the coming decades, massive productivity increases in Sub-Saharan Africa will be necessary if the subcontinent is to catch up with the rest of the world.

The challenge is thus of a different nature than before. Further cropland expansion (which was the basis for the slow yield increases that took place in the past), with a few exceptions, is really not possible. New

seeds that are resistant to climate risks and adapted to local conditions will need to be developed and sustainable irrigation systems expanded. The most difficult challenges are institutional and economic.

Often smallholders cannot internalize the benefit of their efficiency (compared with large farms) because of missing markets for insurance and credit, low education levels, limited market access and market information, and insecure property and usage rights. Hence, although new advances in R&D—such as genetically modified organisms and extension services—are important for future growth and poverty reduction, getting fundamental institutions right is a prerequisite for growth and a priority on the agricultural development agenda.

Marketing is as significant as production of agricultural harvests. Along these lines, marketing changes ought to be essential piece of any strategy for horticultural improvement. Rural marketing framework is characterized in broadest terms as, physical and institutional set up to play out all exercises engaged with the progression of products and administrations from the purpose of introductory horticultural production until they are in the hands of extreme customers. As indicated by the National Commission of Agriculture (XII Report, 1976), Agricultural Marketing is a procedure that begins with a choice to create an attractive ranch ware, and it includes all parts of market structure or framework, both useful and institutional, in light of specialized and monetary contemplations, and incorporates pre and professional collect tasks, amassing, reviewing, capacity, transportation and appropriation.

II. Objective Of The Study

1. To study Agriculture, Growth and Poverty Reduction.
2. To study agriculture market system in INDIA

Poverty Reduction

Having been a key preoccupation of developing country governments, donors and the international community during the 1960s and 1970s, agriculture disappeared from the development agenda in the 1980s and 1990s, only to reappear in the first decade of the 21st century because of neglect and underinvestment (see Figure 1). There is now renewed interest in the problems of the sector—not to a small extent, thanks to the 2008 World Development Report. For example, the G8 countries promised \$22 billion for investment in agriculture during their meeting in Aquila, Italy in 2009 (de Janvry 2010). Developing economies have generally been described as dual economies with a traditional agricultural sector and a modern capitalist sector.⁵ Productivity are assumed to be lower in agriculture than in the modern sector. The canonical model was put forward by Lewis (1954) and subsequently extended by Ranis and Fei (1961). Lewis' model rests on the idea of surplus labor existing in the agricultural sector. With lower productivity in agriculture, wages will be higher in the modern sector, which induces labor to move out of agriculture and into the modern sector, which in turn generates economic growth. Other precursors, such as Schultz (1953), also point out the importance of food supply by the agricultural sector. In Schultz's view, agriculture is important for economic growth in the sense that it guarantees subsistence for society without which growth is not possible in the first place. This early view on the role of agriculture in economics also matched the empirical observation made by Kuznets (1966) that the importance of the agricultural sector declines with economic development. In this view, agriculture's role in economic development is to supply cheap food and low wage labor to the modern sector. Otherwise, both sectors have few interconnections. Growth and higher productivity in the agricultural sector can contribute to overall economic growth by releasing labor as well as capital to other sectors in the economy. However, industrialization is seen as the ultimate driving force behind a country's development and agriculture as a traditional, low productivity sector.

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However, industrialization is seen as the ultimate driving force behind a country's development and agriculture as a traditional, low productivity sector. Improving on the Lewis model, Johnston and Mellor (1961) account explicitly for agriculture as an active sector in the economy. In addition to labor and food supply, agriculture plays an active role in economic growth through important production and consumption linkages. For instance, agriculture can provide raw materials to nonagricultural production or demand inputs from the modern sector. On the consumption side, a higher productivity in agriculture can increase the income of the rural population, thereby creating demand for domestically produced industrial output. Such linkage effects can increase employment opportunities in the rural non-farm sector, thereby indirectly generating rural income. Moreover, agricultural goods can be exported to earn foreign exchange in order to import capital goods.

Agriculture growth

A significant issue confronting cultivators is that they don't get profitable costs in light of vulnerabilities brought about by insufficient market data, pointless controls, absence of physical framework and value instability both residential and worldwide. New activities in utilizing the necessary private speculation and furthermore arrangements that make markets increasingly proficient and serious taken in 2012 by the focal government should be valued. The presentation of the Model Act in 2003 was directed towards permitting private market yards, direct purchasing and selling, and furthermore to advance and manage contract cultivating in high-esteem agriculture so as to support private segment interest in growing new regularized markets, coordination's and stockroom receipt frameworks, and in foundation, (for example, cool storage offices).

This would diminish post-collect misfortunes and frail homestead firm linkages. Due to the more slow appropriation of changes, as showed in a report submitted in 2011 by Committee of State Ministers accountable for agriculture marketing, the Ministry of Agriculture calls for 'speedy changes' of Agricultural Produce Market Committees (APMC) Act across various States alongside 'time-bound advancement' of marketing foundation. Requiring a ten-year viewpoint intend to improve framework of in reverse and forward linkages for agriculture production and marketing, that includes need to quick track modernization of mandi foundation, with sufficient arrangement of correspondence and transportation, and furthermore enable little makers through their associations and marketing expansion.

Because of less straightforward methodology in APMC controlled markets less private venture is streaming in creating current marketing framework. To defeat such circumstance government activity to present a typical Standard Operating Procedure (SOP) for all markets existing under APMC acts should be valued. Presentation of SOP would support open approach of enlisting purchasers, allowing setting up of private markets in APMC regions, expulsion of interstate hindrances to permit a brought together national market and single point demand from the outset retail location.

Bigger cooperation of private players is especially required, as immense ventures are required in creating agricultural markets, evaluating and institutionalization, quality affirmation, distribution centers, cold storages and other post-gather the board of produce to address this issue. The cooperation of the private division which, thus, require opportunity from controls on deals/acquisition of agricultural produce, its development, storage and preparing. Numerous new activities like presentation of terminal markets were done under Public-Private Partnership (PPP).

Activities by the government on setting up a Warehouse Regulatory and Development Authority (WRDA) to set guidelines and modernize warehousing, to expand use of debatable distribution center receipts that can be connected to e-exchanging, both spot and future, in order to give substitute channels to the farmers, other than mandis was acceptable. In any case, so far just around 300 distribution centers have been enrolled and still there is an absence of offices for accreditation measures, endorsed globally. A very much created nourishment handling industry is relied upon to build ranch entryway costs, decrease wastage, guarantee esteem expansion, advance harvest enhancement, produce work openings and lift trades.

Agriculture market system in INDIA

National Agricultural Cooperative Marketing Federation of India Limited set up in 1958 promotes cooperative marketing of agricultural produce for the benefit of farmers through its own branches and the cooperative marketing network. It collects agro products directly from farmers in regulated markets eliminating middleman. In India, ongoing initiatives in coordination have resulted in simultaneous action in three areas-evolutions of commodity and industry, evolution of supply chain integrated technology models and promotion regulation of these mechanisms. Anand Pattern Cooperatives (APC) is one such model which achieved success in development of India's dairy industry. The Chicory contract farming coordination

which started in 1956 in Jamnagar Gujarat is also a successful result. Kerala Horticulture Development Program (KHDP) is also one of the successful agricultural development projects in the country. It has helped 41,000 vegetable and fruit farmers through 1886 Self-Help-Groups (SHG's).

The National Agricultural Co-operative Marketing Federation of India (NAFED) is the apex body of the co-operative marketing system at the National level. One of oldest and successful association/cooperation of farmers was Grape Growers Association of Maharashtra (Maharashtra Rajya Draksha Bagitdar Sang - MRDBS) The other public intervention promoting coordination is Small Farmers Agriculture Consortium (SFAC), operating from 1994-1995. It was declared a financial institution by RBI under RBI Act, 1934 and was registered as public-private joint venture society. It provides both forward as well as backward linkage to farmers.

III. Conclusion

The issues which should be tended to help the farmers included; confirmation of gainful cost for their produce; convenient installment of their deal continues and no commission charges from farmers; prerequisite of mandi at close by place; sufficient storerooms for capacity of farmers produce; essential civilities in the commercial center; preparing of farmers on the various parts of agricultural advertising; legitimate and opportune vehicle offices, guarantee auspicious offer of their produce in mandi, accessibility of cold stockpiling, broadening rupture of agreement cultivating and coordinate promoting, electronic weighing of their produce, permitting more brokers to purchase produce in mandi and offices for fare of their produce. The following are the recommendation dependent on discoveries. In the time of globalization and progression farmers need serious and elective advertising channels, proficient market data to encourage offer of their produce so as to empower farmers in showing signs of improvement costs for their produce, there is additionally a need to lessen the middle people by giving elective promoting channels like direct showcasing, contract cultivating, virtual market, and so forth for which changes in agricultural advertising framework is fundamental.

Mindfulness and preparing to farmers on virtual and online markets and inception ought to be taken in setting up of all the more such organized markets at hobli level, that would connect different littler markets with controlled markets and distribution centers, gave assaying and reviewing offices and other fundamental infrastructure.

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