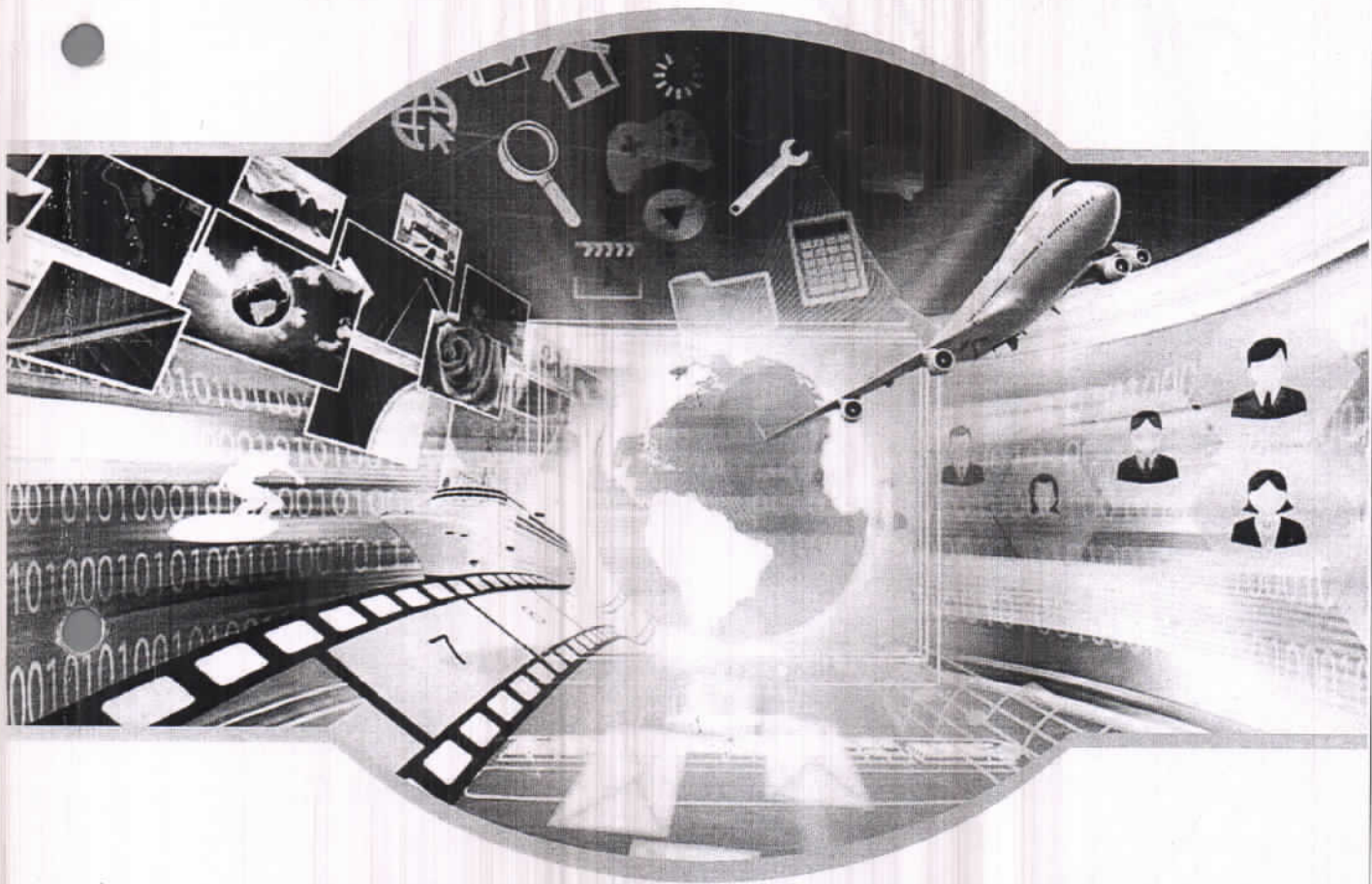


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## Importance and Challenges of Agriculture Sector

Dr. Vijay Annaso Mane

### Introduction

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Thus around 70 per cent of our exports consist of agricultural product. The role of agriculture in the industrial development of the economy is no less important. Agricultural sector supplies raw materials to the agro-based industries like sugar, jute, cotton, ground-nut and oilseeds. Failure of agricultural crops spells a disaster for the Indian industries. Agriculture also directly and indirectly provides a market for the industrial products. Directly, agricultural sector consumes industrial products like chemical fertilizers, pesticides, and small tools and equipments.

Indirectly, the success in agricultural sector increases the purchasing capacity of the people to purchase industrial products. Thus, agriculture occupies a pivotal position in the Indian economy. And, a rapid development of the economy depends on a smooth and sustained growth in the agricultural sector.

### Importance of Indian Agriculture:

Agriculture plays a crucial role in the life of an economy. It is the backbone of our economic system. Agriculture sector 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.

#### 1) Source of Livelihood

In India the main occupation of our working population is agriculture. About 70 per Cent of our population is directly engaged in agriculture

#### 2) Contribution to National Income

In 2001-02, it contributed around 32.4 per cent of national income. This was further reduced to 28 per cent in 1999-2000. Contrary to this, the proportion of agriculture in U.K. is only 3.1, in USA it is 3 percent, 2.5 per cent in Canada, 6 per cent in Japan, 7.6 per Cent in Australia. The mere conclusion of all this is that more developed a country the smaller is the contribution of agriculture in national output.

#### 3) Supply of Food and Fodder

Agriculture sector also provides fodder for livestock (35.33 crores). 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.

#### 4) Importance in International Trade

It is the agricultural sector that feeds country's trade. Agricultural products like tea, sugar, rice, tobacco, spices etc. constitute the main items of exports of India. If the development process of agriculture is smooth, export increases and imports are reduced considerably.

### Methodology

Present study is based on secondary source of data. The secondary data has been collected from various books, journals, magazines, and websites.

### Role of Indian Agriculture

Agriculture constitutes the backbone of the Indian economy. It contributes around 32 per cent of the national income and provides employment to 70 per cent of Indian working force. Further, agricultural product constitutes 50 per cent of our exports and manufactures with agricultural content (cloth, sugar and manufactured jute) contributes another 20 per cent of Indias export.



### 5) Marketable Surplus

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.

### 6) 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, gird making also depend on agriculture for their raw material.

### 7) Importance in Transport

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.

### 8) Contribution to Foreign Exchange Resources

Agricultural sector constitutes an important place in the country's export trade. According to a estimate, agricultural commodities like jute, tobacco, oil-seeds, spices, raw cotton, tea and coffee accounted for about 18 per cent of the total value of exports in India.

### 9) Vast Employment Opportunities

The agricultural sector is significant as it provides greater employment opportunities in the construction of irrigation projects, drainage system and other such activities.

### 10) Overall Economic Development:

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.

### 11) Source of Saving

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.

### 12) 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.

### 13) Basis of Economic Development

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.

## Challenges before Agriculture Sector

Major challenges faced by the agricultural sector in India relate to the following aspects.

### 1) No proper management of Irrigation

Irrigation in India can be broadly classified into two parts. Each having different issues. There are a few major problems with surface irrigation. Irrigation facilities are inadequate and there is no effective system management for how much water is stored, how much is used for irrigation. Consequently, farmers depend on rainfall, specifically the Monsoon season. A good monsoon results in robust growth for the economy as a whole, while a poor monsoon leads to sluggish growth. With groundwater, the major problem is of equity.

### 2) Dependence of Agriculture on Weather

Agriculture in India and many other developing countries depends on the monsoon because irrigation facilities are not fully developed. If the monsoon fails or it rains heavily or untimely, it ruins agricultural production. Agriculture is also a gamble with temperature. Too high a temperature negatively affects the productivity of a crop. The present insurance system in India does not cater much for any loss of crop due to unfavourable and unavoidable climatic conditions or pest epidemics. Small farmers who have taken loans to raise crops fall into heavy debt in such situations and if this continues, the poor farmer may starve and sometimes even commits suicide as reported in Maharashtra and Andhra Pradesh.

### 3) Policies leads to slow Agricultural Growth

Slow agricultural growth is a matter of concern as most of India's population is dependent on rural employment for a living. Current agricultural practices are neither economically nor environmentally sustainable and India's yields for many agricultural commodities are low. Poorly maintained irrigation systems and lack of good extension services are among the factors responsible.

### 4) Poor Socio-Economic condition of Farmers

Illiteracy, the root cause of farmers' poor socioeconomic condition, should be tackled vigorously. Though the government is taking the initiative by adopting policies like universal education, a highly centralized bureaucracy with low accountability and inefficient use of public funds limits their impact on poverty. Lack of technical knowledge and awareness are also responsible for low productivity, adding to the problem of poverty among farmers. Proper causes are the slow progress in implementing land reforms, inadequate or inefficient finance and marketing services for farm produce and inconsistent government policy. Agricultural subsidies and taxes often change without notice for short-term political ends.

### 5) Inadequate infrastructure & Low Investment

India has inadequate infrastructure and services because of low investment. Farming equipment and infrastructure are scarce outside the provinces of Punjab and Haryana. Because many of the farms are small, the farmers cannot afford irrigation systems that would increase productivity. Most big farms are family-



owned and run and do not take advantage of economies of scale - the concept that the cost per unit falls as output quantities increase, because the problem of land absenteeism in big farms which hinders the development of land to increase productivity because the tenant who cultivates the land has little care for its development or productivity. Low investment in big and small of farms leads to lower production, inefficiency and higher costs, one of the causes of food inflation in India.

#### 6) Disasters leading to Rural Poverty

Rural poverty has two characteristics: the poverty of rural human beings and the poverty of weather prone rural areas. The degradation of natural resource may be caused by drought or flood because of global warming or by modern farming methods which affect the land negatively, ultimately making rural people poor. The first one leaves the land barren and the second one, though costly, leads to large scale economies. Because of high returns, farmers are tempted without giving thought to its ill effects. The poor who cannot afford it fall further into the trap of poverty because they cannot compete with rich farmers while casual labourers lose their jobs with the introduction of mechanization. To remove rural poverty, small farmers and women must be integrated into the development effort, s. that they also contribute to the removal of poverty.

#### 7) The average size of Land Holdings is small

The average size of land holdings is less than 20,000 m<sup>2</sup> and subject to fragmentation due to land ceiling acts and, in some cases, family disputes. Such small holdings are often overmanned, resulting in disguised unemployment and low productivity of Labour.

#### 8) Use of Technology is inadequate

Adoption of modern agricultural practices and use of technology is inadequate, hampered by ignorance, high costs and impracticality in the case of small land holdings. In India, farming practices are too haphaz. and non-scientific and need some forethought before implementing any new technology.

#### 9) The Future Prospects of Indian Agriculture

The inclusive agricultural development is the need of 21st century. Growth with sustainability is main perspective of 12th five year plan. Indian agriculture sector should have to take some measures to attain inclusive growth. Some main issues which we have to keep front of us that is given below

1) **Soil health enhancement:** Agricultural Universities, Krishi Vigyan Kendras, Fertilizers companies, research institutions, states department of agriculture & farmers associations should aim at increasing the productivity potential of the soil by plying adequate attention to the chemistry & physics of soils. Dry farming areas should receive special attention.

2) **Irrigation Water Supply Augmentation & Demand Management:** All existing wells & ponds should be renovated. Seawater farming should be prompted in coastal areas through the cultivation of inangroves, sahicornia, casuarinas & appropriate halophytic plants. Control & proper method of irrigation in

canal & tank command areas. Repair & maintain the traditional system of water harvesting & recharge of surface water demand management through improved irrigation practices, including sprinkler & drip irrigation should receive priority attention, There should be giving the training to farmers of water management.

3) **Credit & Insurance:** The difference between lending & deposit interest rate is high in India by international standards interest rate should be reduced. On account of droughts & floods & the high interest on arm loans,, the farmers become defaulters & thus the credit system pushes them out of its network. To meet natural calamities, the central & state governments must step into create an agricultural risk fund to provide relief.

4) **Technology:** Agriculture scientist should state the performance of new varieties & technologies in terms of net income per hectare & not just in terms of yield per hectare.

5) **Marketing reforms:** Market reforms should begin with production planning's, so that every link in the cultivation — consumption — commerce chain receives adequate & timely attention. The number of middle mans should be reduced.

6) **The use of bio-fertilizers has to be expanded:** The productivity of agriculture is less than other countries because India has very low use of bio-fertilizers. Agriculture sector have need to increase use of biofertilizers for improving productivity & to attain sustainable agricultural development.

#### Conclusion

Agriculture is a way of life, a tradition, which, for centuries, has shaped the thought, the outlook, the culture and the economic life of the people of India. Agriculture, therefore, is and will continue to be central to all strategies for planned socio-economic development of the country. Rapid growth of agriculture is essential not only to achieve self-reliance at national level but also for household food security and to bring about equity in distribution of income and wealth resulting in rapid reduction in poverty levels. Indian agriculture has, since Independence, made rapid strides. In taking the annual food grains production from 51 million tonnes in early fifties to 206 million tonnes at the turn of the century, it has contributed significantly in achieving self-sufficiency in food and in avoiding food shortages. Over 200 million Indian farmers and farm workers have been the backbone of India's agriculture. Despite having achieved national food security the well being of the farming community continues to be a matter of grave concern for planners and policy makers. The establishment of an agrarian economy which ensures food and nutrition to India's billion people, raw materials for its expanding industrial base and surpluses for exports, and a fair and equitable reward system for the farming community for the services they provide to the society, will be the mainstay of reforms in the agriculture sector. Growth in the farm sector has slowed since the early 1990s, a development that is viewed as a constraint to sustaining high rates of overall economic growth, and to achieving regional and rural-urban balance in economic gains. Since productivity levels of most crops are below world averages and India has a rich agricultural resource

base in terms of climate, soils, water, and labor, India is likely capable of sustaining stronger growth output and current plans target 4-percent growth.

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