

Factsheet on

Budgetary Expenditure Towards Agriculture

ODISHA



2021

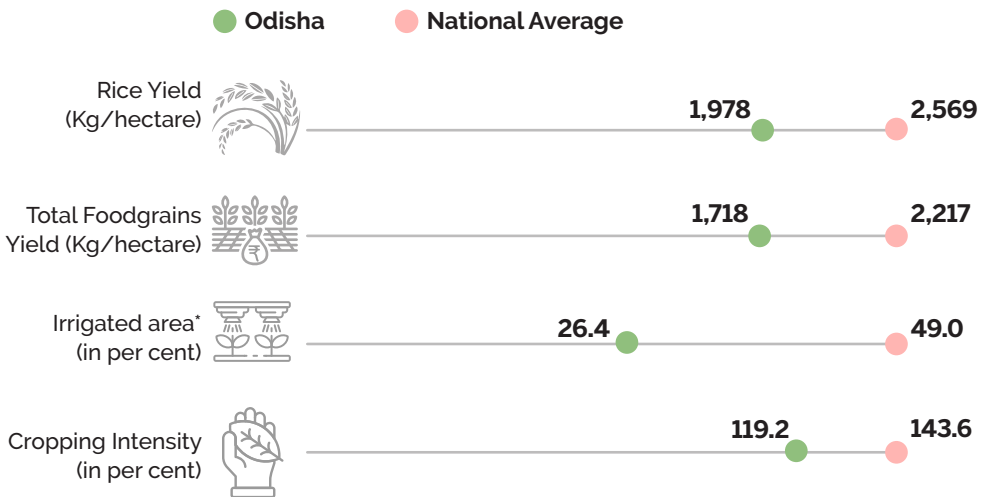


Profile

Odisha is the ninth largest state in the country with a geographical area of 137, 90 thousand ha. The Bastar plateau, Odisha plains and Northern hills have been marked as the productive agricultural zones of the State. Paddy, maize, jowar, groundnut, gram, and wheat are major crops grown in Odisha.

Despite persistent efforts, the average foodgrain productivity in the State is still lower than the national average. The yield gap of rice and total foodgrains crops is 32 per cent and 30 per cent respectively of the national average. The cropping intensity of agriculture is also lower for the State than that of the national average. Hence, there is a potential for enhancing the productivity in rice and other major crops, such as pulses, oilseeds and wheat, by improving agricultural practices and bringing additional areas under irrigation. Currently the area under irrigation in Odisha is much lower than that of the national average.

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



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

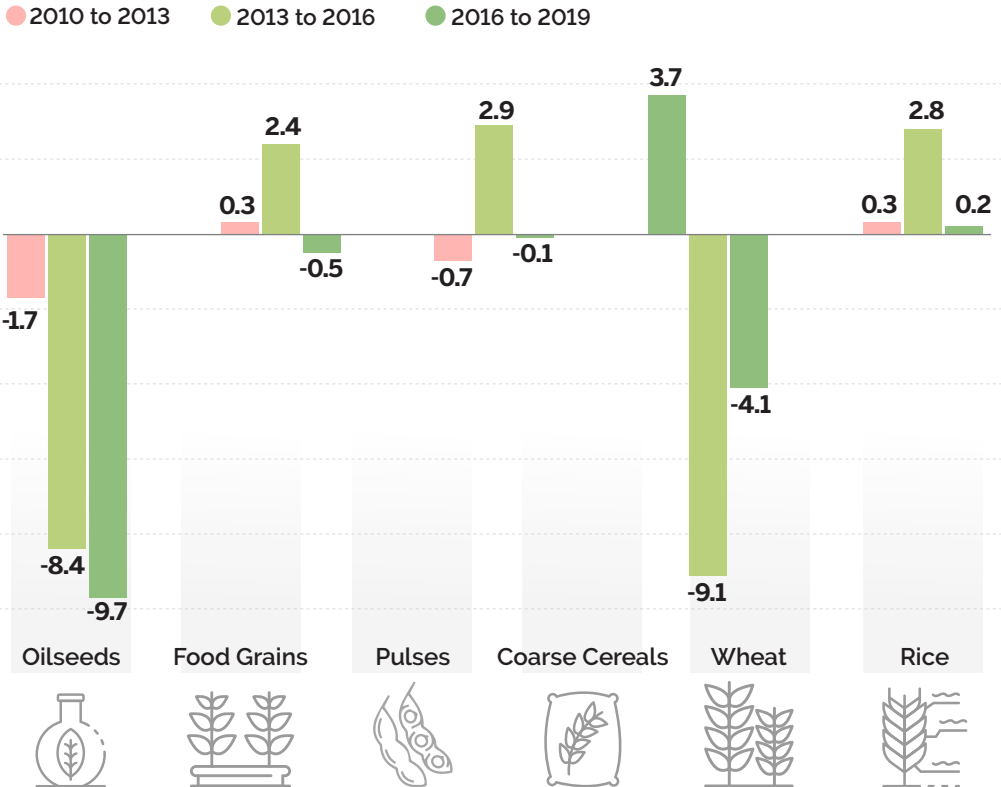
2. Irrigated Area: Percentage of Gross Irrigated Area to Total Cropped Area in 2016-17.

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

Lack of assured irrigation along with other factors is affecting the growth of agriculture and allied activities. The compound annual growth rate (CAGR) for production of major crops has registered a negative growth, except for rice, in the latest period i.e. 2016 to 2019.

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



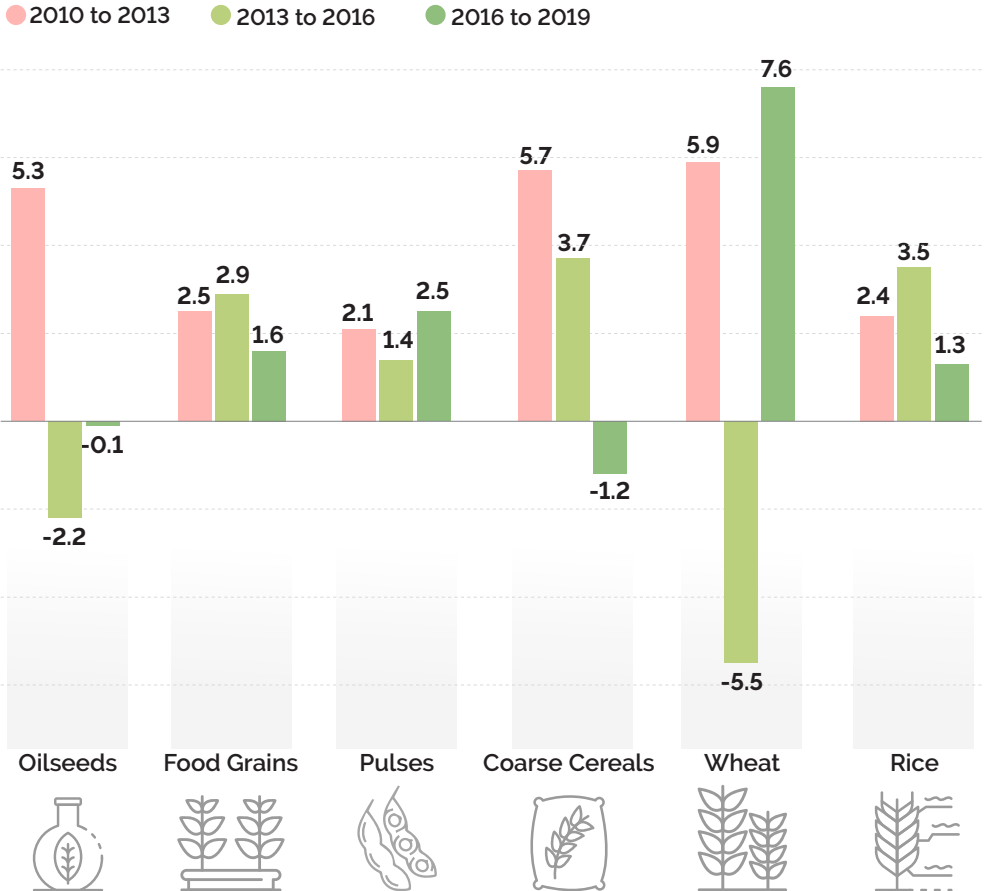
Note: Compound Annual Growth Rates are computed based on three-yearly average

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

Similarly, in this period, the CAGR of yield for all the crops except wheat have registered negative or lower growth rates. Comparing the previous periods, it has been observed that the yield growth of various crops have witnessed fluctuating trends.

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



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

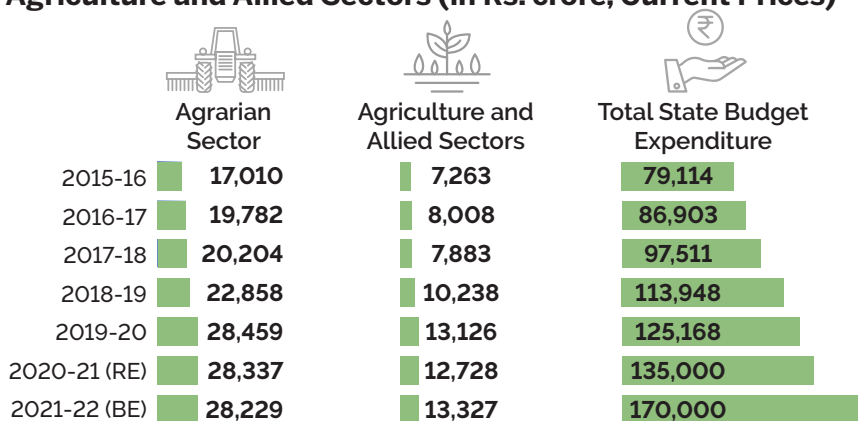
Source: Compiled by CBGA from data provided by Directorate of Economics and Statistics, Department of Agriculture, Cooperation and Farmers Welfare, Ministry of Agriculture and Farmers Welfare, Govt. of India.

Expenditure: Overall

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

Public expenditure both for agrarian sector and agriculture and allied activities has been increasing in the recent years however with some exceptions. Further it has been observed that the public expenditure for both increased substantially from the financial year 2018-19 to 2019-20.

Figure 4: Budgetary Expenditure Towards Agrarian Sector and Agriculture and Allied Sectors (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 Odisha (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.

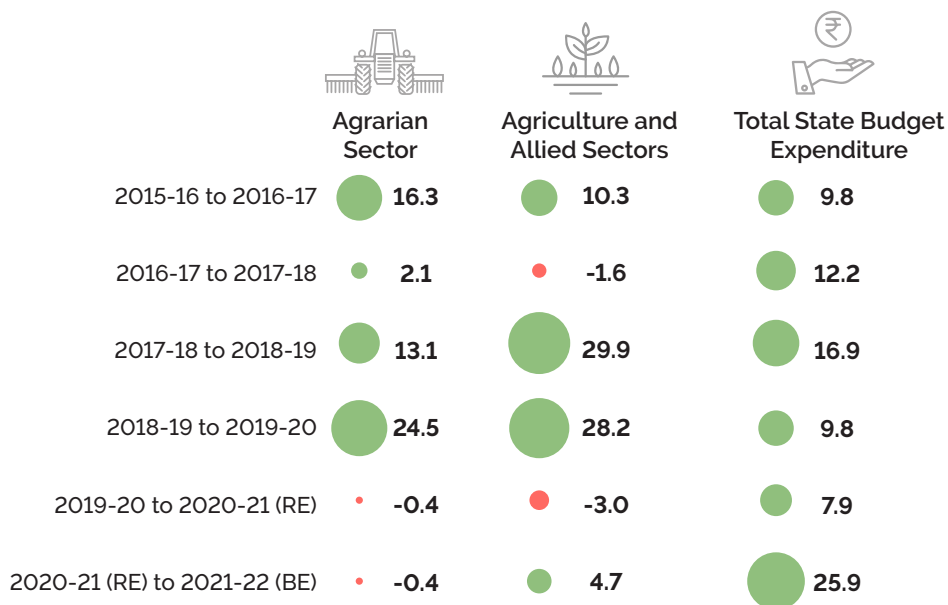
Apart from **Agriculture and Allied Activities**, relevant expenditure by the following departments have been clubbed together to obtain total expenditure on Agrarian Sector. **Please note that we have included only those heads of public expenditure in the other sectors that have a direct bearing on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

1. Disaster Management
2. Energy
3. General Administration
4. Handlooms Textiles and Handicrafts
5. Industries
6. Micro, Small and Medium Enterprises
7. Panchayati Raj
8. Planning and Convergence
9. Revenue and Disaster Management
10. Water Resources

Expenditure: Growth

In the State's budget for the latest year, Rs. 28,229 crore has been allocated for agrarian sector and Rs. 13327 crore for agriculture and allied activities indicating a growth of -0.4 per cent and 4.7 per cent respectively when compared to 2020-21 (RE).

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



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

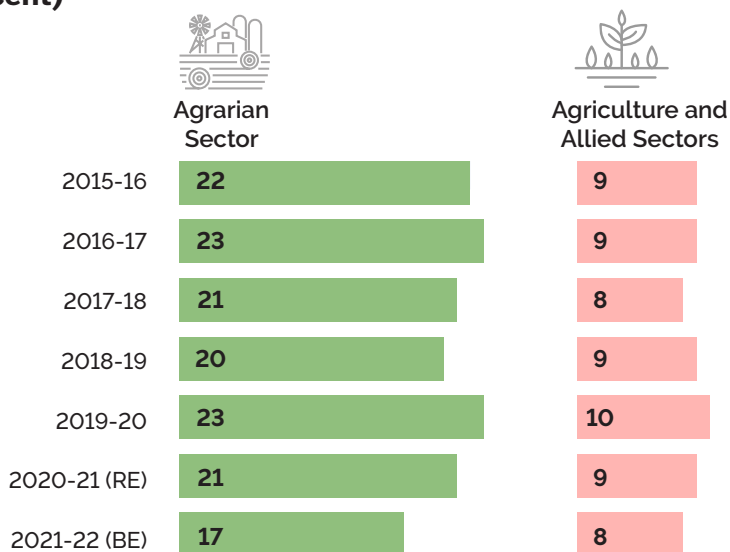
Source: Compiled by CBGA from Detailed Demand of Grants, Budget Books, Department of Finance, Government of Odisha (various years).

Refer to Explanatory Notes on Page 5.

Expenditure: Sector Share

The share of public expenditure towards agrarian sector to the total budget expenditure of the State has remained between 20 to 23 per cent until the financial year 2020-21. However, in the latest year, it has declined to 17 per cent. The share of public expenditure towards agriculture and allied activities to the total budget expenditure of the State has also declined in the latest year.

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



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 Odisha (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 is concerned, it is found that the share of crop husbandry constitutes majority of the total expenditure of agriculture and allied activities. Other major components are forestry and wild life and food, storage and warehousing. It is observed that animal husbandry, dairy development and fisheries have not been given much priority.

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 (RE)	2021-22 (BE)
Crop Husbandry	41.0	46.9	37.5	42.6	55.1	42.0	42.8
Forestry and Wildlife	21.1	21.0	29.7	26.2	19.1	21.6	27.5
Cooperation	9.4	7.3	7.6	8.0	6.4	6.0	8.4
Food, Storage and Warehousing	16.8	12.3	11.8	11.5	10.6	17.8	7.8
Animal Husbandry	4.8	4.6	5.2	4.1	3.3	5.0	5.8
Fisheries	1.7	1.8	2.0	1.7	1.2	2.1	3.3
Agricultural Research and Education	1.5	1.6	1.8	1.5	1.3	2.5	2.6
Soil and Water Conservation	3.2	3.5	4.0	3.2	1.9	1.6	1.5
Dairy Development	0.4	0.2	0.2	1.1	1.0	1.3	0.3
Other Agricultural Programmes	0.2	1.0	0.2	0.1	0.1	0.1	0.1

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 Odisha (various years).

Composition: By Key Activities

Out of the total Budget expenditure towards agrarian sector, the share of revenue expenditure towards key agricultural activities such as seeds development, plant protection, manures and fertilizers, marketing, command area development have not received significant attention in the budgetary allocations, whereas forestry and crop insurance have received more priority.

Figure 8: Revenue Expenditure on Key Agricultural Activities in Odisha (in Rs. Crore, Current Prices)

Key Agricultural Activities	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21 RE	2021-22 BE
Forestry	448.1	410.2	382.5	433.8	749.2	558.9	615.6
Veterinary and Animal Health	182.0	198.7	223.2	243.1	278.7	368.6	440.0
Crop Insurance	95.0	590.9	159.0	360.0	425.8	410.3	301.3
Agricultural Engineering	4.5	10.3	12.7	12.2	14.1	17.8	278.8
Fisheries	66.4	66.5	80.1	68.3	74.8	146.8	223.4
Research, Education and Training	32.4	26.4	30.0	38.0	39.9	72.2	174.3
Horticulture and vegetable crops	122.1	80.4	73.9	66.2	64.8	43.2	116.5
Soil conservation	22.1	24.9	28.4	29.8	29.1	64.5	82.2
Procurement and Supply	88.7	119.2	39.2	189.4	162.8	144.7	55.8
Seeds	66.4	46.0	38.7	26.9	36.7	38.2	54.8
Command Area Development Programme	2.8	2.8	2.9	2.9	2.8	4.2	22.6
Cattle & Buffalo Development	50.0	4.7	4.8	4.9	4.9	6.3	6.2
Manures & Fertilisers	0.7	0.0	0.0	0.0	0.0	2.4	4.6
Plant Protection	4.9	0.0	0.0	0.0	0.0	1.3	2.4
Marketing	0.8	2.1	3.1	3.3	1.5	1.9	1.8

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 Odisha (various years).

Schemes

Amongst various schemes, *Krushak* Assistance for Livelihood and Income Augmentation (KALIA) has gained much popularity as income support scheme to the farmers. Therefore, high priority has been given to this scheme. However, the allocation towards it has declined during last two periods. Apart from KALIA, other important schemes like *Rashtriya Krishi Vikas Yojana* (RKVY), *Pradhan Mantri Krishi Sinchayee Yojana* (PMKSKY) and National Food Security Mission (NFSM) have also not received priority in the budget.

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

■ 0 ■ Up to Rs. 20 crore ■ Rs. 20-50 crore ■ Rs. 50-100 crore ■ Above Rs. 100 crore

Scheme	2019-20	2019-20	2020-21 (RE)	2021-22 (BE)
Farmers Welfare - KALIA	931	4,488	2,198	1,800
<i>Rashtriya Krushi Vikas Yojana</i> (RKVY)	382	329	292	450
<i>Pradhan Mantri Krishi Sinchai Yojana</i> (PMKSY)**	136	68	64	196
National Food Security Mission (NFSM)*	141	145	99	184
White Revolution - <i>Rashtriya Pashaudhan Vikash Yojana</i>	50	80	53	120
<i>Machha Chasa Pain Nua Pokhari Kholo Yojana</i>	24	30	72	92
Horticulture and vegetable crops	46	45	63	70
Green India Mission	8	24	62	57
<i>Paramparagat Krishi Vikash Yojana</i> (PKVY)	22	37	30	35
Integrated Watershed Management Programme (IWMP)	170	139	10	0

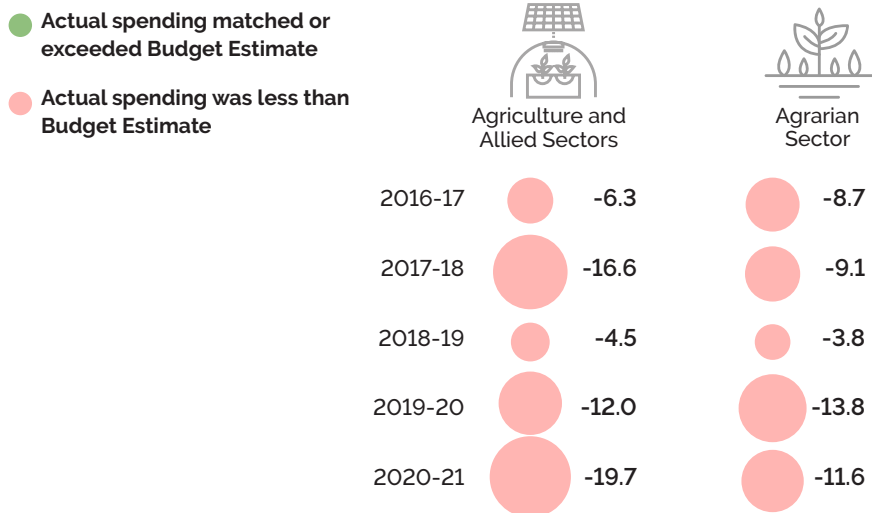
- Note:
1. Heads arranged in descending order of share in 2021-22 (BE).
 2. BE stands for Budget Estimates and RE stands for Revised Estimates.
 3. * Includes NFSM, Oil Seeds and Oil Palm and Other Crops.
 4. ** Includes Per Drop More Crop and Har Khet Ko Pani.

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

Fiscal Credibility: By Sectors

Actual budgetary expenditure for agrarian sector and agriculture and allied activities has remained lower than their respective budget estimates for all the years of analysis. This gap has increased further in the latest year for both the sectors.

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.

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

Refer to Explanatory Notes on Page 5.

Fiscal Credibility: By Activities

Further, this gap in expenditure under key agricultural activities is found with some exceptions. The expenditure gap amongst important activities such as development of seeds, marketing, cattle and buffalo development agricultural engineering, horticulture and vegetable, command area development programme etc. was found to be higher. Expenditure gap is found to be lower and even positive for two financial years for crop insurance.

The sustainable growth of overall agrarian sector and specifically of agriculture and allied activities require prioritisation of public expenditure. Further, the sustained growth of public expenditure on the development of key inputs and infrastructure such as seeds, fertilisers, micro irrigation, soil and water conservation, research and extension etc. is also pertinent to make agriculture a viable option for different farming communities.

Figure 11: Gap in Revenue Expenditure Towards Key Activities of Agriculture and Allied Sectors (in per cent)

- Actual spending matched or exceeded Budget Estimate
- Actual spending was less than Budget Estimate

Activities	2016-17	2017-18	2018-19	2019-20	2020-21 (RE)
Agricultural Engineering	-14.8	-22.7	-16.5	-15.5	0.0
Cattle & Buffalo Development	-11.4	-24.6	-14.4	-19.6	0.0
Command Area Development Programme	-22.2	-36.7	-27.7	-45.1	0.0
Crop Insurance	-10.5	0.0	50.0	77.4	-2.6
Fisheries	-26.7	-5.6	-19.2	-8.5	8.9
Forestry	-8.6	-17.3	-11.3	42.2	-18.7
Horticulture and vegetable crops	-44.4	-33.6	-34.2	-12.7	-48.1
Marketing	-1.9	-30.0	-16.8	-57.8	0.0
Procurement and Supply	138.7	-21.3	-3.5	231.6	0.8
Research, Education and Training	-9.2	6.1	-6.2	-8.4	0.0
Seeds	-4.2	-15.2	-33.9	-15.0	-34.4
Soil conservation	-30.9	-19.3	-12.6	-20.1	59.3
Veterinary and Animal Health	-15.0	-27.1	-22.3	-14.5	-4.9

- 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 Odisha (various years)

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About CYSD

CYSD is a non-government and non-profit organisation established in 1982, working to improve the quality of lives of tribal, rural and urban poor in Odisha, with a primary focus to eradicate extreme poverty and hunger, ensuring social inclusion and justice, good governance and citizen's right. Odisha Budget and Accountability Centre (OBAC), a constituent unit of CYSD, is working on policy and budget research, demystification of the budget and its process and evidence based advocacy for pro-poor budgeting and policy practices in the state.

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