

THE IMPACT OF PRIMARY SECTOR PERFORMANCE IN INDIAN ECONOMY

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ABSTRACT

AS we know that India is developing nation. There are three sectors which plays a significant role in the development of nation. The agricultural sector, industrial sector and service sector. As we know that the dependents in agricultural sector is more and their percapita income is less. But, most part of the our rural India is still depending up on Agricultural sector only. This paper explains about the economic growth of India can be accelerated by strengthening our agricultural sector in India. As we know that India is second largest populated country and seventh largest country in geographical level. The economy of the country is scattered in various areas like manufacturing industries, agriculture, textile, services. Doing agriculture is a major livelihood activity in India. Mahatma Gandhi said "Indian economy lives in rural villages". The great economists and other great people must think about how to economically strengthen our nation by strengthening agricultural sector in India. It is evident that majority portion of agricultural based food products are exporting from India.

Keywords: *Indian Agriculture, Agricultural Sector, Economic Development, Economic Acceleration, etc.*

I. INTRODUCTION

The first and for most importance of the study is increasing of per capita income. When per capital income of the people increases the standard of living of the people also increase then automatically the economic growth of the nation also increase. The acceleration of economy of the country is depends upon the development of agricultural sector in India. The majority 60% of the population in India, mainly depends upon agricultural sector.

II. HOW AGRICULTURAL SECTOR IMPACTING ON INDIAN ECONOMY?

Much percentage of raw material to industries are coming from agricultural sector only. It is not only becoming a livelihood to people, but also it is becoming a major source to industries as a raw material sources to the companies. Earlier major portion of the GDP is generating from agricultural sector only, but at present it is declined to around 18%. One thing that we need to remember that India is feed up with natural resources.

Living Purpose: As we know that most of the rural Indians are depending up on agricultural sector. Agricultural sector has become major income source to the people in India. Nearly 60% of the population still depending up on agricultural sector India. **National Income:** National income which represents standard of living of the people. When National income increases the per capita income of the people would gradually increase. The GDP of the nation which is essential for the country. **Raw Material to Industries:** As we know that agricultural sector is becoming major source to generate raw material to industrial sector. Most of the industries are depending up on agricultural sector for raw material sources. **Exports and Imports:** Most of the agricultural products are exporting from India, by that we can import other goods from other countries. In such a manner we can have exports and imports with other countries. **Revenue to Nation:** It is becoming a best income source to nation. When agricultural sector developed can go for exports and imports, by that revenue to the nation will increase.

III. REVIEW OF LITERATURE

According to some others like the declining share for agriculture in national employment and GDP is an inevitable consequence of economic progress (Byerlee, de Janvry and Sadoulet, 2009; Timmer, 1988; Cervantes and Brooks, 2009). The reason might be high income elasticity regarding goods and services. Lewis (1955) He viewed economic development as a process of relocating factors of production from an agricultural sector characterized by low productivity and the use of traditional technology to a modern industrial sector with higher productivity. That theory and its implications for policy have been largely debunked by later work and the degree to which economic policies of developing countries discriminate against agriculture has lessened dramatically in recent decades (Anderson and Valenzuela, 2008). Equally problematic for such a strategy is that much progress in agriculture historically has come from the introduction of labour saving technical change. Christiaensen and Demery (2007) point out that the contribution of economic growth to poverty reduction might differ across sectors because the benefits of growth might be easier for poor people to obtain if growth occurs where they are located. Similarly, Montalvo and Ravallion (2009) find that the primary sector rather than the secondary (manufacturing) or tertiary sectors was the real driving force in China's spectacular success against absolute poverty. They conclude that the idea of a trade-off between these sectors in terms of overall progress against poverty in China is moot, given how little evidence they found of any poverty impact of non-primary sector growth. Gardner (2000), for example, found that gains in income from off-farm sources was the main reason rural poverty declined in the US from the 1960s. Econometric analysis by Warr (2002) based on pooled data for Indonesia, Ravallion and Chen (2007) estimate that agricultural growth had four times greater impact on poverty reduction than growth in the secondary and tertiary sectors. Christiansen and Todo (2008) observe that as countries develop: a) their economies restructure away from agriculture into manufacturing and services. Byerlee, de Janvry and Sadoulet (2009) report findings from World Bank (World Bank, 2008b) analysis showing that migration from rural to urban areas accounted for less than 20% of the reduction in rural poverty during 1993-2002. The other 80% came from improvements in economic conditions in rural areas, including in agriculture.

3.1 Objectives Of The Study

1. To Understand the Agricultural Sector Performance on the basis of Five Year Plans.
2. To Understand the Agricultural Sector Performance on the basis of Various products.
3. To Find out the present Agricultural sector performance and suggest better feasible solutions to accelerate the economic position of the country.

3.2 Need For The Study

There is a much need to conduct the research in this area. Because, the number of depends are more in agricultural sector as compared to other sectors. When we develop agricultural sector in a systematic manner automatically the GDP of the country would increase by that the standard of living of the people also increase. Here research about the importance of agricultural sector to accelerate Indian economy.

3.3 Statement of the Problem

The study is related to A Study on the impact of Agricultural sector and its impact on Acceleration of Indian Economy.

IV. RESEARCH METHODOLOGY

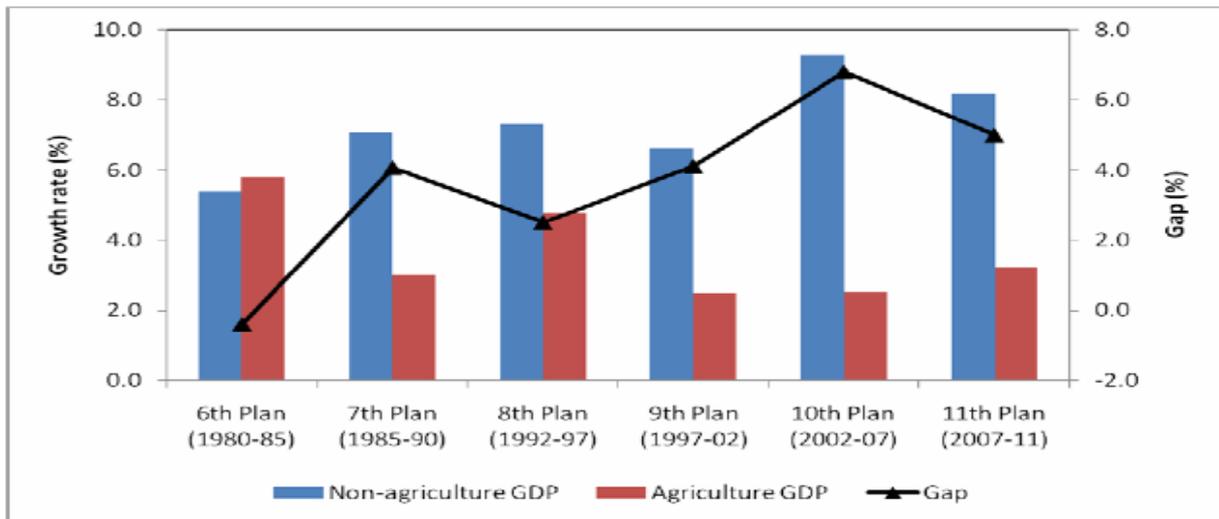
Data Sources: Data sources are primary two types. They are primary data sources and secondary data sources. Regarding this study the research mainly depends up on secondary data sources.

Statistical Tools: The statistical tools include like: Frequency tables and percentage tables and certain statistical tools used.

Period of the Study: The period of the study is up to 2015 only. The data has been collected from various sources like government institutions and agencies from various parts of the country.

4.1 Data Analysis and Interpretation

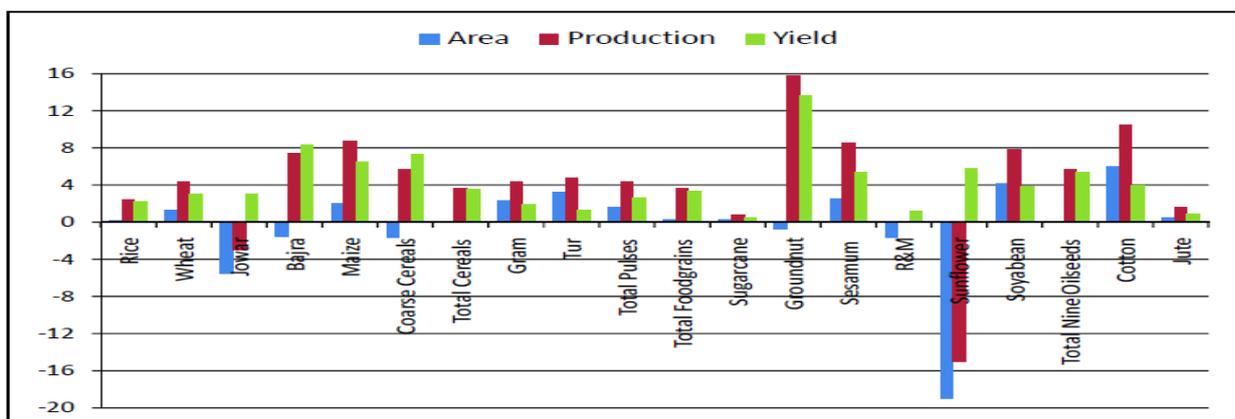
Fig: 1 Growth rate (%/year) in GDP agriculture and non-agriculture sector in different plan periods (1999-00 prices for 8th to 10th Plan and 2004-05 prices for 11th Plan)



Sources: CSO (2011)

From the above table it is observed that in 6th five year plan the Agricultural GDP is more as compared to Non-Agricultural GDP in India. In 7th plan the performance of Non-Agricultural sector is good as compared to Agricultural Sector. Even in 11th five year plan also the performance of agricultural sector is poor as compared to Non-Agricultural sector. From this one can understand that gradually the performance of agricultural sector is decreasing day by day.

Fig 2: All India Average Annual Growth Rates in Area, Production and Yield of major crops during the 11th Plan



Sources: State of Indian Agricultural sector 2012-2013 Report

Even indifferent plans like 10th five year plan and 11th five year plan explains about the growth rate of major crops in India. Specifically in the 11th five year plan the growth rate of groundnut is increased and in the 10th five year plan the growth rate of cotton production is good. Even in the 11th five year plan the growth of maize and cereals also high. Finally the chart explains about the performance of agricultural sector is good.

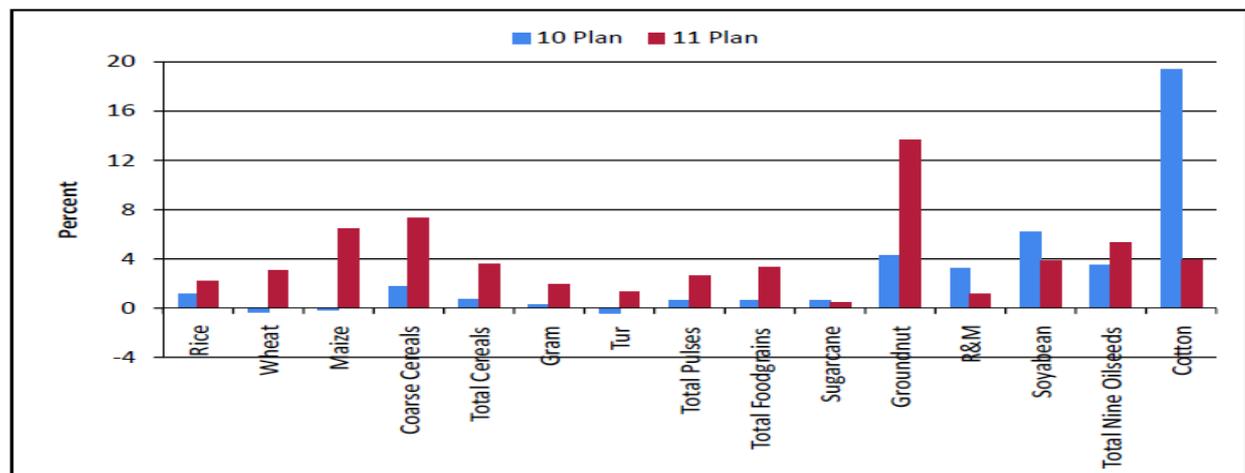
Fig3: Classification of Agricultural Sector on the basis of five year plans (2011-2012)

Crops	Ninth Five Year Plan					Tenth Five Year Plan					Eleventh Five Year Plan				
	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Rice	43447	44802	45162	44712	44904	41176	42593	41907	43660	43814	43914	45537	41918	42862	44006
Wheat	26696	27523	27486	25731	26345	25196	26595	26383	26484	27995	28039	27752	28457	29069	29865
Jowar	10801	9794	10251	9856	9795	9300	9331	9092	8667	8473	7764	7531	7787	7382	6245
Bajra	9888	9297	8897	9829	9529	7740	10612	9233	9581	9508	9571	8753	8904	9612	8777
Maize	6321	6204	6422	6611	6582	6635	7343	7430	7588	7894	8117	8174	8262	8553	8782
Ragi	1657	1758	1634	1759	1647	1415	1666	1553	1534	1177	1387	1381	1268	1286	1176
Small Millets	1529	1495	1411	1424	1311	1201	1191	1101	1064	1010	1039	905	831	800	799
Barley	858	793	725	778	660	702	657	617	630	346	603	706	624	705	643
Coarse Cereals	31054	29341	29340	30257	29523	26992	30801	29025	29065	28708	28482	27450	27675	28339	26422
Cereals	101197	101666	101988	100700	100771	93364	99988	97315	99208	100516	100435	100739	98051	100270	100293
Tur (Arhar)	3359	3439	3427	3632	3328	3359	3516	3519	3581	3562	3726	3378	3466	4367	4007
Pulses (other than Tur)	7147	6910	6367	7026	7395	6592	8168	7799	7099	7114	7764	6431	7117	7953	7183
Gram	7563	8469	6146	5185	6416	5906	7048	6715	6926	7494	7544	7893	8169	9186	8299
Pulses (other than Gram)	4802	4683	5176	4505	4870	4639	4727	4731	4785	5022	4600	4393	4531	4897	4973
Pulses	22871	23501	21116	20348	22008	20496	23458	22763	22391	23192	23633	22094	23282	26402	24462
Foodgrains	12068	125167	123104	121048	122780	113860	123447	120078	121600	123708	124068	122834	121334	126671	124755

Source: Government of India- “State of Indian Agriculture 2012-13’, Ministry of Agriculture, Department of Agriculture and Co-operation, New Delhi.

Comparatively if we can see other than rice, wheat remaining all other crops like: jowar, Bajira, Maize, Ragi, Small Millets, Barley, Coarse Cereals, Tur, Pulses, Gram, Pulses remaining all other crops and their production growth rate is gradually decreased. Indian economists and politicians should think about the reasons behind decreasing the growth rate of remaining paddy crop in India. Government should come forward to strengthen the agricultural sector in all aspects like granting of loan and providing seeds and fertilizers etc.

Fig. 4 All India Average Annual Growth Rates in Yield of major crops during the 10th and 11th Plan

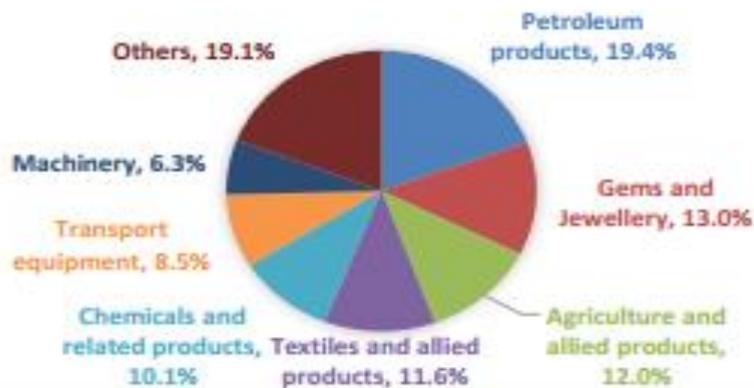


Sources: State of Indian Agricultural sector 2012-2013 Report

In total economy the performance of agricultural sector is good form 2007-2008 and it has been moving little bit ups and downs to 2012-2013. There should be proper control from economies and philosophers to develop agricultural dependents in India. Even still in the 2013 for India agricultural sector is becoming back bone.

Fig.5: Composition of exports 2014-2015

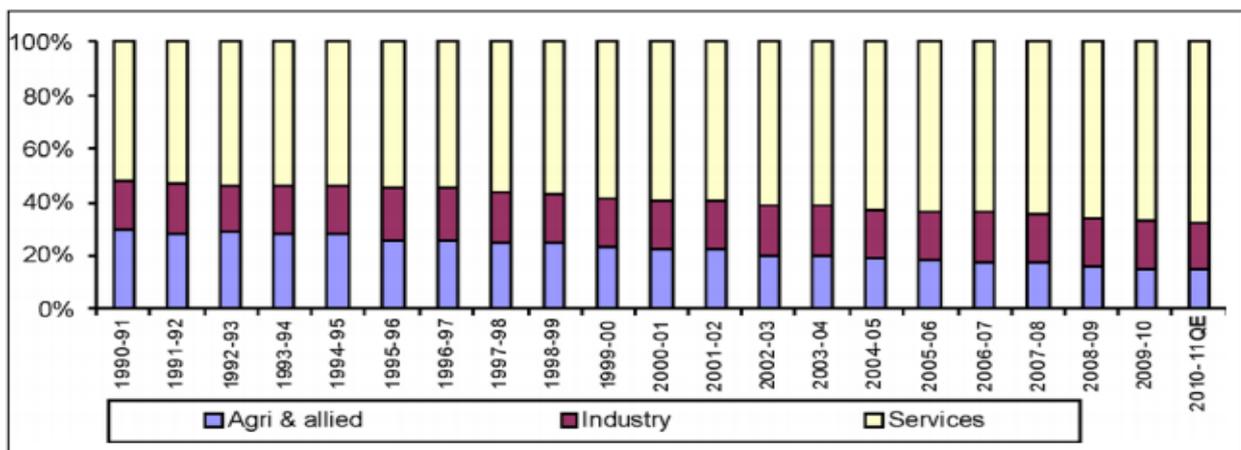
COMPOSITION OF EXPORTS 2014-15 (APR-DEC)



Sources: Indian Economy-Internet

Even from the above figure that we can observe that in total GDP the agricultural and allied products and its percentage is 12.0% it is much considerable in overall GDP of the country. Even though GDP is higher from other areas like: Textile, chemical, Transportation and machinery and others are 19.1%. Though the contribution is higher from other sectors, there is a considerable importance should be given to agricultural sector in India.

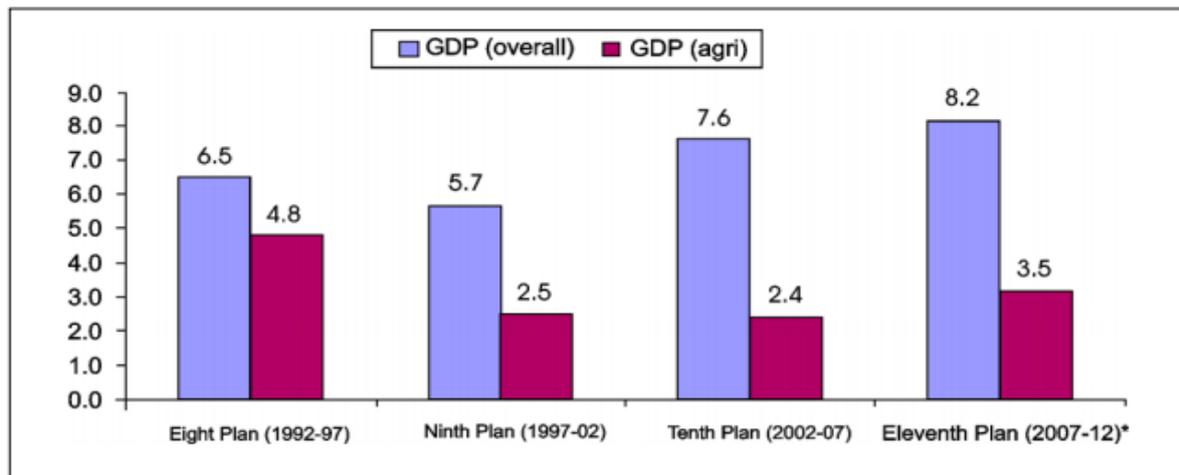
Fig 6: Performance of Agricultural Sector from (1990-91) to (2009-2010)



Source: CSO

Even that we can observe from above figure the services sector and industrial sector and its growth rate is ever increasing as compared to agricultural sector. Here one thing that we need to observe that the dependents in the agricultural sector is increasing but the per capita income from agricultural sector is decreasing. That is reason why government should come forward to encourage the agricultural sector in all aspects.

Fig 7: Performance of Agricultural sector along with the GDP in India



Note: * Figures for the Eleventh Plan show growth rates for the first four years of the Plan.
Source: CSO.

Even the report generated from central statistical organization tells that from eighth five year plan to eleventh five year plan the performance of agricultural sector is gradually decreasing. In overall GDP the agricultural sector performance is ever decreasing. All government reports proving that the performance of agricultural sector is decreasing due to industrialization in India. Even the services sector and its contribution is also high.

V. FINDINGS OF THE STUDY

1. It is evident from the study that the agricultural sector performance is ever decreasing as compared to industrial sector and service sector.
2. The performance of the agricultural sector is good in the eighth five year plan and it is less in the eleventh five year plan.
3. In overall GDP agricultural sector percentage is very less.
4. The dependents in the agricultural sector is more, as compared to industrial sector and services sector.
5. The rural India is living in the villages and most of the people are depending on agricultural sector only.

VI. RECOMMENDATIONS OF THE STUDY

1. Government should come forward to develop agricultural sector and provide facilities for formers.
2. Government should approve loans, and should provide the things for agricultural development.
3. Government should introduce innovative proposals and creative thoughts for the development of economy in all aspects.

VII. CONCLUSION

India is developing country. Most of the Indians still depending up on agricultural sector only. The dependents in agricultural sector is more and GDP from Agricultural sector is less. Government should come forward to strengthen the agricultural sector in all aspects like granting loans and facilitating the formers by supplying agricultural motors, vehicles, fertilizers and etc.,



Scope For Future Research

The scope for further research can be conducted in such a manner that entrepreneurs development and economic development. How entrepreneurs can develop our economy. The entrepreneurs are back bone of Indian economy, where many entrepreneurs develop the economy of the country would gradually increase by providing employment opportunities to society people.

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