

# INNOVATIONS IN DEVELOPMENT AND EMPOWERMENT ALTERNATIVES

*A good idea is half the battle won*



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## **Moving away from Agriculture : Boon or Bane?**

In this analysis, the Author discusses the contribution of the agricultural sector to the Indian GDP.

In furtherance of the topic, the Author also questions whether a reduction of agriculture's contribution to the GDP means economic suicide or economic development.

## **Moving away from Agriculture : Boon or Bane?**

*"If agriculture goes wrong, nothing else will have a chance to go right in the country."*

- M. S. Swaminathan.

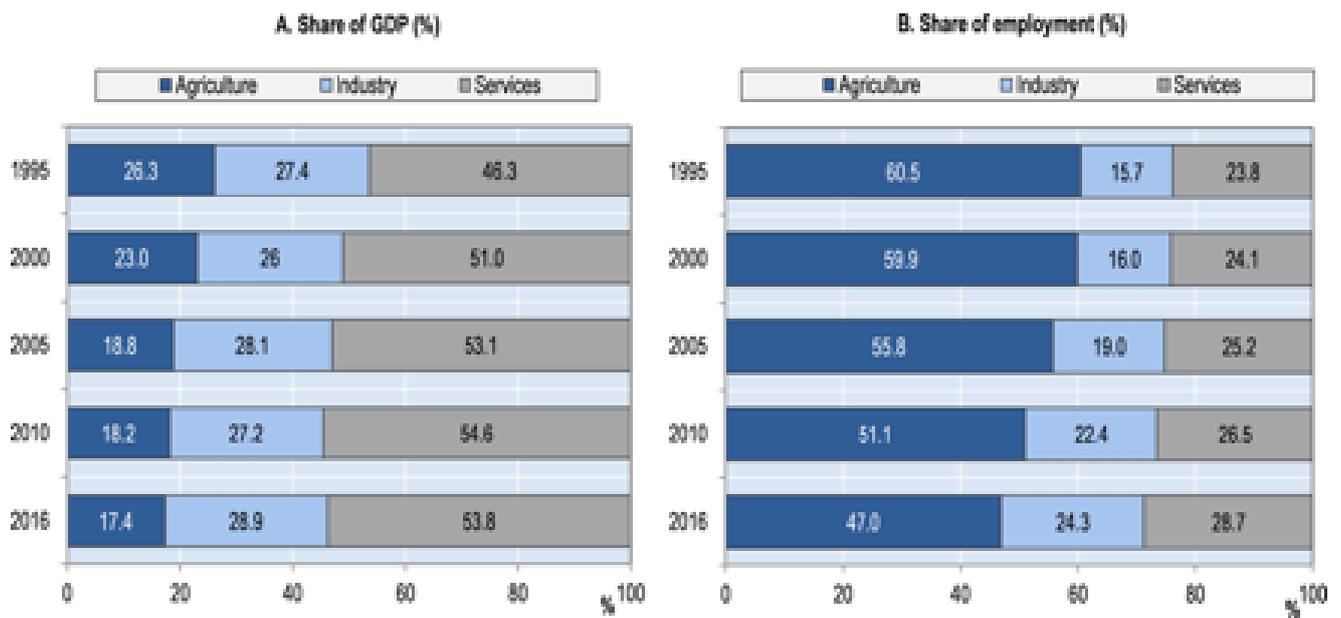
India was and is a land of agriculture. Agriculture is the most important sector of the Indian economy and is considered its backbone. Nearly half the population of India is dependent on agriculture for its livelihood as this Sector provides employment to nearly half a billion people, either directly or indirectly.

India's production of food grains has increased every year, with India being among the top producers of several crops such as wheat, rice, pulses, sugarcane and cotton. It is the highest producer of milk and second highest producer of fruits and vegetables. The total yield of food grains has increased each year.

Despite the increase in production of food grains every year, there has been a decline in the share of agriculture to the GDP of the nation (post independence); from 50 per cent to about 16 per cent in 2019. The reason behind this is the increased contribution of the manufacturing and service sectors to the growth of the economy.

The role of agriculture in the growth of the Indian economy and the overall development of the nation hardly needs any elaboration. However, this role needs to be re-oriented in the light of the changing environment and requirements, to meet new challenges, and, to also harness new opportunities.

**Economy Structure (1995-2016):**



Note: For time comparison purposes, available data on agriculture value added includes the primary sector, forestry, hunting, and fishing.

Source: Ministry of Labour and Employment (2016); Ministry of Agriculture and Farmers' Welfare (MAFW) (2017a); OGD Platform India (2018); World Bank WDI (2018).

From the above Chart, we can infer that the contribution of the agricultural sector to the nation's GDP has continued to decline over the last two decades, while that of other sectors -particularly services - has been increasing. This pushed down agriculture's share in the GDP from 26.3 per cent in 1995 to about 16 per cent in 2019. As per agricultural scientists and experts, there are several reasons and factors that contribute to this decline, some of the major factors being:

- Increase in small land holdings
- Land records and informal leasing
- Short term and long term credit
- Availability of water and micro irrigation techniques
- Quality of soil
- Access to quality inputs including seeds, subsidy in fertilisers and pesticides
- Post harvest activities including storage , marketing and supply chain and pricing

- Climatic conditions

Last but not the least, the shift in the workforce of the twentieth century to skilled and semi-skilled jobs in other sectors is also a major factor in the above mentioned decline.

Despite the declining contribution of agriculture to India's GDP, the Sector continues to maintain a pivotal role in the economy, as it remains the first source of employment, and thus, a key driver of growth and poverty reduction accounting for about 47 per cent of the total national workforce.

For this reason, it is highly imperative that research leaders and the Government focuses on ways and means to support Indian farmers. Rather than being complacent, it is time a comparative study is undertaken to analyse the contribution of agriculture vis-a-vis other sectors like space, IT, telecom, services, automobiles, medical science, transport etc.

There is a need for a shift in our approach towards agriculture from "pushing for incremental change" to "transformational change." Further, agriculture is at the nexus of the three greatest challenges of the 21st century – sustaining food and nutrition security, adaptation and mitigation of climate change, and sustainable use of critical resources such as water, energy and land.

A complete overhaul of the agricultural sector is crucial for achieving our vision for the 21st century. There is a large gap between the income of agricultural workers and non agricultural workers. Issues like poverty and undernutrition in the country are concentrated among agricultural labour, small and marginal farmers.

There is a lot of concern relating to rural distress. If current trends in agriculture are not changed, there shall be little improvement in reducing the income gap between agricultural and non-agricultural income and in alleviating rural distress.

Besides inclusive growth, agricultural growth matters in reducing poverty by increasing income, thus, impacting health, nutrition and quality of life and also impacting factors of sustainability and climate change.

In conclusion of the above detailed analysis, the Author submits that although our facts and figures from the past two decades reveal that there is a growing decline in the contribution of agriculture to India's GDP, yet, it cannot be affirmatively said if its for the good or the bad. The fact that our country is moving from "Bharat" to "India" with its manufacturing and service sector growing in these two decades, reflects that we are marching towards a new India - an India of the 21st century with a credible global image. However, since our economical base is agriculture, which includes a vast population of our country, we need a new vision for the agricultural sector.