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Role of Agriculture Marketing in Economic Development of India

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Introduction:

Agricultural marketing includes the buying and selling of agricultural produces. This definition is suitable for olden days, when the economy of rural areas was self-sufficient, where the farmers had no problems in marketing their product as they used to sell their product directly to the consumer on it cash or barter system, marketing of agricultural produce is quite different from that in olden days, as it passes through a number of hands before it ultimately reaches the consumer. Agricultural marketing plays an important role not only in stimulating production and consumption, but also in accelerating the pace of economic development.

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

IMPORTANCE OF AGRICULTURE IN INDIAN ECONOMY

Agriculture is the most central sector of Indian economy. It is the prime industry in our country. More than 70% of the population is dependent on agriculture and 80% of the villagers earn their livelihood from this sector. Seven out of ten persons in India are dependent on agriculture sector. The contribution of agriculture to Indian economic development lies in

- Providing more food to rapidly expanding population,
- Increasing the demand for industrial produce and thus accelerating the expansion of the secondary and tertiary sectors,
- By earning valued foreign exchange through the export of agricultural products
- Increasing rural earning to be mobilized by the State,
- Improving the welfare of the farmers and rural people.
- Providing employment to the uneducated, backward and unskilled labor.

As a matter of fact, if the process of economic development is to be started and made self-sustaining, it must initiate for agricultural sector.

Importance of Agricultural Marketing

1. Optimization of resource use and output management
2. Increase farm income
3. Widening market
4. Growth of agro-based industries
5. Price signal
6. Adoption and spread of new technology
7. Employment creation
8. Addition national income
9. Better living
10. Creation of utility.

Role of Agriculture in Economic Development:

The agriculture sector is the backbone of an Indian economy; which offers the basic ingredients to mankind and now raw material for industrialization.

Role of Agriculture in the Economic Development:

1. **Contribution to National Income:** It is experiential that many advanced countries tell us that agricultural prosperity contributed considerably in nurturing economic advancement. It is observed that, “Currently the leading industrialized countries were



once mainly agricultural while the developing economies still have the dominance of agriculture and it largely contributes to the national income. In India, 28% of national income comes from the agricultural sector.

2. Source of Food Supply: Agriculture is the main and fundamental source of food supply of all the countries of the world whether underdeveloped, developing or even developed. Due to heavy burden of population in underdeveloped and developing countries and its quick increase, the demand for food is increasing at a fast rate. If agriculture fails to meet the increasing demand of food products, it is found to affect unfavorably the growth rate of the economy. Hovering supply of food by agricultural sector has, therefore, great importance for economic growth of a country.

3. Pre-Requisite for Raw Material: Agricultural progression is necessary for improving the supply of raw materials for the agrobased industries especially in developing countries. The shortage of agricultural goods has its impact on the industrial production and a resultant increase in the general price level. It will hinder the growth of the country's economy. The flour mills, rice sellers, oil & dal mills, bread, meat, milk products sugar factories, wineries, jute mills, textile mills and many other businesses are based agro-based.

4. Provision of Surplus: The development in agricultural sector provides surplus for increasing the exports of agricultural products. In the earlier phases of development, an increase in the exports earning is more desirable because of the greater strains on the foreign exchange situation needed for the financing of imports of basic and essential capital goods.

5. Shift of Manpower: Initially, agriculture engrosses a large quantity of labour force. In India about 62% labour is working in this sector. Agricultural growth permits the shift of manpower from agricultural to non-agricultural sector. In the early stages, the diversion of labour from agricultural to nonagricultural sector is further important from the point of view of economic development as it eases the burden of surplus labour force over the limited land. Thus, the release of excess



manpower from the agricultural sector is necessary for the growth of agricultural sector and for growing the non-agricultural sector.

6. Creation of Infrastructure: The development of agriculture needs infrastructural facilities like roads, market yards, storage, transportation railways, postal services and many others for an infrastructure creating demand for industrial products and the development of commercial sector.

7. Respite from Shortage of Capital: The development of agricultural sector has minimized the burden of numerous developed countries that were facing the shortage of foreign capital. If foreign capital is available with the 'strings' attached to it, it will create additional significant problem. Agriculture sector requires less capital for its development thus it minimizes growth problem of foreign capital.

8. Helps in Reduce Inequality: In a country which is mainly agricultural and overpopulated, there is greater inequality of income between the rural and urban areas of the country. To reduce this disparity of income, it is necessary to accord higher priority to agriculture. The wealth of agriculture would raise the income of the majority of the rural population and thus the disparity in income may be reduced to a certain extent.

9. Based on Democratic Notions: If the agricultural sector does not grow at a faster rate, it may result in the growing annoyance amongst the masses which is never healthy for the smooth running of democratic governments. For economic development, it is necessary to diminish political as well as social tensions. In case the majority of the people have to be sparked with the hopes of prosperity, this can be achieved with the help of agricultural progress. Therefore development of agriculture sector is also pertinent on political and social grounds.

10. Create Effective Demand: The development of agricultural sector would related to the increase the purchasing power of agriculturists which will help the growth of the non-agricultural sector of the country. It will provide a market for increased production. In underdeveloped countries, it is well known that the popular of people

depend upon agriculture and it is they who must be able to afford to consume the goods produced.

11. Support in Phasing out Economic Depression: During recession, industrial production can be stopped or reduced but agricultural production continues as it produces basic necessities of life. Thus it continues to create actual demand even during adverse conditions of the economy.

12. Foundation of Foreign Exchange for the Country: Majority of the developing countries of the world are exporters of primary products. Agro products contribute 60%- 70% of their total export earnings. Thus, the capacity to import capital goods and machinery for industrial growth depends crucially on the export earning of the agriculture sector.

13. Contribution to Capital Creation: Underdeveloped and developing nations needs huge amount of capital for its economic development. In the initial stages of economic development, it is agriculture that establishes a significant source of capital formation.

14. Employment Opportunities for Rural People: Agriculture provides employment chances for rural people on a large scale in underdeveloped and developing countries. It is an important foundation of livelihood. Usually, landless workers and marginal farmers are engaged in the non-agricultural jobs like handicrafts, furniture, textiles, leather, metal work, processing industries, and in other service sectors. These rural units fulfill local demands. In India around 70.6% of total labour force depends upon agriculture.

15. Helps in Rural Welfare: The rural economy depends on agriculture and allied occupations in an underdeveloped country. The increasing agricultural surplus caused by increasing agricultural production and productivity inclines to improve social welfare, particularly in rural areas. The living standard of rural people rises and they start consuming nutritious diet including eggs, milk, ghee and fruits. They lead a comfortable life having all modern facilities—a better house, motor-cycle, radio, television and use of better clothes.

16. Extension of Market for Industrial Output: This offer the extension of market for the agro-based goods and which would be supplied to the industrial sector. Upsurge in agricultural productivity indications to increase in the income of rural population which is turn leads to more demand for industrial products, thus development of industrial sector.

Accumulative marketable surplus of agricultural output is much essential in India for:

- (i) Cumulative supply of food and raw materials at non-inflationary prices;
- (ii) (Widening the local market for industrial products through higher purchasing capacities in the rural sector;
- (iii) Facilitating inter-sectoral transfers of capital needed for industrial development alongwith infra-structural development;
- (iv) Increasing foreign exchange earnings through increasing size of agricultural exports.

Conclusion:

The agricultural development is most important factor in the economic development of a country. Even developed countries lay stress on agricultural development. Agricultural growth is important to provide food for growing non-agricultural labour force, raw materials for industrial production and saving and tax revenue to support development of the rest of the economy, to get foreign exchange and to provide a rising market for domestic manufactures. Thus, agricultural marketing plays a key role in the economic development of the nation.

References

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