

## The Role of Agriculture in Poverty Reduction and Sustainable Development

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### SUMMARY

Agricultural development can strengthen the economy outside of the agricultural sector, resulting in more growth and employment. Beyond the immediate influence on farmer incomes, there is a lot of evidence that agriculture can help reduce poverty. Efforts to strengthen agricultural productivity and, as a result, farm income and employment, are a significant tool for poverty reduction. A specialized focused programme aiming at enhancing the welfare of poor people in rural areas should be included to this. Agriculture productivity growth, on the other hand, has a significant impact on poverty reduction, whereas productivity growth in service sector didn't really.

### INTRODUCTION

Increased agricultural production enhances farm incomes, increases food availability, lowers food prices, and expands employment prospects in both rural and urban areas. Consumer demand for goods and services generated by industries other than agriculture may increase as income increases. Such connections (or the 'multiplier effect') between agricultural and economic growth have allowed emerging countries to diversify into other industries with stronger growth and better incomes. Outside of agriculture, diversification is critical for a country's success. This is particularly true in rural areas, where around 70% of the world's poorest people resides (IFAD 2011a). As per Haggblade et al. (2002), a quarter of the rural population in developing nations is working full-time outside of agriculture, which accounts for 35-40% of rural income. This isn't just a trend among the wealthier rural population; the poorest 20% of the population earns 30% of their income from non-farm sources on average (DFID 2005). Agricultural productivity can thus be viewed as a first stage or engine of growth that leads to increased national wealth. It's worth mentioning that while no poor country has ever alleviated poverty entirely through agriculture, almost none has ever accomplished it without first raising agricultural output. Growth in agriculture is a significant addition to growth in other sectors (DFID 2005).

### The impact of agriculture on poverty reduction depends on

- Growth in the agriculture sector has the immediate consequence of increasing the income levels of individuals engaged in the sector.
- The extent to which the poor benefited from agricultural growth is determined by the poor's rate of participation in agriculture.
- In highly mechanised agriculture, poor and unskilled people's participation may be minimal. Subsistence agriculture, on the other hand, may have a relatively high incidence of low participation.
- The total contribution of agriculture to poverty reduction is determined by the sector's relative size, or its share of the national economy.

"Since the majority of people in the world are poor, we can learn a lot about the economics of poverty." Agriculture provides the majority of the world's poor population's income, thus we can learn a lot about the economics of poverty if we understand agriculture." Nationally, the percentage of people living in poverty (although not the overall number of poor people in all nations) has gradually decreased during the last thirty years, owing mostly to economic growth. In order to have a better understanding of the discussion, we looked for common characteristics among emerging nations that have had outstanding success in reducing severe poverty over the last twenty to twenty-five years. Schultz, T. W. (1980).

The majority of the population in the developing world has been seeing their standard of living increase in combination with high levels of economic growth and increasing national wealth during the last 35 years. The percentage of people living in extreme poverty has decreased from 42% in 1980 to 10% in 2016. During the same time period, the number of the world's poorest people fell from 1.9 billion to 736 million. (According to World Bank data, 2008a)

Many countries planned to minimize the agricultural disproportion that had been gained through overvalued exchange rates and heavy tariffs on agricultural exports. Rich country trading partners, on the other hand, were significantly decreasing their own trade-distorting border safeguards and agricultural subsidies. As a result, agriculture plays an important role in making economic growth more pro-poor by employing a large proportion of the poor and untrained workforce. On average, with every 1% improvement in agricultural output, the share of people living on less than a dollar a day decreases by 0.6 to 1.2 percent. (World Bank, 2008a)

Even though agriculture is less productive, imperceptible agriculture growth (the direct growth component) should not be considered to indicate that agriculture is less productive. GDP growth will continue to be lower than growth outside agriculture, especially in nations where agriculture is almost marketable and Engel's Law is more prominent—thereafter in the development process. The empirical findings show that the relationship between agriculture and the rest of the economy (the indirect growth component) is evolving, with agriculture serving as an important source of growth throughout the economy, especially in lower-income SSA countries, to a stage with little perceptible linkage effects in most middle-income countries. The extent to which different segments of the underdeveloped nation participate in growth across different sectors has been established, with these differences causing the huge disparities in the effects of sectoral growth on poverty. (Christiansen 2011). The poor, who depend mostly on labour wages, spend the majority of their income on food and usually live in agrarian marginal areas. To eradicate poverty, agricultural research should focus on ensuring adequate food supplies through the development of yield-raising technologies, increasing labour demand through the development of labour-using technologies, and developing technologies appropriate for underdeveloped areas.

The agriculture sector's contribution to the economy cannot be replaced or supplemented by any other sector. It not only provides fodder or food, contributes to national wealth, and offers a means of subsistence, but it also has a significant impact on international trade. Sugar, tea, rice, spices, tobacco, coffee, and other agricultural products are the major export items of most agrarian economies. When an economy's agriculture sector expands, it leads to a significant increase in exports and a decrease in imports. This not only helps to improve trade terms for the country, but it also saves foreign exchange. This amount could also be used to import other required inputs like as machinery, natural resources, and other infrastructure. This amount can further be used to import other essential inputs like machinery, raw material, and other infrastructure which are essential for a country 's economic development.

In spite of these challenges, several new opportunities have opened up, which can help in boosting production of agriculture and productivity sustainably and in ensuring the inclusion of smallholders in the production of high-value agriculture products. As a result of the rising demand for high-value commodities, farmers' income enhancement opportunities have grown significantly. Remittance flows to rural areas have expanded significantly in recent years due to a huge level of migration from rural areas to other countries. The evidence suggests that remittances have a positive impact on rural livelihoods and agricultural growth. Agriculture and rural development, on the other hand, receive only a small percentage of remittances. As a result, there are opportunities to considerably boost the use of this resource for agricultural and other rural industries. (Thapa 2019) According to a recent World Bank study, agriculture does have the largest (proportionate) poverty reduction. Agricultural transformation improves farm wages and helps the government achieve its objective of doubling agricultural wages by 2022. The amount of progress in total factor productivity (TFP) and poverty reduction are highly correlated.

## CONCLUSION

Accelerating agricultural growth, with a particular focus on small farmers, and extending the productivity revolution to non-irrigated areas, was considered as a crucial aspect of the poverty-reduction strategy. Agriculture's slower development has direct consequences for alleviating poverty in rural areas. Agriculture has a critical role in making economic growth more pro-poor by providing a larger proportion of employment for the poor and unskilled labour. On average, with every 1% increase in agricultural productivity, the share of people living on less than a dollar a day decreases by 0.6 to 1.2 percent. Agricultural extension, rural infrastructure, and skill development will improve production and living standards while somehow reducing rural-urban migration. More emphasis should be placed on expanding remunerative opportunities in rural areas.

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