

Role of agriculture

[Business](#), [Industries](#)



Agriculture is the dominant activity of poor countries such as Zimbabwe, which enhance our understanding of the dualistic. In the amplification of agriculture in economic development, a leading question is how agriculture contributes to economic growth and there seems to be a paradox in the role of agriculture in economic development. A well-known economist Simon Kuznets played an imperative role in coming up with the roles of agriculture to economic development; these embrace labour contribution, foreign exchange contribution and the market contribution.

The agricultural sector has preserved its position in the contribution to Zimbabwe's economic growth as seen by its appreciable contribution to the national Gross Domestic Product. For example, it has been eminent that the agricultural sector has made a convincing contribution to the national fiscus which was disturbed by unreliable rainfall patterns which hit some parts of the country in the last season. Also, agriculture has maintained pole position in terms of its input to economy's growth, having contributed 33, 9 per cent to the country's Gross Domestic Product in year 2010.

Labour contribution, as one of the major macro-economic objectives of any government to diminish unemployment, agriculture plays a trivial role in economic development through the transfer of labour from the agricultural sector to other sectors of the economy, particularly to the industrial sector. In Zimbabwe agricultural sector stipulates income and employment not far from 60% to 70% of the total population, consequently agriculture is indeed an economy's beef in Zimbabwe.

Simon Kuznets also emphasized that the marginal productivity of labour is zero or close to zero, which means that when the marginal productivity of

<https://assignbuster.com/role-of-agriculture/>

labour is zero, we can use the available labour that is from agricultural sector without affecting other sectors of the economy, which then advantage the economy as a whole. Foreign exchange contribution, despite the statistic that Zimbabwe is currently using the multicurrency system, therefore it still demands foreign currency in-order to import capital from other countries.

The exportation of agricultural merchandises can resource the economy with foreign exchange for purchase of capital goods. In Zimbabwe most of our export earnings emanate from the agricultural sector with an input of about 40% of our total export earnings. The major contributors to the agricultural sector in Zimbabwe's export are cash-crops such as tobacco and cotton, though cotton was not selling for this year's harvest. Industrialization contribution, a large and cumulative segment of economic growth during the process of development can be qualified to agriculture's contribution to agribusiness.

These undertakings of the agricultural sector provision the production, marketing and retailing of foodstuff, clothing, beverages and other associated goods for both domestic consumption and exports. According to Davis and Goldberg (1957), thus primary agriculture grows and evolves, reflecting agribusinesses, while agribusinesses grow and evolve reflecting primary agriculture. Also provision of raw materials to industries by the agricultural sector moderates the rate of imports of a country, thus may as a result lead to balance of payment surplus of a country.

In addition this diminishes the overall production costs of a firm as a result fair and affordable prices are charged, thereby increasing the demand for that particular product which will enforce producers to increase their level of

output so as to meet the current demand, hence economic growth. Food contribution, since food is a fundamental wage good in a developing economy, diversification of the economy is therefore contingent upon domestic food producers producing a surplus, in excess of their own subsistence, which is large enough to feed a growing number of non-food producers.

The agricultural sector factors in with a pivotal role in the supply of raw material to the food producers of the economy. Market contribution, the agricultural sector, because of its sheer size, must initially be the major market for domestic industrial products. Farmers' expenditures on industrial goods that are both consumer goods and producer goods, represent one aspect of agriculture's market contribution to general economic development.

According to Milton and Luther (1964), as farmers' purchases of industrial goods have their counterpart in inter-sectorial sales of agricultural goods; the agricultural sector's market contribution also includes the sale of food or other farm products to the non-agricultural sector, being accelerated by the adoption of new agricultural technology. The role of production linkages to the process of industrialization. Production linkages channels the effect of an autonomous increase in final demand of the product for the given industry, not only on the output of that industry and the industry supplying

it with inputs, but also on output of other industry supplying the second industry with inputs. Production linkages can be, backward or forward linkages. In general, production linkages quantify how several industries are connected together. Where poverty is a substantially rural phenomenon,

<https://assignbuster.com/role-of-agriculture/>

which appears to be the case in most low-income countries, industrialization factors through raw materials to agro-processing industries for example food processing industries and textile.

According to Alderman(1984), agro-processing industry can be defined, “ as a subgroup of the manufacturing sector that processes raw materials and intermediary products derived from the agricultural sector”, for example forestry and agricultural crops. The founding of certain primary processing industries can lead to forward linkages, which is the ratio of intermediate output sales to other industries to a production sector of industry to the total value of sales to a final consumer.

Backward linkages, measure the ratio of intermediate input purchases from other industries in that industry to the total value of the total production output. For example the metals and electrical sector provides a solid backward linkage to agricultural, mining and construction sectors, thereby increasing the overall output of a country and as a result this will increase the country’s Gross Domestic Product, consequently economic growth.

In conclusion, agriculture is indeed important to economic development and also production linkages to industrialisation play a trivial role. However land reform also plays a crucial role to economic development through promoting equity, employment creation, market surplus and productivity. UNIVERSITY OF ZIMBABWE DEPARTMENT OF LINGUISTICS INFORMATION LITERACY SKILLS NAME FARAI MPOFU REG# R117753A COURSE ECON 211 YEAR 2012 QUESTION How would you evaluate internet information sources giving examples.