

Factsheet on

Budgetary Expenditure Towards Agriculture

JHARKHAND



2021



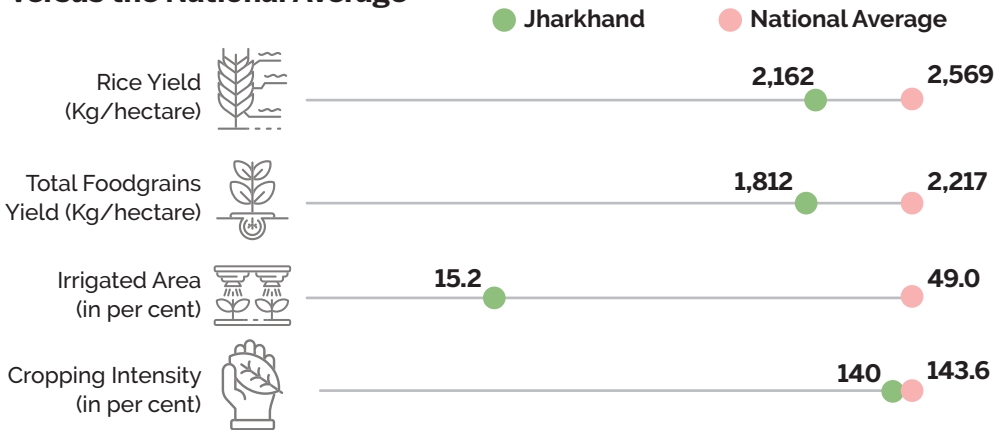
Profile

Agriculture is one of the significant sectors contributing to Jharkhand's rural economy. It contributes to food security, income generation, price stability and livelihood for the majority of State's population. As per the Planning-cum-Finance Department, Government of Jharkhand (GoJ), more than 76 per cent of the people live in rural areas and 66.85 per cent of the total labour force is dependent on agriculture. Hence, it is pertinent to give priority to this sector, which continues to be the largest employment generating sector in the rural economy of Jharkhand.

Agriculture is the mainstay of the Indian economy and its importance in the economy of Jharkhand cannot be overlooked. The share of Gross State Value Added (GSVA) of Agriculture and Allied Sector in Total Gross State Value Added (GSVA) of the State at current prices for Jharkhand is around 20 per cent in the financial year (FY) 2018-19.

The total cultivable land of Jharkhand is 38 lakh hectares constituting 48% of the total geographical area of the State. Agriculture, mainly rainfed, in the State is dependent on the south- west monsoon. Jharkhand is classified into three agro-climatic zones i.e. central north-eastern plateau, western plateau and south-eastern plateau. Only 15.2 per cent of the total cropped area is under assured irrigation as against 49 per cent of the national average. Also, the productivity of rice and total foodgrain is lower than that of national average. Further, the cropping intensity is also lower than that of the national average. It shows that the State needs to augment its capacity to expand agriculture growth both horizontally and vertically.

Figure 1: Key Indicators of Agriculture for Jharkhand Versus the National Average



Note: 1. Three year average has been taken for yield i.e. 2016-17, 2017-18 and 2018-19.

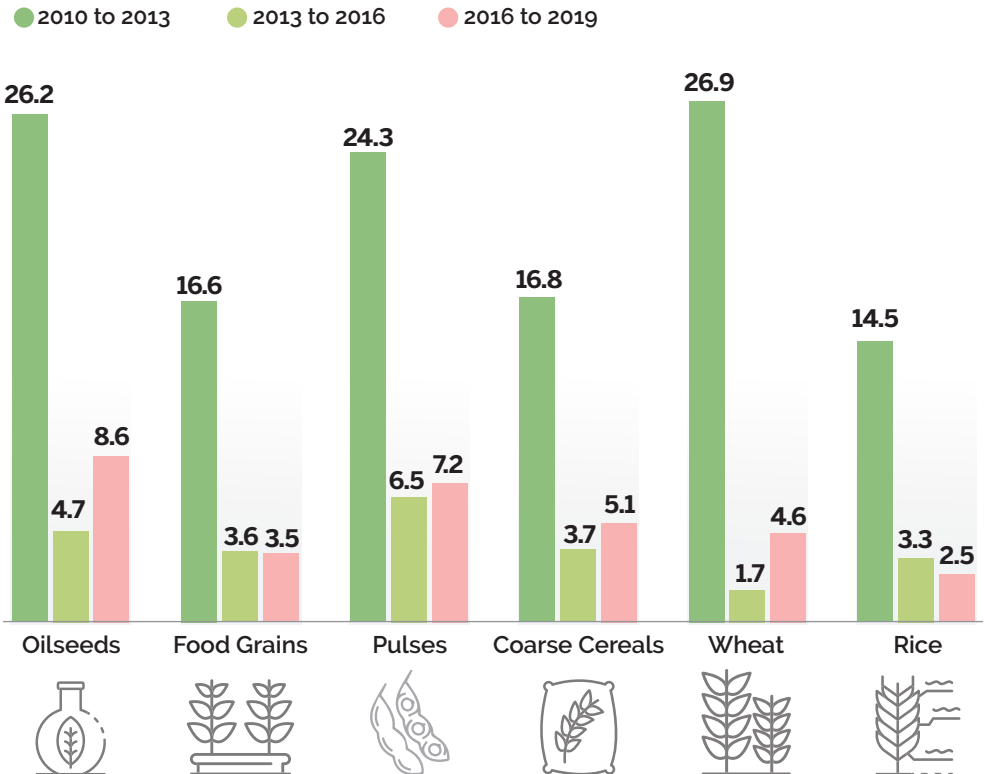
2. Irrigated Area: Percentage of Gross Irrigated Area to Total Cropped Area in 2016-17.

Source: Compiled by CBGA from data provided by Directorate of Economics and Statistics, Department of Agriculture, Cooperation and Farmers Welfare, Ministry of Agriculture and Farmers Welfare, Govt. of India

Production

State's agriculture witnessed a high rate of production growth for rice, wheat, oilseeds, pulses, total foodgrains and coarse cereals during 2010-2013. However after this period, the production of all these crops is increasing at a moderate rate of growth. The production growth is witnessed on account of yield growth as well as area expansion.

Figure 2: Growth Rate of Production of Major Crops in Jharkhand (in per cent)



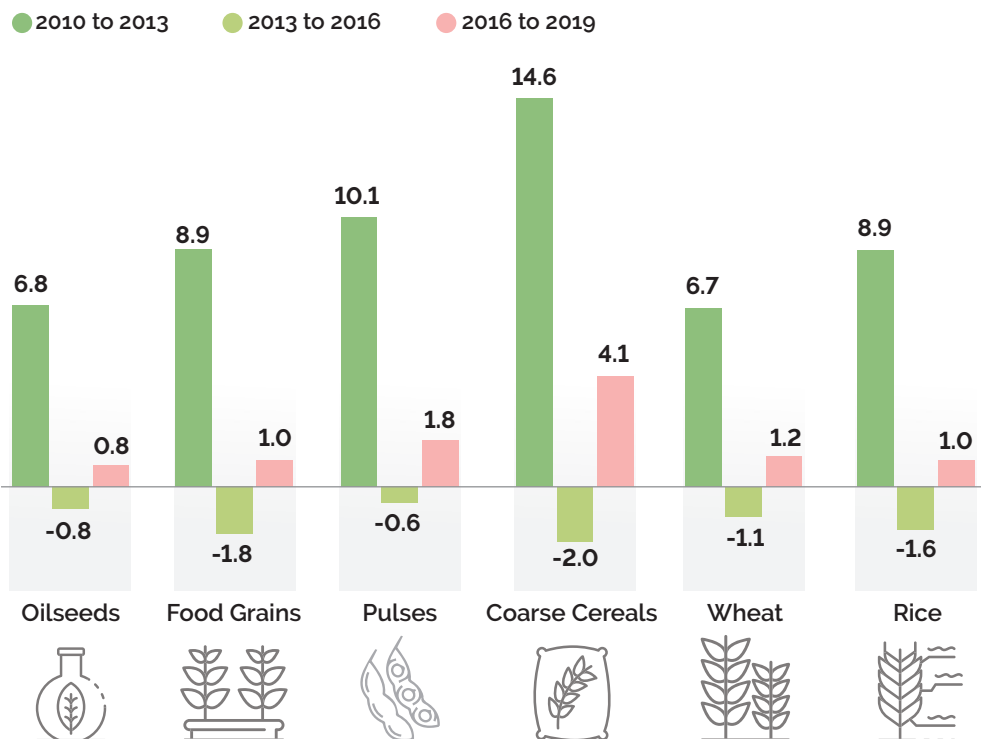
Note: Compound Annual Growth Rates are computed based on three-yearly average

Source: Compiled by CBGA from data provided by Directorate of Economics and Statistics, Department of Agriculture, Cooperation and Farmers Welfare, Ministry of Agriculture and Farmers Welfare, Govt. of India.

Yields

The agriculture sector in the State gained a high growth of yield for the major crops between 2010 and 2013. In 2013-2016, it witnessed a negative growth in the productivity for all the crops. Further, the yield growth remains lower even in the latest period (2016-19). It clearly hints at the unsustainable productivity growth in the State in the recent years.

Figure 3: Growth Rate of Yields of Major Crops in Jharkhand (in per cent)



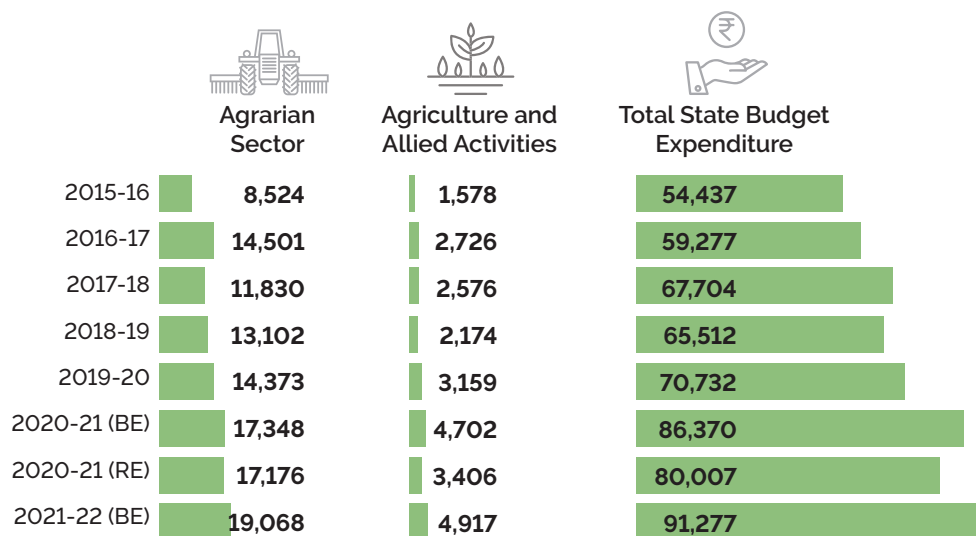
Note: Compound Annual Growth Rates are computed based on three-yearly average

Source: Compiled by CBGA from data provided by Directorate of Economics and Statistics, Department of Agriculture, Cooperation and Farmers Welfare, Ministry of Agriculture and Farmers Welfare, Govt. of India.

Expenditure: Overall

The State targets to bring the productivity of all its major crops at par with the national average. However it needs a sustained revival of public expenditure by the State towards agriculture and allied activities.

Figure 4: Budgetary Expenditure Towards Agrarian Sector and Agriculture and Allied Activities (in Rs. crore, Current Prices)



Note: BE stands for Budget Estimates and RE stands for Revised Estimates

Source: Compiled by CBGA from Detailed Demand of Grants, Budget Books, Department of Finance, Government of Jharkhand (various years).

Explanatory Notes:

Total expenditure towards **Agrarian Sector** constitutes expenditure on all functional heads of agriculture and allied activities as maintained by the government in its budget documents and relevant expenditure carried out by various departments complementing agricultural activities. Here expenditure towards Agrarian Sector is the sum total of expenditure under both Revenue and Capital heads of the budget.

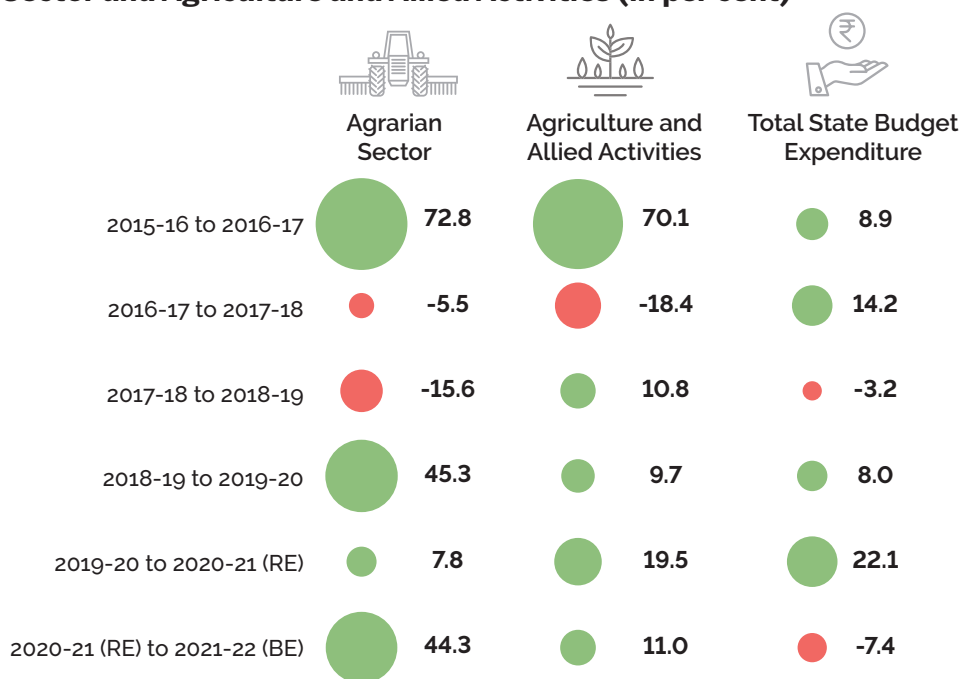
Apart from **Agriculture and Allied Activities**, relevant expenditure by the following departments have been clubbed together to obtain total expenditure on Agrarian Sector. **Please note that we have included only those heads of public expenditure in the other sectors that have a direct bearing on the agriculture and allied sectors (and not the entire amount of budgetary spending in the other sectors).**

1. Energy
2. Forest Environment and Climate Change
3. Home Jail and Disaster Management
4. Industries
5. Industries Mines and Geology
6. Rural Development
7. Water Resources

Expenditure: Growth

Public expenditure both for agrarian sector and agriculture and allied activities is increasing in the recent years however with some exceptions. It has been found that public expenditure for both the sectors increased exceptionally in the year 2016-17. It grew at a rate of 72.8 per cent and 70.1 per cent for agrarian sector and agriculture and allied activities respectively during 2015-16 to 2016-17. After witnessing a contraction in the next couple of years, it again got momentum in 2019-20 and has been continuously increasing till the latest period.

Figure 5: Annual Growth of Budgetary Expenditure Towards Agrarian Sector and Agriculture and Allied Activities (in per cent)



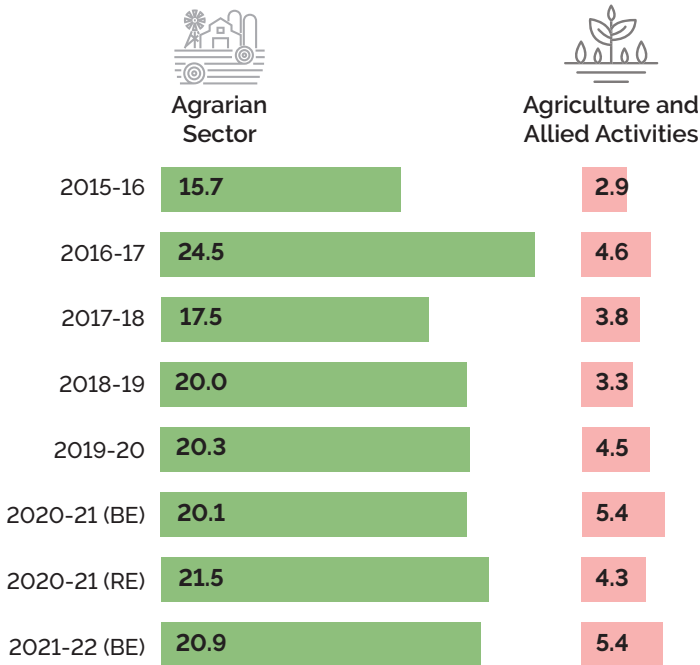
Source: Compiled by CBGA from Detailed Demand of Grants, Budget Books, Department of Finance, Government of Jharkhand (various years).

Refer to Explanatory Notes on Page 5.

Expenditure: Sector Share

The shares of public expenditure towards agrarian sector and agriculture and allied activities to the total budget expenditure of the State have remained around 20 per cent and 5 per cent respectively. Overall, the trend suggests that the shares of both agrarian sector as well as agriculture and allied activities are increasing since 2018-19.

Figure 6: Share of Expenditure Towards Agrarian Sector and Agriculture and Allied Activities in Total State Budget Expenditure (in per cent)



Source: Compiled by CBGA from Detailed Demand of Grants, Budget Books, Department of Finance, Government of Jharkhand (various years).

Refer to Explanatory Notes on Page 5.

Composition: By Major Heads

As far as the composition of budget expenditure towards agriculture and allied activities in the State is concerned, it is found that the share of crop husbandry is increasing in the recent years and accounts for around 58 per cent of the total revenue expenditure of agriculture and allied activities in 2021-22. The second largest component has been found to be forestry and wild life although fluctuating over the years. The shares of cooperation, dairy development, animal husbandry, and agriculture research and education have been declining since last five years or so.

Figure 7: Percentage Distribution of Expenditure Across Major Heads of Revenue Expenditure in Agriculture and Allied Activities (in per cent)

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21 (BE)	2020-21 (RE)	2021-22 (BE)
Crop Husbandry	30.5	32.5	26.4	26.1	62.9	62.6	51.0	57.9
Forestry and Wildlife	28.3	22.3	28.5	29.0	18.7	19.0	25.1	18.9
Animal Husbandry	9.8	8.9	10.7	9.4	6.9	5.3	6.8	6.3
Dairy Development	12.2	10.0	8.9	8.0	2.0	3.7	4.2	3.9
Soil and Water Conservation	2.0	2.9	5.7	5.8	1.2	0.4	0.5	3.7
Agricultural Research and Education	7.3	6.0	9.3	9.3	4.2	3.1	4.3	3.1
Fisheries	2.3	2.7	2.9	3.0	2.0	1.4	1.8	3.0
Co-Operation	7.4	14.5	7.6	8.8	2.1	4.4	6.1	3.0
Other Agricultural Programmes	0.2	0.3	0.1	0.7	0.2	0.2	0.3	0.2

Note: 1. Heads arranged in descending order of share in 2021-22 (BE).
2. BE stands for Budget Estimates and RE stands for Revised Estimates.

Source: Compiled by CBGA from Detailed Demand of Grants, Budget Books, Department of Finance, Government of Jharkhand (various years).

Composition: By Key Activities

Out of the total budget expenditure towards agrarian sector, the shares of revenue expenditures towards key agricultural activities such as seeds, manures and fertilizers, irrigation, dairy, soil etc. have remained meager and constant over the years. The increase is the share of budget expenditure towards tribal area sub-plan since 2019-20 is noteworthy.

Figure 8: Share of Revenue Expenditure on Key Agricultural Activities to the Total Budget Expenditure Towards Agrarian Sector (in per cent)

	2015-	2016-17	2017-18	2018-19	2019-	2020-21 (BE)	2020-21 (RE)	2021-22 (BE)
Tribal Area Sub-Plan	4.21	4.23	4.49	3.21	6.70	10.62	6.44	9.72
Forestry	2.92	1.93	2.90	2.35	2.23	3.68	3.52	3.29
Food Grain Crops	0.49	0.55	0.38	0.27	0.32	3.92	1.92	2.30
Research, Extension, Education	1.61	1.18	1.55	1.40	1.44	1.58	1.59	1.62
Animal Husbandry	0.70	0.41	0.61	0.73	0.78	0.69	0.64	0.69
Dairy	1.25	0.86	0.88	0.65	0.26	0.56	0.47	0.49
Irrigation	0.50	0.52	0.52	0.28	0.07	0.36	0.34	0.39
Commercial Crops	0.05	0.04	0.07	0.08	0.17	0.08	0.08	0.39
Soil	0.22	0.19	0.35	0.30	0.12	0.09	0.08	0.33
Manure and Fertilisers	0.01	0.05	0.12	0.13	0.15	0.09	0.09	0.16
Seeds	0.04	0.02	0.03	0.03	0.02	0.03	0.03	0.02

Note: 1. Activities arranged in descending order of share in 2021-22 (BE).
2. BE stands for Budget Estimates and RE stands for Revised Estimates.

Source: Compiled by CBGA from Detailed Demand of Grants, Budget Books, Department of Finance, Government of Jharkhand (various years).

Schemes

In the financial year 2020-21, a loan waiver scheme was introduced in the State with an exchequer of 100000 lakh; this has been continued in the budget of financial year 2021-22. In the recent year budget expenditure, a high priority is given to National Food Security Mission, *Pradhan Mantri Krishi Sinchayee Yojana*, *Rashtriya Krishi Vikas Yojana*, and National Horticulture Mission. However there is need to prioritise expenditure on schemes that augment capacity of production considering local needs such as Soil Health, *Paramparagat Krishi Vikaas Yojana*, and National Programme for Dairy Development.

Figure 9: Budget expenditure Towards Major Schemes in Agriculture and Allied Activities (in Rs. crore)

	0	Up to Rs. 20 crore	Rs. 20-50 crore	Rs. 50-100	Above Rs. 100 crore
Scheme	2018-19	2019-20	2020-21 (RE)	2021-22 (BE)	
Loan Waiver Scheme for Farmers	0.0	0.0	1,000.00	1,200.00	
Pradhan Mantri Krishi Sinchayee Yojana	34.18	84.51	87.00	194.90	
Rashtriya Krishi Vikas Yojna	13.43	34.82	111.13	143.26	
National Food Security Mission	25.48	41.87	50.00	141.00	
National Horticulture Mission Programme	4.46	14.07	70.00	100.00	
Pradhan Mantri Matsya Sampada Yojana	0.0	0.0	0.0	64.80	
Paramparagat Krishi Vikas Yojana	0.0	3.39	0.0	64.50	
National Project on Management of Soil Health and Fertility	0.53	0.0	3.00	15.00	
Mukhyamantri Jan-Van Yojna	3.82	3.72	8.00	10.00	
National Programme for Dairy Development	0.0	0.0	2.00	2.00	
Blue Revolution Plan	7.30	24.58	1.56	0.55	

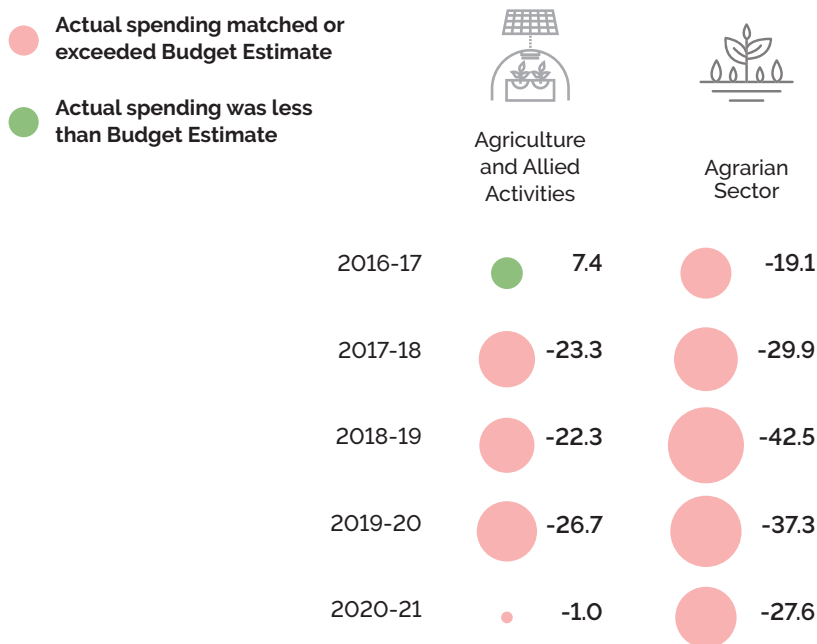
Note: 1. Heads arranged in descending order of share in 2021-22 (BE).
2. BE stands for Budget Estimates and RE stands for Revised Estimates.

Source: Compiled by CBGA from Detailed Demand of Grants, Budget Books, Department of Finance, Government of Jharkhand (various years).

Fiscal Credibility: By Sectors

Except for the financial year 2016-17 for agriculture and allied activities, on an average, the actual expenditure for agrarian sector and agriculture and allied activities has remained lower than the budget estimates. The extent of under utilisation of funds is as high as more than 30 per cent for agrarian sector and more than 20 per cent for agriculture and allied activities during last couple of years.

Figure 10: Gap in Expenditure Towards Agrarian Sector and Agriculture and Allied Activities (in per cent)



Note: 1. Calculated as percentage difference between Actual and Budget Estimates.
 2. For 2020-21, Revised Estimates were used.
 3. Data for agrarian sector, and agriculture and allied activities includes Revenue and capital expenditure.

Source: Calculated by CBGA from data provided by Detailed Demand of Grants, Budget Books, Department of Finance, Government of Jharkhand (various years).

Refer to Explanatory Notes on Page 5.

Fiscal Credibility: By Activities

This gap in expenditure has been observed in almost all the key agricultural activities during the financial year 2016-17 to 2021-21. The gap is more prominent for irrigation, dairying and soil conservation in 2019-20. Given that the agriculture is one the most important economic sectors in Jharkhand, its improvement in terms of area under cultivation, production and productivity are of utmost importance. Jharkhand has an immense scope of increasing the agricultural production. However there are some challenges; these can be addressed through improvement in soil and irrigation potentials through use of manures and fertilisers, use of high-quality seeds, improving the irrigation facilities, gradual mechanisation of agriculture and skill development of the farmers. Such efforts require prioritisation of public expenditure towards infrastructure and production capacities. It also needs sustained growth of public expenditure on the development of key inputs and infrastructure such as seeds, fertilisers, micro irrigation, soil and water conservation, research & extension etc. to make agriculture a viable option for farming communities.

Figure 11: Gap in Revenue Expenditure Towards Key Agricultural Activities (in per cent)

Activities	■ Actual spending matched or exceeded Budget Estimate ■ Actual spending was less than Budget Estimate			
	2016-17	2017-18	2018-19	2019-20
Animal Husbandry	-21.1	-14.5	-40.6	-10.6
Commercial Crops	-27.9	-50.4	-28.0	-5.4
Dairying	-34.5	-43.9	-57.0	-74.5
Food Grain Crops	-17.9	-54.2	-45.6	23.7
Forestry	-20.1	-10.2	-26.0	8.9
Irrigation	-53.2	-46.5	-72.3	-91.1
Manure and Fertilisers	-24.1	-33.1	-58.7	-27.3
Research, Extension and Education	-13.3	-14.4	-24.5	-13.5
Seeds	-9.3	4.3	-18.6	-32.8
Soil Conservation	-38.8	-25.9	-14.3	-70.4

Note: 1. Activities arranged in alphabetical order.
 2. Calculated as percentage difference between Actual and Budget Estimates.
 3. For 2020-21, Revised Estimates were used.

Source: Calculated by CBGA from data provided by Detailed Demand of Grants, Budget Books, Department of Finance, Government of Jharkhand (various years).

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Please visit the open data portal on budgets in India at: www.openbudgetsindia.org.

About LEADS

LEADS was established in 2005 with the purpose of having an organisation which can professionally respond to the issues which are affecting lives of poor and marginalised people of Jharkhand. LEADS is a not for profit, development organisation registered under Trust Act (1882) on 14th Dec 2005 at Ranchi, Jharkhand.

For further information about LEADS's work, please visit www.leadsindiajh.org or write to us at: leadsindiajh@gmail.com.

