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Economy of Indian Agriculture

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ABSTRACT: Agriculture is the Indian economy's most significant field. India's agricultural sector accounts for 18% of the GDP of India and recruits 50 percent of its workers nations. India is the world's largest grower of pulse, rice, wheat, spices and spice. In India there are many different areas for enterprises like dairy, meat, poultry, fisheries and food grains etc. India has become the second biggest fruit and vegetable producer in the world. The 2013–2014 production of food grains amounts to 264 million tons, an improvement in the estimates of 257 million tons (2012-2013), according to statistics supplied by the Department of Economics, Statics and Sciences. This is a positive sign for the growing Indian economy. Indian production of paddy, wheat, pulses, groundnut, rape, natural products, vegetables, sugar cane, tea, jute, cotton, tobacco leaves, etc. remains one of its three main sectors. The Indian agricultural industry on the other hand faced problems, Indian agribusiness is as yet confronting the issues.

KEYWORDS: Agriculture, Agriculture Economy, Farming, Indian Economy, Indian Agriculture

I. INTRODUCTION

The Indian food industry is set to grow exponentially and every year raises its exposure to international food trade because of its large added value capacity, in the food processing industry particularly. The Indian food and food market is the sixth biggest in the world and retail accounts for 70% of sales. The Indian food processing industry is one of India's biggest food processing industries and accounts for 32 percent of the country's total food sector and fifth in terms of production, demand, export and expected growth. In the manufacturing and agriculture industries, it comprises about 8.80% and 8.39% of Gross Value Added (GVA), 13% of exports from India, and six% of all industrial production, respectively[1][2][3]. Figure 1 shows the different sectors of Indian GDP.

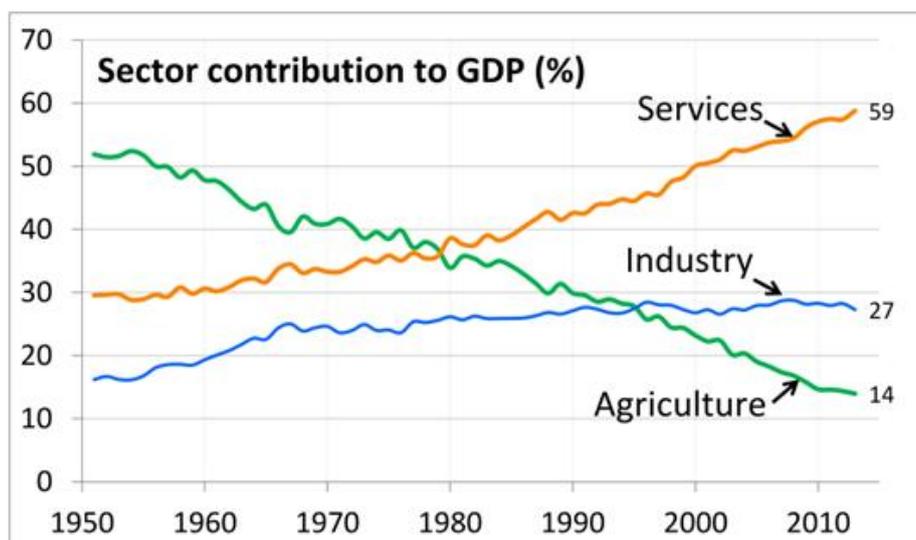


Fig.1: Indian GDP Different Sector Composition



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Importance of Agriculture

For an economy, agriculture plays an important role. Agriculture offers a huge proportion of the population not only food and raw materials but also job opportunities. The following facts make it clear that agriculture is important in this country[4][5]. The Figure 2 shows the main source of livelihood in the India.

- Source of Livelihood
- Contribution to National Income
- Supply of Food and Fodder
- Importance in International Trade
- Marketable Surplus
- Source of Raw Material
- Importance in Transport
- Contribution to Foreign Exchange Resources:
- Vast Employment Opportunities
- Overall Economic Development
- Source of Government Income



Fig.2: The Main Source of Livelihood in India

II. INVESTMENTS FROM FOREIGN CORPORATIONS

The Indian food processing industry has attracted a cumulative influx of US\$ 9.41 billion in foreign direct investment (FDI) equity between April 2000 and June 2019, according to the Department of Industry and Internal Trade Promotion (DPIIT)[6], [7].

- Nestle India to invest Rs 700 crore (US\$ 100.16 million) in construction of its ninth factory in Gujarat.
- In November 2019, Haldiram entered into an agreement for Amazon's global selling program to e-tail its delicacies in the United States.
- In November 2019, Coca-Cola launched 'Rani Float', fruit juices to step out of its trademark fizzy drinks.



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- Two diagnostic kits developed by Indian Council of Agricultural Research (ICAR) - Indian Veterinary Research Institute (IVRI) and the Japanese Encephalitis IgM ELISA launched in October 2019.
- Investments worth Rs 8,500 crore (US\$ 1.19 billion) have been announced in India for ethanol production.
- By early 2019, India will start exporting sugar to China.
- The first mega food park in Rajasthan was inaugurated in March 2018.
- Agrifood start-ups in India received funding of US\$ 1.66 billion 2013-17 in 558 deals.

Table 1 Shows the Largest Agriculture product in India

Table 1: Largest agricultural products in India

Rank	Commodity	value
1	Rice	\$70.18 billion
2	Buffalo milk	\$43.09 billion
3	Cow milk	\$32.55 billion
4	Wheat	\$26.06 billion
5	Cotton	\$23.30 billion
6	Mangoes, guavas	\$14.52 billion
7	Fresh Vegetables	\$11.87 billion
8	Chicken meat	\$9.32 billion
9	Potatoes	\$8.23 billion
10	Banana	\$8.13 billion

III. GOVERNMENT INVESTMENTS AND PROJECTS

In May 2019, NABARD announced an investment of Rs 700 crore (US\$ 100 million) venture capital fund for equity investments in agriculture and rural-focused start-ups[8][9]–[11].

- As per the Ministry of Agriculture, during 2019-20, Rs 1.50 crore (0.21 million) has been allocated to state of Andaman and Nicobar as a central share for implementation of per drop more crop component of PradhanMantriKrishiSinchaiYojana
- Under Budget 2019-20, PradhanMantriSammanNidhiYojana was introduced under which a minimum fixed pension of Rs 3000 (US\$ 42.92) to be provided to the eligible small and marginal farmers, subject to certain exclusion clauses, on attaining the age of 60 years
- As per the Union Budget 2019-20, government will work with State Governments to allow farmers to benefit from e-NAM.
- Prime Minister of India, launched the PradhanMantriKisanSammanNidhiYojana (PM-Kisan) and transferred Rs 2,021 crore (US\$ 284.48 million) to the bank accounts of more than 10 million beneficiaries on February 24, 2019.
- The Government of India has come out with the Transport and Marketing Assistance (TMA) scheme to provide financial assistance for transport and marketing of agriculture products in order to boost agriculture exports.
- The Agriculture Export Policy, 2018 was approved by Government of India in December 2018. The new policy aims to increase India's agricultural exports to US\$ 60 billion by 2022 and US\$ 100 billion in the next few years with a stable trade policy regime.
- In September 2018, the Government of India announced Rs 15,053 crore (US\$ 2.25 billion) procurement policy named 'PradhanMantriAnnadataAaySanraksHanAbhiyan' (PM-AASHA), under which states can decide the compensation scheme and can also partner with private agencies to ensure fair prices for farmers in the country.
- In September 2018, the Cabinet Committee on Economic Affairs (CCEA) approved an Rs 5,500 crore (US\$ 820.41 million) assistance package for the sugar industry in India.



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- The Government of India is going to provide Rs 2,000 crore (US\$ 306.29 million) for computerization of Primary Agricultural Credit Society (PACS) to ensure cooperatives are benefitted through digital technology.
- With an aim to boost innovation and entrepreneurship in agriculture, the Government of India is introducing a new AGRI-UDAAN programme to mentor start-ups and to enable them to connect with potential investors.
- The Government of India has launched the PradhanMantriKrishiSinchaiYojana (PMKSY) with an investment of Rs 50,000 crore (US\$ 7.7 billion) aimed at development of irrigation sources for providing a permanent solution from drought.
- The Government of India plans to triple the capacity of food processing sector in India from the current 10 per cent of agriculture produce and has also committed Rs 6,000 crore (US\$ 936.38 billion) as investments for mega food parks in the country, as a part of the Scheme for Agro-Marine Processing and Development of Agro-Processing Clusters (SAMPADA).
- The Government of India has allowed 100 per cent FDI in marketing of food products and in food product e-commerce under the automatic route.

IV. CONCLUSION

Agriculture makes the highest contribution to India's GDP. Agriculture contributes almost about 18 percent to the country's GDP. It has been seen in the last few years that the input of the agriculture sector has been declining, but it is still the biggest contributor. Agriculture occupies a prominent position in Indian policymaking not only because of its contribution to GDP but also because of the large proportion of the population that is dependent on the sector for its livelihood. It is however obvious that India has gone a long way towards developing its potential in the agriculture sector. The Green Revolution greatly increased the production of food grains essential for agriculture and incorporated technological innovations. This is apparent in the net trading condition of India. While India has had to rely on imports to feed its population, it has been a net exporting agri-food product since 1990. Its agricultural production is large and diverse and its presence has significant effects on global agricultural markets despite slight changes in its trade. It is extremely important to train farmers and educate them to change their thinking and reorient them in order to start new activities or adopt foreign technology. In this respect, NGOs will engage throughout preparation and organize rural poor people to face liberalization challenges. More care needs to be taken to develop state-specific liberalization measures to maximize their advantages through domestic economic reforms.

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