

Economic Growth in Agricultural Sector

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Description

The agricultural sector is the most important source of livelihood for the Urban Country's population. The availability of fertile land enables the production of various agricultural commodities and food crops. Agriculture contributes to economic development in several ways: By providing raw materials and food to non-agricultural industries, the rural people can benefit from the excess supply and earn a return on their investment. It will stimulate demand for the goods produced by these sectors and create a surplus in the economy. Creating employment opportunities for unskilled and uneducated workers is the only way to achieve self-reliance and economic development. The agriculture sector is the backbone of an economy that provides the essential ingredients to the industrial sector and is now raw material for industrialization.

The agriculture sector provides funds for capital formation in many ways as:

It is a vital part of the country's economy and is known to generate employment. There are four ways through which agriculture contributes towards the process of economic development.

Product contribution

The product contribution of agriculture refers to the impact of farm produce to the nation's food supply. It is because a growing population requires an increased food supply.

Market contribution

The market contribution of agriculture refers to the continuous demand for goods and services produced by agriculture. It is because the rapid growth of the agricultural sector has a strong link with the industrial sector. A prolonged and robust agricultural growth can trigger an increase in the demand for industrial goods and services.

Factor contribution

Factor contributions include contributions of labor and capital, which occur when factors or production resources are transferred from one particular sector to another. The characteristic of overcrowded developing economies is the existence of surplus labor or disguised unemployment.

In addition, the government can raise resources for investment by imposing taxes on the agricultural sector.

Role of Industrial Development in Economic Growth

Modernization of industry

Industrial development is necessary for the modernization of agriculture. Agriculture in India is traditional and backward. High production costs and low productivity. Agricultural modernization requires tractors, threshers, pump sets, and harvest seasons. Chemical fertilizers, pesticides, herbicides, etc. are all industrial products are needed to increase productivity. Without industrialization, products cannot be manufactured. Raw materials are agricultural products such as jute, cotton, and sugar cane. Prepare finished products such as flex, fiber, and sugar. We need industrialization. Therefore, industrial development is necessary for the modernization of agriculture.

Development of science and technology

Industrial development promotes the advancement of science and technology. Conduct industrial enterprise research and develop new products

Capital formation

A sharp shortage of capital is a foremost problem for the Indian economy. In the agricultural sector, the surplus is small. Its mobilization is also crucial. In large-scale industries, productions are very high. By taking advantage of the external and internal economies, the industry can achieve higher profits. This profit can be improved for expansion and growth. Therefore, industrialization helps to build capital.

Importance in international trade

Industrialization is playing a foremost role in the promotion of marketing. Developed countries benefit from marketing more than countries that are retreating into the industry. Developing countries export raw materials and import industrial products. Agricultural products are inexpensive, and their demand is usually elastic.

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Industrial products require high value and have no elasticity of demand. It creates a gap in marketing. To fill the balance of payments deficit, it is necessary to produce import substitutes and promote exports through the development of the industry.

Foremost sector of economic development

Industry is considered the core sector of economic improvement. By building innovative technology, division of labor, and scientific

management, economies of scale. Therefore, production and employment are increasing rapidly. It will lead to economic growth and capital formation.

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