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Fashanu Happiness Omofa, student of the international faculty, Kursk state medical university

Email: samuelhappiness636@gamil.com

ROLE OF AGRICULTURE IN THE ECONOMIC DEVELOPMENT OF A COUNTRY

Abstract: increased agricultural output and productivity tend to contribute substantially to an overall economic development of the country, it will be rational and appropriate to place greater emphasis on further development of the agricultural sector.

Keywords: economic development production, export, commodities, agriculture sector.

Фашану Счастье Омофа, студент международного факультета, Курский государственный медицинский университет, Курск, Россия

Email: samuelhappiness636@gamil.com

РОЛЬ СЕЛЬСКОГО ХОЗЯЙСТВА В ЭКОНОМИЧЕСКОМ РАЗВИТИИ СТРАНЫ

Аннотация: увеличение сельскохозяйственного производства и производительности, как правило, вносят существенный вклад в общее экономическое развитие страны, следовательно целесообразно уделять больше внимания дальнейшему развитию сельскохозяйственного сектора.

Ключевые слова: производство, экспорт, сырьевые товары, сельское хозяйство.

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 other words, where per capita real income is low, the emphasis is being laid on agriculture and other primary industries [2].

The history of England is clear evidence that Agricultural Revolution preceded the Industrial Revolution there. In U.S.A. and Japan, also agricultural development has helped to a greater extent in the process of their industrialization. Similarly, various under-developed countries of the world engaged in the process of economic development have by now learned the limitations of putting over-emphasis on industrialization as a means to attain higher per capita real income. “Thus industrial and agricultural developments are not alternatives but are complementary and are mutually supporting concerning both inputs and output.

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

History of many advanced countries tells us that agricultural prosperity contributed considerably to fostering economic advancement. It is correctly observed that “The leading industrialized countries of today were once predominantly agricultural while the developing economies still have the dominance of agriculture and it largely contributes to the national income. In India, still, 28% of national income comes from this sector. Agriculture is the basic source of the food supply of all the countries of the world whether underdeveloped, developing or even developed. Due to the heavy pressure of population in underdeveloped and developing countries and its rapid increase, the demand for food is increasing at a fast rate. If agriculture fails to meet the rising demand for food products, it is found to affect adversely the growth rate of the economy. Raising supply of food by the agricultural sector has, therefore, great importance for the economic growth of a country.

Agricultural advancement is necessary for improving the supply of raw materials for the agro- based industries, especially in developing countries. The

shortage of agricultural goods has its impact on industrial production and a consequent increase in the general price level. It will impede the growth of the country's economy. The flour mills, rice shellers, oil & dal mills, bread, meat, milk products sugar factories, wineries, jute mills, textile mills and numerous other industries are based on agricultural products.

Provision of surplus, the progress in the agricultural sector provides a surplus for increasing the exports of agricultural products. In the earlier stages 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.

Johnson and Mellor are of the opinion, "Given the urgent need for enlarged foreign exchange earnings and the lack of alternative opportunities, a substantial expansion of agricultural export production is frequently a rational policy even though the world supply-demand situation for a commodity is unfavorable." the Shift of Manpower, Initially, agriculture absorbs a large quantity of labor force. In India still, about 62% labor is absorbed in this sector. Agricultural progress permits the shift of manpower from agricultural to non-agricultural sector. In the initial stages, the diversion of labor from agricultural to the non-agricultural sector is more important from economic development as it eases the burden of the surplus labor force over the limited land. Thus, the release of surplus manpower from the agricultural sector is necessary for the progress of the agricultural sector and for expanding the non-agricultural sector. Creation of Infrastructure, the development of agriculture requires roads, market yards, storage, transportation railways, postal services and many others for an infrastructure creating demand for industrial products and the development of the commercial sector.

The development of the agricultural sector has minimized the burden of several developed countries that were facing the shortage of foreign capital. If foreign capital is available with the 'strings' attached to it, it will create another significant problem. Agriculture sector requires less capital for its development. Thus it minimizes growth problem of foreign capital.

In a country which is predominantly agricultural and overpopulated, there is greater inequality of income between the rural and urban areas of the country. To reduce this inequality of income, it is necessary to accord higher priority to agriculture. The prosperity 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.

Most of the developing countries of the world are exporters of primary products. These products contribute 60 to 70 percent of their total export earnings. Thus, the capacity to import capital goods and machinery for industrial development depends crucially on the export earning of the agriculture sector. If exports of agricultural goods fail to increase at a sufficiently high rate, these countries are forced to incur a heavy deficit in the balance of payments resulting in a serious foreign exchange problem. However, primary goods face declining prices in the international market and the prospects of increasing export earnings through them are limited. Due to this, large developing countries like India (having potentialities of industrial development) are trying to diversify their production structure and promote the exports of manufactured goods even though this requires the adoption of protective measures in the initial period of planning.

Underdeveloped and developing countries need a huge amount of capital for its economic development. In the initial stages of economic development, it is agriculture that constitutes a significant source of capital formation.

Agriculture provides employment opportunities for rural people on a large scale in underdeveloped and developing countries. It is an important source of livelihood. Generally, landless workers and marginal farmers are engaged in non-agricultural jobs like handicrafts, furniture, textiles, leather, metal work, processing industries, and in other service sectors. These rural units fulfill merely local demands. In India, about 70.6% of total labor force depends upon agriculture. Improving Rural Welfare, it is time that rural economy depends on agriculture and allied occupations in an underdeveloped country. The rising agricultural surplus caused by increasing agricultural production and productivity tends to improve social welfare, particularly

in rural areas. The living standard of rural masses rises and they start consuming a nutritious diet including eggs, milk, ghee and fruits. They lead a comfortable life having all modern amenities—a better house, motor-cycle, radio, television and use of better clothes.

As a result of agricultural progress, there will be an extension of the market for industrial products. Increase in agricultural productivity leads to an increase in the income of rural population which is, in turn, leads to more demand for industrial products, thus the development of the industrial sector.

According to Dr. Bright Singh, [1] increase in agricultural production and the rise in the per- capita income of the rural community, together with the industrialization and urbanization, lead to increased demand in industrial production.” In this way, the agricultural sector helps promote economic growth by securing as a supplement to the industrial sector.

Contributions of agriculture to economic growth [3]

1. Product contribution i.e making available food and raw materials.
2. Market contributions I.e providing market for producer goods consumer goods produced in the non-agricultural sector.
3. Factor contribution I.e making available labour and capital to non-agricultural sector.
4. Foreign Exchange contribution.
5. Agriculture Sector Provides Funds for Capital Formation in Many ways as Agricultural taxation.
6. Export of agricultural products.
7. Collection of agricultural products at low prices by the government and selling it at higher prices. This method is adopted by Russia and China.
8. Labor in disguised unemployment, largely confined to agriculture, is viewed as a source of investible surplus.
9. Transfer of labor and capital from farm to non-farm activities etc.

From the above-cited explanation, we conclude that agricultural development is a must for the economic development of a country. Even developed countries

emphasize agricultural development. According to Muir, “Agricultural progress is essential to provide food for growing non-agricultural labor force, raw materials for industrial production and saving and tax revenue to support the development of the rest of the economy, to earn foreign exchange and to provide a growing market for domestic manufactures.

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