

# DOWNLOAD PDF IMPORTANCE OF AGRICULTURE IN ECONOMIC DEVELOPMENT

## Chapter 1 : Role of agriculture in economic development of Kenya

*Agricultural sector plays a strategic role in the process of economic development of a country. It has already made a significant contribution to the economic prosperity of advanced countries and its role in the economic development of less developed countries is of vital importance.*

Role of agriculture in economic development of Kenya Date Posted: According to a World Bank report in , stated that about two thirds of the world population poor are mainly concentrated in rural areas, which are predominantly agriculture-oriented areas. Therefore in respect to poverty eradication and raising the welfare standards of the population; more focus should be put on agricultural activities. It generates foreign currency through the export process of agricultural products. It creates a source of employment to the population through farming, business and research activities therefore raising the standard of living of individuals. The purchasing power of the population is improved through income generation, hence creating a market for industrial products. Agriculture in itself is also a market for industrial goods such as machinery, equipment and fertilizers used in the farming process. It promotes and creates various off-farm activities such as transportation, research programmes that look for better and improved methods to be applied in farming and livestock activities, example Kenya Agricultural Institute KARI. Agriculture ensures a constant food supply and food security for the population, this ensures that the work force fed with energy to supply labour to industries and other economic sectors. Above all it contributes towards rural-urban balancing; through the creation of employment in the rural areas it discourages rural to urban migration and this helps in the better distribution of incomes and balanced use of social amenities. Through all this multiplier effects agriculture is perceived to an engine of economic growth and development. Providing increased food surplus to the rapidly expanding population In underdeveloped countries, food production dominates the agricultural sector. When output expands with increased productivity, it increases the income of the farmers. Rise in per capita income leads to substantial rise in the demand for food. In such economies, the income elasticity of demand for food is very high. It usually ranges between secondary and tertiary sectors 0. Moreover, the increase in the growth rate of population due to rapid decline in mortality rate and slow reduction in fertility rates tends to raise further the demand for food. Besides, the demand for food increases with the expansion of population in towns and industrial areas. If food production lags behind its demand, a substantial food prices is expected. To offset domestic shortage and prevent rise in prices, food may be imported from abroad but it can be at the cost of capital goods needed for development. Increasing the demand for industrial products A rise in rural purchasing, as a result of increased agricultural surplus, is a great stimulus to industrial development. The market for manufactured goods is very small in an underdeveloped country where peasants, farm laborers and their families, comprising typically two-thirds or four-fifths of the population, are too poor to buy any factory goods in addition to whatever little they already buy. There is lack of real purchasing power reflecting the low productivity in agriculture. The basic problem thus is low investment-returns caused by the small size of the market. Increased rural purchasing power caused by expansion of agricultural output and productivity will tend to raise the demand for manufactured goods and extend the size of the market. Moreover, the demand for such inputs as fertilizers, better tools, implements, tractors, irrigation facilities in the agricultural sector will lead to the greater expansion of the industrial sector. Besides, the means of transport and communication will expand when the agricultural surplus is to be transported to urban areas and manufactured goods to the rural areas. Providing additional foreign exchange earnings through agricultural exports Underdeveloped countries mostly specialize in the production of a few agricultural goods for exports. As the output and productivity of exportable goods expand, their exports increase and result in larger foreign exchange earnings. Thus agricultural surplus leads to capital formation when capital goods are imported with this foreign exchange. Such articles are import substitutes and conserve foreign exchange. Larger production of food and export crops not only conserve and earn foreign exchange but also lead to the expansion of the other sectors of the

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economy. Increasing rural incomes to be mobilized by state An underdeveloped country needs large amount of capital to finance the creation and expansion of the infrastructure and for the development of basic heavy industries. In the early stages of development, capital can be provided by increasing the marketable surplus from the rural sector without reducing the consumption levels of farm population. Labor as the principal input can be a source of capital formation when it is reduced on the farm and employed in construction works only skilled labor can be utilized. The second possibility of increasing capital formation through reduced agricultural prices is also not feasible in early stages of development. The third possibility of increasing farm receipts is perhaps the best way for capital formation. This can be done by mobilizing increased farm incomes through agricultural taxation, land taxes, agricultural income tax, land registration charges, school fees, fee for providing agricultural technical services and other types of fees that cover all or part of the cost of services provided to the farm population. Improving the welfare of the rural people Increase in rural incomes as a result of agricultural surplus tends to improve rural welfare. Peasants start consuming more food especially of higher nutritional value in the form of superior quality cereals, eggs, ghee, milk, fruits etc. Provide themselves with better means of transport and communication, health and education facilities etc. Thus increased agricultural surplus has the effect of raising the standards of the mass of rural people. A number of industries are based on agricultural raw materials such that expansion of industries relies on more materials being produced. For example, the textile industry depends on cotton and wool production. The development of domestic agriculture would addition reduce domestic reliance on imported raw materials.

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## Chapter 2 : The Role of Agriculture in Economic Development | Private Sector Ghana

*Agricultural sector plays a strategic role in the process of economic development of a country. It has already made a significant contribution to the economic prosperity of advanced countries and its role in the economic development of less developed countries is of vital importance. In Tanzania.*

The Importance of Agriculture Views For decades, agriculture has been associated with the production of essential food crops. At present, agriculture above and beyond farming includes forestry, dairy, fruit cultivation, poultry, bee keeping, mushroom, arbitrary, etc. Today, processing, marketing, and distribution of crops and livestock products etc. Thus, agriculture could be referred to as the production, processing, promotion and distribution agricultural products. Agriculture plays a critical role in the entire life of a given economy. Agriculture is the backbone of the economic system of a given country. In addition to providing food and raw material, agriculture also provides employment opportunities to very large percentage of the population. Below are the importances of agriculture:

**Source of Livelihood** The main source livelihood of many people is agriculture. This high percentage in agriculture is as a result of none development of non-agricultural activities to absorb the fast-growing population. However, most people in developed countries do not engage in agriculture. Contribution to National revenue Agriculture is the main source of national income for most developing countries. However, for the developed countries, agriculture contributes a smaller per cent age to their national income. Supply of Food as well as Fodder Agricultural sector provides fodder for domestic animals. Cow provides people with milk which is a form of protective food. Significance to the International Trade Agricultural products like sugar, tea, rice, spices, tobacco, coffee etc. If there is smooth development practice of agriculture, imports are reduced while export increases considerably. This helps to reduce countries unfavorable balance of payments as well as saving foreign exchange. Marketable Surplus The growth of agricultural sector contributes to marketable surplus. Many people engage in manufacturing, mining as well as other non- agricultural sector as the nation develops. As agricultural sector development takes place, production increases and this leads to expansion of marketable surplus. This may be exported to other nations. Source of Raw Material The main source of raw materials to major industries such as cotton and jute fabric, sugar, tobacco, edible as well as non-edible oils is agriculture. Moreover, many other industries such as processing of fruits as well as vegetables and rice husking get their raw material mainly from agriculture. Significance in Transport Bulks of agricultural products are transported by railways and roadways from farm to factories. Mostly, internal trade is in agricultural products. Moreover, the revenue of the government, to a larger extent, relies on the success of agricultural sector. This demonstrates that agriculture products also continue to be important source of earning a country foreign exchange. Great Employment Opportunities Construction of irrigation schemes, drainage system as well as other such activities in the agricultural sector is important as it provides larger employment opportunities. Agriculture sector provides more employment opportunities to the labor force that reduce the high rate of unemployment in developing countries caused by the fast growing population. Economic Development Since agriculture employs many people it contributes to economic development. The fast rate of development in agriculture sector offers progressive outlook as well as increased motivation for development. Hence, it aids to create good atmosphere for overall economic development of a country. Therefore, economic development relies on the agricultural growth rate. Source of Saving Development in agriculture may also increase savings. The rich farmers we see today started saving particularly after green revolution. This surplus quantity may be invested further in the agriculture sector to develop the sector. Food Security A stable agricultural sector ensures a nation of food security. The main requirement of any country is food security. Food security prevents malnourishment that has traditionally been believed to be one of the major problems faced by the developing countries. Most countries rely on agricultural products as well as associated industries for their main source of income.

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## Chapter 3 : Agriculture Economics and Importance of Agriculture in National Economy

*Importance of Agriculture in Nigeria Economic Development. Nigeria is a country that is highly endowed with material and human resources. One of these material resources includes a vast array of land that is arable.*

About usour profile The Role of Agriculture in Economic Development Agriculture plays a crucial role in the economy of developing countries, and provides the main source of food, income and employment to their rural populations. According to FAO , it has been established that the share of the agricultural population in the total populace is 67 percent, that agriculture accounts for It has become increasingly evident in the last few years that the conception of both economist and policy-makers regarding the role of agriculture in economic development has undergone an important evolution. In many regions - including Europe, North America, Australia and recently Brazil, China and India â€” humanity has also become skillful at raising yields through using inputs like fertilizers and pesticides. Yet in many poorer countries with low productivity rates and growing populations, agriculture continues to expand into marginal and fragile lands. In much of sub-Saharan Africa and large parts of Asia â€” according to estimates compiled by the Millennium Ecosystem Assessment MA â€” almost no highly productive land is left. However, improvements in agriculture and land use are fundamental to achieving food security, poverty alleviation and overall sustainable development. The first part of this paper looks at the evolution of agriculture with relevant theories. The role of agriculture in economic development is discussed in the second part. It further argues that whereas in the past, agriculture was often viewed as the passive partner in the development process, it is now typically regarded as an active and co-equal partner with the industrial sector. The economics profession turned its attention to the study of economic development to better understand the anatomy and physiology of the growth process and to formulate prescriptions for appropriate development policies and strategies Weber, It was widely believed during this period that industrialization was the unique key to development and that the industrial sector, as the advanced sector, would pull with it the backward agriculture sector. More specifically, industry as the leading sector would be a source of alternative employment opportunities to the rural population, would provide a growing demand for foodstuffs and agricultural raw materials which it would process for domestic consumption or export and would begin to supply industrial inputs e. It became fashionable to use as an analytical and planning framework one-sector models of Harrod-Domar types which because of their completely aggregative and simple production functions with only investment as an element, emphasized at least implicitly investment in infrastructure and industry. The one-sector, one-input nature of these models obviously precluded any measurement of the sectoral production effects of alternative investment allocations and of different combinations of factors since it was implicitly assumed that factors could only be combined in fixed proportions with investment. In the absence of either theoretical constructs or empirical information on the determinants of agricultural output, the tendency was to equate the modern sector with high productivity of investment and vice versa for the backward agricultural sector and thus directs the bulk of investment to industry and industrial infrastructure. Not only was it assumed that the farmers could be released from subsistence agriculture in large numbers without a consequent reduction in agricultural output, but also that they could do so while carrying their own bundles of food i. As the dual-economy models became more sophisticated and realistic it was increasingly recognized that the functions which the agricultural and industrial sectors must perform in order for growth to occur are totally interdependent Mellor; On the one hand, the agricultural sector had to release resources for the industrial sector, which in turn had to be capable of absorbing them. On the other hand, the release of resources, by and of itself, and the absorption of resources, by and of itself, were not sufficient for economic development to take place. It was felt that growth could result only if these conditions occurred simultaneously and that this release-cum-absorption of labor and capital resources was, in fact, the key to development. Even though two-sector models did provide important insights into the interaction between the agricultural backward and industrial advanced sectors, there were at

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least two fundamental points that they did not address explicitly: The foreign trade sector was eliminated – a closed economy being selected as the frame of reference rather than the open economy. A better understanding of the determinants of agricultural output – both in microeconomic and macroeconomic terms – is essential if agriculture is to play an active role as a supplier of resources. The relationship between agriculture and foreign trade can be scrutinized at the national level or at the global level. The majority of the developing countries are largely dependent on primary exports as their major source of foreign exchange. The import capacity of the typical developing country is based, to a large extent, on the flow of agricultural and mineral exports that it can sell to the rest of the world. Since the balance of payments is generally the binding constraint to further growth, the role of the agricultural sector as a provider of foreign exchange through exports or as a saver of foreign exchange through import substitution particularly through increased domestic production of foodstuffs is a crucial one. In many less developed countries, the agricultural subsector producing for exports tends to be highly commercialized in contrast to the subsector producing foodstuffs for domestic consumption. In such cases, the backward linkages of agricultural exports may be quite small. In other countries, particularly in Africa, the distinction between the commercialized export and the subsistence sectors is much more difficult to draw. At the global level the dependence of the developing world on agricultural exports creates many problems. World demand for these products tends to be both income and price inelastic. As a result, for many crops, of which the supply is also inelastic in the short-run, the growth rate of export earnings is held to a relatively low level and prices fluctuate. Efforts at diversification and commodity stabilization can be successful only if undertaken under viable international agreements. In the most developing countries the level of receipts from traditional exports – determined as it is by exogenous forces – is largely outside of the control of the country; large output and efficiency gains are often negated by perverse price effects. Under these circumstances, the planning of agriculture and overall development cannot be done through the simple aggregation of independently prepared national plans and projections that are likely to be mutually inconsistent. What is required is that the prospects for agricultural exports and their contribution to development be evaluated through the projection of supply and demand by regions and by commodities within a general and spatial equilibrium setting World Bank Development Report, National projections need to be aggregated and differences in planned global and regional output and demand reconciled, before a rational efficient production and trade pattern can be established. The question as to the form of the production function and the choice of technique within agriculture is fundamental. Because of the limited capacity of the industrial sector to absorb labor productively and because of the low efficiency and residual nature of employment opportunities in services, a labor-using technique to alleviate the unemployment problem appears called for in a majority of the developing countries. With respect to land, the question is less clear-cut. In Africa, land is still abundant and output can continue to increase through land expansion. In parts of Latin America and Asia, the bringing under cultivation of new land areas entails very large capital resources in infrastructure e. In any case, the macroeconomic implications in terms of employment creation and income distribution of different techniques and combinations of inputs need to be analyzed carefully to determine the possibility of conflicts that might arise in the pursuit of static economic efficiency, on one hand, and long-run economic and social development, on the other. This comparison is further complicated by the discrepancies that exist between the shadow and market prices in the factor market. The main reason for this appears to be that agriculture has been neglected for years in favor of a stronger development of the industrial sector of the economy. This concept which was introduced as a result of increasing food production to meet the food need of the growing population has yielded fruit in many developing countries. In , Mexico imported half its wheat, but by , the Green Revolution had made Mexico self-sufficient; by , Mexico exported half a million tons of wheat. The associated transformation has continued as the result of programs of agricultural research, extension, and infrastructural development. These programs were instigated and largely funded by the Rockefeller Foundation, along with the Ford Foundation and among other major agencies. The Green Revolution allowed food production to enable, or keep pace with worldwide

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population growth. The Green Revolution has had major social and ecological impacts, making it a popular topic of study among sociologists Weber. In the s, rice yields in India were about two tons per hectare; by the mids, they had risen to six tons per hectare. In , annual rice production in the Philippines increased from 3. The switch to IR8 rice made the Philippines a rice exporter for the first time in the 20th century. But the heavy pesticide use reduced the number of fish and frog species found in rice paddies. There have been numerous attempts to introduce these successful concepts from the Mexican and Indian projects into Africa. These programs have generally been less successful, for a number of reasons. Reasons cited include widespread corruption, insecurity, a lack of infrastructure, and a general lack of will on the part of the governments. Yet environmental factors, such as the availability of water for irrigation, the high diversity in slope and soil types in one given area are also reasons why the Green Revolution has not been successful in Africa. This helps fulfill the agreement of global leaders at the United Nations World Summit that greater investment in agricultural and rural development is crucial for achieving the Millennium Development Goals. The leaders committed to increasing support for agricultural development and trade capacity-building in the agricultural sector in developing countries. Agricultural development makes a critical contribution to overall economic growth in many developing countries. Increased agricultural production also leads to increased demand for processing facilities. Figures from the International Food Policy Research Institute show the multiplier effect of agricultural growth in Africa. Agriculture in sub-Saharan Africa, indeed, generates at least 30 per cent of GDP, 40 per cent of exports and over 70 per cent of employment. Agricultural growth and development require investment and technology. With them huge productivity gains are possible. Over the past 20 years, increases in government spending on agriculture in East and South Asia have been clearly linked to rapid growth in agriculture and to progress towards achieving the Millennium Development Goals. In sub-Saharan Africa, however, public investment in agriculture is still far below what is needed, despite commitments by African governments to allocate 10 per cent of their public spending to it, increased spending on agricultural research is vital, but it is equally important to ensure that the research carried out benefits the smallest farmers. In developing countries, it has all too often bypassed the most needy farmers, offering solutions that are beyond their reach or simply inappropriate to their livelihoods. The challenge is to develop technology in a way that is relevant to small farmers and to create the conditions they need to transform their small plots into viable small businesses that make a vital contribution to local and national economies. The Farmer Field Schools in East Africa show that when this is done, the results can be very impressive indeed. Assisting poorer countries to intensify their agriculture may seem the most obvious and sensible solution but intensificationâ€”at least under current modelsâ€”carries significant stings in its tail. Pesticide and herbicide use can contaminate freshwaters and if inappropriately handled and stored present serious risks to human health and the environment. And many monoculture crop systems have lost the ability naturally to combat diseases and pests making them ever more dependent on chemicals. Some forms of intensification have aggravated disease. Yet climate change is likely to make meeting it more difficult. Increasing pressure on nature is not in the interests of farmers or the global community as a whole. Agriculture will continue to play an important role in the economic development and poverty alleviation in developing countries in the era of economic liberalization and globalization. The persistence of hunger in the developing world means that ensuring adequate and nutritious food for the population will remain the principal challenge facing policy makers in many developing countries in the years to come. As a result of this agriculture in the developing world must be made intellectually and economically rewarding by means of partnership with private players and entrepreneurs.

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## Chapter 4 : Agricultural economics - Wikipedia

*Agriculture is the backbone of the economic system of a given country. In addition to providing food and raw material, agriculture also provides employment opportunities to very large percentage of the population.*

It involves tough work but it contributes to food security and health of the nation. In spite of many commercial options coming up, many rely on agriculture for their income. Agriculture is a nature friendly and most peaceful method of livelihood. It is a very reliable source of livelihood for mankind and also one of the honest source of incomes. Some people involved in other business or jobs still have agriculture as side business. It also extends to dairy, poultry, fisheries, sericulture, bee keeping honey insects etc. These are also dependent on agriculture cultivation in some or other way. Farming become more profitable when combined with these alternative methods. Why is Agriculture important to humans? It provides food security to human population. Importance of agriculture in Food supply Agriculture is the primary source of food products all over the world. All the major food substances viz. The Carbohydrates supply energy to all the living beings. These are obtained in the form of grains like rice, wheat and also potatoes growing in farms. Proteins are useful to build our body. They are supplied as grams and other leguminous products obtained through agriculture. These products include beans, pulses like black gram, Bengal gram, green gram etc. Other sources of protein like meat, fish and dairy also rely on agriculture. Protein from vegetarian sources are cheap and also healthy without chances of infections. So people rely on agriculture protein for their daily needs. Oils can be obtained from agriculture through cultivation of sunflower, ground nut, mustard, sesame etc. Fruits provide natural and intact food material as they do not need cooking. They are easily digestible by kids, old age and sick people. Grape fruits are also used for producing wine. Flowers are used for decoration, ceremony purposes. Also they are rich source of scent, dye material. Importance of agriculture for medicine Many medicinal drugs are obtained from agriculture. Enzyme papain is obtained from the papaya fruits. This Papain is used as a natural enzyme. Especially useful for old aged people and diseased. This papain is obtained in large scale by papaya cultivation. Many alkaloid are used as medicine. They are obtained by growing opium poppy plants in farms. Similarly, alkaloids like hyoscyne, ephedrine, physostigmine are obtained by agriculture. Isapghol used for mild constipation treatment is obtained by cultivation. These constitute some important medicinal principles. Examples include cardiac glycosides like digitalis for heart failure. Senna is a glycoside used for treatment of constipation. Importance of agriculture for clothing: Agriculture is the largest source of cloth material. This clothing material is obtained from cotton. This cotton is also used for making jeans, bedding material etc. Further, jute and other fibers are used to make gunny bags. Though chemical polymer materials are used to make clothes. Further they are safe for use and disposal is nature friendly. Besides farm animals like sheep and cattle are beneficial. While cattle skin is used to produce leather which is used to produce belts, wallets etc. Silk is another type of industry where in silk worm or insects are grown to collect silk. This silk yields very fine cloth and is expensive. Importance of agriculture in employment: In rural areas, agriculture is one of the biggest source of employment. The employment can be Direct: Agriculture provides direct employment for farmers, daily wage workers. Further, as technician for farm machines like tractors, harvester, farm cutting machines etc. Even there is scope for indirect employment. As scientists in seed production, farm machine manufacture, pesticide and fertilizer manufacture nitrogen. There is also scope in academics for teaching and scientist jobs. It is not only a scope of job for men but also for women. As per data, 1 million women work for agriculture in the united states.

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## Chapter 5 : CHAPTER 2 THE ROLE OF AGRICULTURE IN THE ECONOMY

*The development of agriculture provides necessary capital for the development of other sectors like industry, transport and foreign trade. In fact, a balanced development of agriculture and industry is the need of the day.*

Here we detail about the seven important roles of agriculture in Indian economy. Contribution to National Income: From the very beginning, agriculture is contributing a major portion to our national income. In , agriculture and allied activities contributed about 59 per cent of the total national income. Although the share of agriculture has been declining gradually with the growth of other sectors but the share still remained very high as compared to that of the developed countries of the world. For example, the share of agriculture has declined to 54 per cent in , 48 per cent in , 40 per cent in and then to In India over two-thirds of our working population are engaged directly on agriculture and also similarly depend for their livelihood. According to an estimate, about 66 per cent of our working population is engaged in agriculture at present in comparison to that of 2 to 3 per cent in U. Thus the employment pattern of our country is very much common to other under-developed countries of the world. Source of Food Supply: Agriculture is the only major source of food supply as it is providing regular supply of food to such a huge size of population of our country. It has been estimated that about 60 per cent of household consumption is met by agricultural products. Role of Agriculture for Industrial Development: Agriculture in India has been the major source of supply of raw materials to various important industries of our country. Cotton and jute textiles, sugar, vanaspati, edible oil plantation industries viz. About 50 per cent of income generated in the manufacturing sector comes from all these agro-based industries in India. Moreover, agriculture can provide a market for industrial products as increase in the level of agricultural income may lead to expansion of market for industrial products. Indian Agriculture is playing a very important role both in the internal and external trade of the country. Agricultural products like tea, coffee, sugar, tobacco, spices, cashew-nuts etc. Besides manufactured jute, cotton textiles and sugar also contribute another 20 per cent of the total exports of the country. Further, agriculture is helping the country in earning precious foreign exchange to meet the required import bill of the country. Source of Government Revenue: Agriculture is one of the major sources of revenue to both the Central and State Governments of the country. The Government is getting a substantial income from rising land revenue. Some other sectors like railway, roadways are also deriving a good part of their income from the movement of agricultural goods. Role of Agriculture in Economic Planning: The prospect of planning in India also depends much on agricultural sector. A good crop always provides impetus towards a planned economic development of the country by creating a better business climate for the transport system, manufacturing industries, internal trade etc. A good crop also brings a good amount of finance to the Government for meeting its planned expenditure. Similarly, a bad crop lead to a total depression in business of the country, which ultimately lead to a failure of economic planning. Thus the agricultural sector is playing a very important role in a country like India and the prosperity of the Indian economy still largely depends on agricultural sector. Thus from the foregoing analysis it is observed that agricultural development is the basic precondition of sectoral diversification and development of the economy. An increasing marketable surplus of agricultural output is very much essential in India for:

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## Chapter 6 : The Importance of Agriculture - Agriculture Goods

*During Independence there was extremely low productivity per hectare and per worker. However, the previous trend of stagnant agriculture was completely changed due to the introduction of economic planning since , and with special emphasis on agricultural development, particularly after*

The history of the Common Agricultural Policy CAP can be seen as the history of attempts to limit the cost of support. But the need for support has only been questioned recently. Not surprisingly, justifications change over time. But it would be wrong to see in agricultural support only the work of an influential political lobby. As the opinion poll of Eurobarometer in has shown the population at large in the European Community is in its majority prepared to reserve a particular treatment to agriculture. As long as the cost of this policy appears to be manageable, the public is prepared to see agriculture not as an economic activity like many others. The CAP has even an added value for European integration. The CAP has played a crucial role in European integration from the very beginning. As the CAP is intervening in the markets, it had an integrating effect which has gone much beyond agriculture. The market organizations created under the CAP were not only the first regulations of the Community with legally binding effect on the citizens of the member states, they gave also the European Commission wide-ranging responsibilities in managing the policy. Thus, the CAP became the blue-print for the way European integration works. Its techniques have been applied in many other areas of Community policy. The following text tries to trace the values which are attached to agriculture from the beginning of the CAP until today. The changing role of agriculture in the economy To illustrate the changes agriculture has undergone two sets of figures may be useful. The Stresa Conference in worked on the basis that employment in agriculture on average in the six original member states was 25 percent, whereas its contribution to GDP did not go beyond 14 percent. The respective figures for the Community of 15 in are 5. A fraction of the workforce in the s is now producing a much higher quantity of food. It is well known that this is due to technical progress through mechanisation, better seed and breeding qualities, better resource management etc. It is, however, surprising to note that this tremendous technical and economic development has certainly led to a change in values considered important, but not to a reversal of attitude towards agriculture. The early days of the CAP Already the report submitted by the heads of delegations to the six Foreign Ministers in April , the so-called Spaak-Report, suggested a special treatment for agriculture. The reasons were the particular social structure around the family farm, the volatility of production, low elasticity of demand and differences in yields, input-prices and revenues between the different regions. The five objectives of the CAP as laid down in Article 39 of the Rome Treaty<sup>2</sup> deal with the farmer and the consumer i. The farmer is expected to increase his productivity and thus his standard of living, whereas the consumer can rely on sufficient supplies at reasonable prices. Stability of the market is thought to benefit both, the producer and the consumer. These objectives are broad enough to cover a more market oriented as well as a more interventionist policy. Therefore, Article 39 in its second paragraph gives some references for the elaboration of a common agricultural policy. The particular nature of agricultural activity which results from the social structure of agriculture and from structural and natural disparities between the various agricultural regions should be taken into account. However, the text does not forget to mention that agriculture "constitutes a sector closely linked with the economy as a whole. Although this does not preclude treating farmers in different situations differently, the provision lent support to the belief that the farming community is a homogeneous group of mainly family farmers. At the Stresa-Conference<sup>5</sup> in , which laid the basis for the development of the CAP, Ministers of the six original member states stressed the importance of the farming population for social stability. The family farm was recognised unanimously as the way to provide this stability. Houdet, the then French Minister was the most outspoken when he said that the State has to ensure that all farmers enjoy the appropriate income and their proper place in the economy and in society. The then-Commission President Walter Hallstein mentioned independence and freedom based on the ownership of

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his farm as the particular virtues of the European farmer. Judging from the speeches made and the reports submitted, employment in agriculture was not a major concern. Juli , published by Publication Service of the European Communities. It was widely recognised that increase of productivity would lead to a diminishing workforce in agriculture. Depopulation of rural areas in France was mentioned, but not by the French Minister. Nobody, except the Belgian representative, mentioned the most basic task of the farmer, i. This, however, should not mislead us. It was not mentioned because it was so self-evident. In post-war Europe the awareness that farmers produce an essential ingredient of life, namely food, was very strong. Despite industrialisation and urbanisation in Europe since the middle of the last century, the feeling that farmers had a special role in society as providers of food was wide-spread before the Second World War. The scarcity of supplies during the war could only enhance this feeling. But there was even more to it. Rural life and thus the farmer had a symbolic value for all those who felt uncomfortable with or hostile to modernisation of society triggered by industrialisation and urbanisation. This is a recurrent feature of European civilisation which can already be found during the Roman Empire. Summing up there were mainly three reasons justifying a specific appreciation of agricultural activity: The Community dimension added a fourth reason which became very powerful over time: These four aspects and the ingredient of cultural nostalgia ensured a particular place for the farmer in society. In addition he was still representing the good old times, when European countries were basically rural societies. In such a specific relationship between farmer and society economic efficiency is not the overwhelming consideration for agricultural policy although it is present in Article 39 of the Treaty, which sees increasing productivity as the main vehicle for growth of income. The implementation of the objectives of the CAP Title II of the Treaty on the European Community does not rule out the option of meeting the objectives and other requirements of Article 39 by a mere co-ordination of agricultural policies pursued by the member states. This reflects the variety of support systems which existed in the s in the different member states. But soon it became obvious that a common market for agricultural products could not function without a common policy. In order to enable free circulation of agricultural product, the support system had to be a uniform Community wide system. It was logical to finance such a system from Community and not member states resources and to establish a common import regime which in any case was called for by the requirements of a common commercial policy. In such a way the three fundamental principles of the CAP came to life: The market organizations for all main production sectors which were created during the first 10 years of Community existence were, not surprisingly, biased towards stabilising markets and increasing the income of farmers which did not flow exclusively from increase of productivity. The consumer had to pay higher prices than world market prices, but he did not complain very much. In some member states prices even fell in comparison with the situation before the market organizations came into effect e. But the prices of food-stuff became less and less relevant when the general income level increased and the share of food in household expenditure diminished. At the same time the offer of food in terms of variety of products and quality improved considerably. Despite relatively high market prices the traditional structures changed. Employment in agriculture fell with increasing mechanisation and the average size of exploitations increased. But this did not affect the essence of the traditional family farm. The family farm can be small or big, as long as it provides the livelihood for a family. But a farm will not provide the livelihood for the family if it is not a profitable undertaking. The added value is the attachment to the traditional values: In the Community of six member states there were not many which could not be considered as family farms because the owners lived elsewhere. There were, of course, considerable differences in the size of the exploitations. But in all the six member states the relatively small family farm was predominant. This did not change fundamentally with the enlargements in , and Membership of Britain increased the number of large holdings but this was somewhat counterbalanced by the rather small Greek and Portuguese farms, Denmark, Spain and Ireland being in the middle. The family farm as the main type of Community farming and the flexibility this concept allowed, made it possible to treat farmers in the same way irrespective of differences in the size of the exploitation and income, in climatic conditions, etc. A notable exception was the additional support which farmers in

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mountainous and less favoured areas received. From hindsight the s were a good time for the CAP when most of the market organizations were completed, had there not been the Mansholt Plan<sup>8</sup>. In its Memorandum on the Reform of Agriculture in the European Economic Community of December , the Commission sought to deal with two problems which had arisen: The Memorandum talks about an explosive situation. It fears that the surpluses will undermine support for agriculture in society and that the growing disparity between farm and non-farm income will erode the contribution of agriculture to social stability. Unfortunately, the Memorandum with its proposals for reduction of arable areas and cow herds triggered the explosion: Not all was lost, however: The Mansholt Plan was the beginning of a structural policy on the Community level. The watershed of the s Even without a Mansholt Plan Community agriculture was moving in the direction the plan had indicated, but much more slowly, of course. Going slow was possible because the British market opened up in Furthermore, the first oil-shock in increased world wide demand for agricultural products. But things were changing at the beginning of the s and public perception of agriculture, too. The second oil shock and the resulting world recession in made the bell ring for agriculture in the European Community. Ever increasing production which was met with shrinking demand led to huge stocks. These stocks could only be kept and disposed of with high costs. Around 70 percent of the Community budget went into agricultural support. Newspapers started to write about butter and beef mountains and wine lakes. The impression that something was wrong with the CAP spread. Agriculture also came under attack because of its negative impact on the environment due to the application of pesticides and fertilisers. Sympathy for farmers did not evaporate and the perception that the farmer was entitled to support did not wane. But support was more and more considered excessive and the budgetary implications unbearable. This shift in public attitude led to a number of measures to redress the situation in the s, including the establishment of milk quotas in and the stabilisation measures in During the GATT-negotiations agriculture came for the. As a satisfactory result for agriculture was a pre-condition for an overall deal, agriculture had to move. This does not mean that the reform was triggered only by the Uruguay Round, but it put additional pressure on agriculture to accept the reform of the CAP.

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## Chapter 7 : Importance of Agriculture in Indian Economy

*Published: Mon, 5 Dec Agriculture is an important sector in the developing world. It contributes to economic growth and development as well as a major employer to majority of the people of Sub-Saharan Africa including Nigeria, especially those in the rural areas.*

What is the importance of Agriculture for our country? Agriculture, for decades, had been associated with the production of basic food crops. Agriculture and farming were synonymous so long as farming was not commercialized. But as the process of economic development accelerated, many more other occupations allied to farming came to be recognized as a part of agriculture. At present, agriculture besides farming includes forestry, fruit cultivation, dairy, poultry, mushroom, bee keeping, arbitrary, etc. Today, marketing, processing, distribution of agricultural products etc. Thus, agriculture may be defined as the production, processing, marketing and distribution of crops and livestock products. It is the backbone of our economic system. Agriculture not only provides food and raw material but also employment opportunities to a very large proportion of population. The following facts clearly highlight the importance of agriculture in this country. In India the main occupation of our working population is agriculture. About 70 per cent of our population is directly engaged in agriculture. In advanced countries, this ratio is very small being 5 per cent in U. This high proportion in agriculture is due to the fact that the non-agricultural activities have not been developed to absorb the rapidly growing population. Contribution to National Income: Agriculture is the premier source of our national income. According to National Income Committee and C. In , this sector alone contributed In , it contributed around This was further reduced to 28 per cent in Contrary to this, the proportion of agriculture in U. The mere conclusion of all this is that more developed a country the smaller is the contribution of agriculture in national output. Supply of Food and Fodder: Agriculture sector also provides fodder for livestock Cow and buffalo provide protective food in the form of milk and they also provide draught power for farm operations. Moreover, it also meets the food requirements of the people. Import of food grains has been very small in recent years, rather export avenues are being looked for. Importance in International Trade: Agricultural products like tea, sugar, rice, tobacco, spices etc. If the development process of agriculture is smooth, export increases and imports are reduced considerably. Thus, it helps to reduce the adverse balance of payments and save our foreign exchange. This amount can be well utilized to import other necessary inputs, raw-material, machinery and other infra-structure which is otherwise useful for the promotion of economic development of the country. The development of agricultural sector leads to marketable surplus. As country develops more and more people are to be engaged in mining, manufacturing and other non- agricultural sector. All these people depend upon the food production which they can meet from the marketable surplus. As agricultural development takes place, output increases and marketable surplus expands. This can be sold to other countries. Here, it is worth mentioning that the development of Japan and other countries were made possible by the surplus of agriculture. There is no reason why this could not be done in our own case. Source of Raw Material: Agriculture has been the source of raw materials to the leading industries like cotton and jute textiles, sugar, tobacco, edible and non-edible oils etc. All these depend directly on agriculture. Apart from this, many others like processing of fruits and vegetables, dal milling, rice husking, gur making also depend on agriculture for their raw material. According to United Nations Survey, the industries with raw material of agricultural origin accounted for 50 per cent of the value added and 64 per cent of all jobs in the industrial sector. Agriculture is the main support for railways and roadways which transport bulk of agricultural produce from farm to the mandies and factories. Internal trade is mostly in agricultural products. Besides, the finance of the govt, also, to the large extent, depends upon the prosperity of agricultural sector. Contribution to Foreign Exchange Resources: According to an estimate, agricultural commodities like jute, tobacco, oilseeds, spices, raw cotton, tea and coffee accounted for about 18 per cent of the total value of exports in India. This shows that agriculture products still continue to be significant source of earning foreign exchange. The

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agricultural sector is significant as it provides greater employment opportunities in the construction of irrigation projects, drainage system and other such activities. With the fast growing population and high incidence of unemployment and disguised unemployment in backward countries, it is only agriculture sector which provides more employment chances to the labour force. In this way, significance of agriculture emerges more and more. In the course of economic development, agriculture employs majority of people. This means raising the level of the national income and standard of living of the common man. The rapid" rate of growth in agriculture sector gives progressive outlook and further motivation for development. As a result, it helps to create proper atmosphere for general economic development of the economy. Thus, economic development depends on the rate at which agriculture grows. Improvement in agriculture can go a long way in increasing savings. It is seen that rich farmers have started saving especially after green revolution in the country. This surplus amount can be invested in agriculture sector for further; development of the sector. Saving potentials are large in agriculture sector which can be properly tapped for the development of the country. Source of Government Income: In India, many state governments get sizeable revenue from the agriculture sector. Land revenue, agricultural income tax, irrigation tax and some other types of taxes are being levied on agriculture by the state governments. Moreover, considerably revenue is earned by way of excise duty and export duty on agricultural products. Raj committee on Agricultural Taxation has suggested imposition of taxation on agricultural income for raising revenue. Basis of Economic Development: Nurkse has laid sufficient emphasis on the improvement of agriculture for a balanced growth of an economy. The development of agriculture provides necessary capital for the development of other sectors like industry, transport and foreign trade. In fact, a balanced development of agriculture and industry is the need of the day. From the above, explanation it may be concluded that agriculture occupies an important place in the development of an economy. It is in fact, a pre-condition for economic up liftment.

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## Chapter 8 : Importance of agriculture in Pakistan “ Daily Pakistan Observer “

*Economic Growth: Agriculture is the backbone of Indian economy. Though, with the growth of other sectors, the overall share of agriculture on GDP of the country has decreased. Though, with the growth of other sectors, the overall share of agriculture on GDP of the country has decreased.*

During Independence there was extremely low productivity per hectare and per worker. However, the previous trend of stagnant agriculture was completely changed due to the introduction of economic planning since , and with special emphasis on agricultural development, particularly after Importance of Agriculture in Indian Economy: Though industry has been playing an important role in Indian economy, still the contribution of agriculture in the development of Indian economy cannot be denied. This can be measured and gauged by the following facts and figures: Agricultural influence on national income: Agriculture plays vital role in generating employment: In India at least two-thirds of the working population earn their living through agricultural works. In India other sectors have failed generate much of employment opportunity the growing working populations. Agriculture makes provision for food for the ever increasing population: Due to the excessive pressure of population labour surplus economies like India and rapid increase in the demand for food, food production increases at a fast rate. The existing levels of food consumption in these countries are very low and with a little increase in the capita income, the demand for food rise steeply in other words it can be stated that the income elasticity of demand for food is very high in developing countries. Therefore, unless agriculture is able to continuously increase it marketed surplus of food grains, a crisis is like to emerge. Many developing countries are passing through this phase and in a bid to ma the increasing food requirements agriculture has been developed. Contribution to capital formation: There is general agreement on the necessity capital formation. Since agriculture happens be the largest industry in developing country like India, it can and must play an important role in pushing up the rate of capital formation. If it fails to do so, the whole process economic development will suffer a setback. To extract surplus from agriculture the following policies are taken: Therefore, generation of surplus from agriculture will ultimately depend on increasing the agricultural productivity considerably. Supply of raw material to agro-based industries: Agriculture supplies raw materials to various agro-based industries like sugar, jute, cotton textile and vanaspati industries. Food processing industries are similarly dependent on agriculture. Therefore the development of these industries entirely is dependent on agriculture. Market for industrial products: Increase in rural purchasing power is very necessary for industrial development as two- thirds of Indian population live in villages. After green revolution the purchasing power of the large farmers increased due to their enhanced income and negligible tax burden. Influence on internal and external trade and commerce: Indian agriculture plays a vital role in internal and external trade of the country. Internal trade in food-grains and other agricultural products helps in the expansion of service sector. Contribution in government budget: Right from the First Five Year Plan agriculture is considered as the prime revenue collecting sector for the both central and state budgets. However, the governments earn huge revenue from agriculture and its allied activities like cattle rearing, animal husbandry, poultry farming, fishing etc. Indian railway along with the state transport system also earn a handsome revenue as freight charges for agricultural products, both-semi finished and finished ones. Need of labour force: A large number of skilled and unskilled labourers are required for the construction works and in other fields. This labour is supplied by Indian agriculture. Indian agriculture has a cost advantage in several agricultural commodities in the export sector because of low labour costs and self- sufficiency in input supply.

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## Chapter 9 : What is the importance of Agriculture for our country?

*the important role agriculture that can play in economic development and the urgent need to support agricultural growth through raising investment. Agricultural growth has played the key role in past poverty reduction, which allows the country.*

Development economics is easy to characterize as one of the three major subfields of economics, along with microeconomics and macroeconomics. More specifically, development economics resembles economic history in that it seeks to explain the changes that occur in economic systems over time. Economic development first became a major concern after World War II. As the era of European colonialism ended, many former colonies and other countries with low living standards came to be termed underdeveloped countries, to contrast their economies with those of the developed countries, which were understood to be Canada, the United States, those of western Europe, most eastern European countries, the then Soviet Union, Japan, South Africa, Australia, and New Zealand. As living standards in most poor countries began to rise in subsequent decades, they were renamed the developing countries. There is no universally accepted definition of what a developing country is; neither is there one of what constitutes the process of economic development. Developing countries are usually categorized by a per capita income criterion, and economic development is usually thought to occur as per capita incomes rise. Although there are a number of problems of measurement of both the level of per capita income and its rate of growth, these two indicators are the best available to provide estimates of the level of economic well-being within a country and of its economic growth. It is well to consider some of the statistical and conceptual difficulties of using the conventional criterion of underdevelopment before analyzing the causes of underdevelopment. The statistical difficulties are well known. To begin with, there are the awkward borderline cases. Even if analysis is confined to the underdeveloped and developing countries in Asia, Africa, and Latin America, there are rich oil countries that have per capita incomes well above the rest but that are otherwise underdeveloped in their general economic characteristics. Second, there are a number of technical difficulties that make the per capita incomes of many underdeveloped countries expressed in terms of an international currency, such as the U. These difficulties include the defectiveness of the basic national income and population statistics, the inappropriateness of the official exchange rates at which the national incomes in terms of the respective domestic currencies are converted into the common denominator of the U. Finally, there are conceptual problems in interpreting the meaning of the international differences in the per capita income levels. Although the difficulties with income measures are well established, measures of per capita income correlate reasonably well with other measures of economic well-being, such as life expectancy, infant mortality rates, and literacy rates. Other indicators, such as nutritional status and the per capita availability of hospital beds, physicians, and teachers, are also closely related to per capita income levels. While a difference of, say, 10 percent in per capita incomes between two countries would not be regarded as necessarily indicative of a difference in living standards between them, actual observed differences are of a much larger magnitude. The interpretation of a low per capita income level as an index of poverty in a material sense may be accepted with two qualifications. First, the level of material living depends not on per capita income as such but on per capita consumption. The two may differ considerably when a large proportion of the national income is diverted from consumption to other purposes; for example, through a policy of forced saving. Second, the poverty of a country is more faithfully reflected by the representative standard of living of the great mass of its people. This may be well below the simple arithmetic average of per capita income or consumption when national income is very unequally distributed and there is a wide gap in the standard of living between the rich and the poor. The usual definition of a developing country is that adopted by the World Bank: To be sure, countries with the same per capita income may not otherwise resemble one another: Centrally planned economies are also generally regarded as a separate class, although China and North Korea are universally considered developing countries. A major

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difficulty is that prices serve less as indicators of relative scarcity in centrally planned economies and hence are less reliable as indicators of the per capita availability of goods and services than in market-oriented economies. Estimates of percentage increases in real per capita income are subject to a somewhat smaller margin of error than are estimates of income levels. Page 1 of 7.