

Factsheet on

Budgetary Expenditure Towards Agriculture

TELANGANA



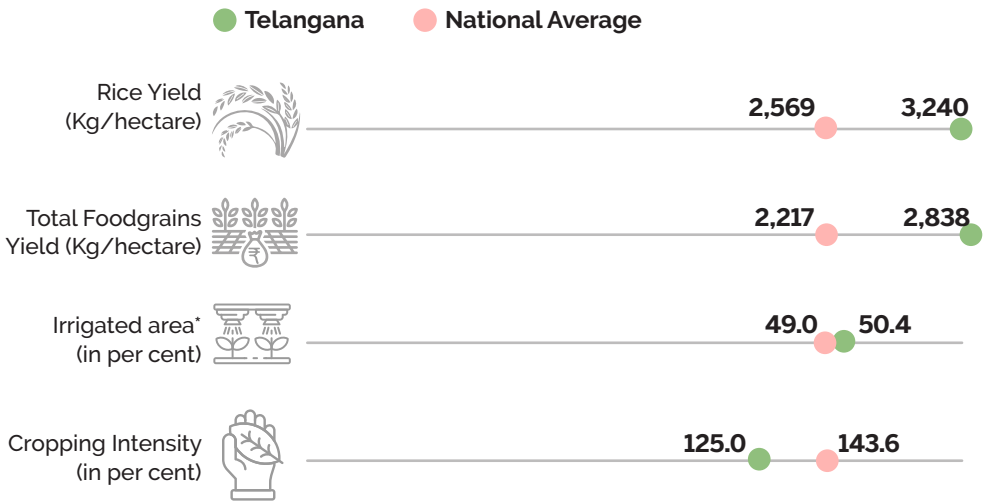
2021



Profile

The agriculture sector plays a crucial role not only in the economy of Telangana but also for achieving the food security for the State. Agriculture and its allied activities are integral to the development of masses as it provides livelihoods to around 60 per cent of State's workforce. In the recent years, State has registered moderate agriculture growth. A number of indicators of agriculture sector presented in the table below reflect better position of State's agricultural production conditions as compared to the national average. Nonetheless, it has yet to achieve its potential to compete with the agriculturally advanced States of the country.

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



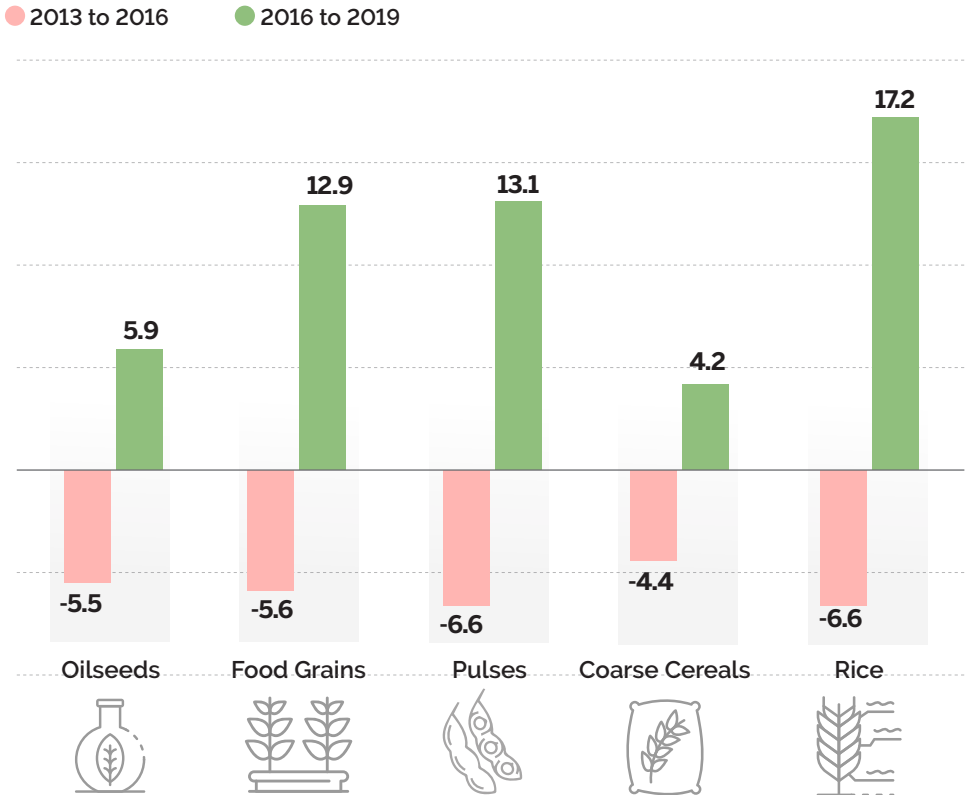
- Note: 1. Three year average has been taken for yield i.e. 2016-17, 2017-18 and 2018-19.
2. Irrigated Area: Percentage of Gross Irrigated Area to Total Cropped Area in 2016-17.

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

The production growth scenario in Telangana has improved in the latest years. It has been observed that the compound annual growth rate (CAGR) of all the major crops has shown an increase during 2016 to 2019 as compared to the previous period i.e. 2013 to 2016 wherein all the major crops witnessed a negative growth.

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



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

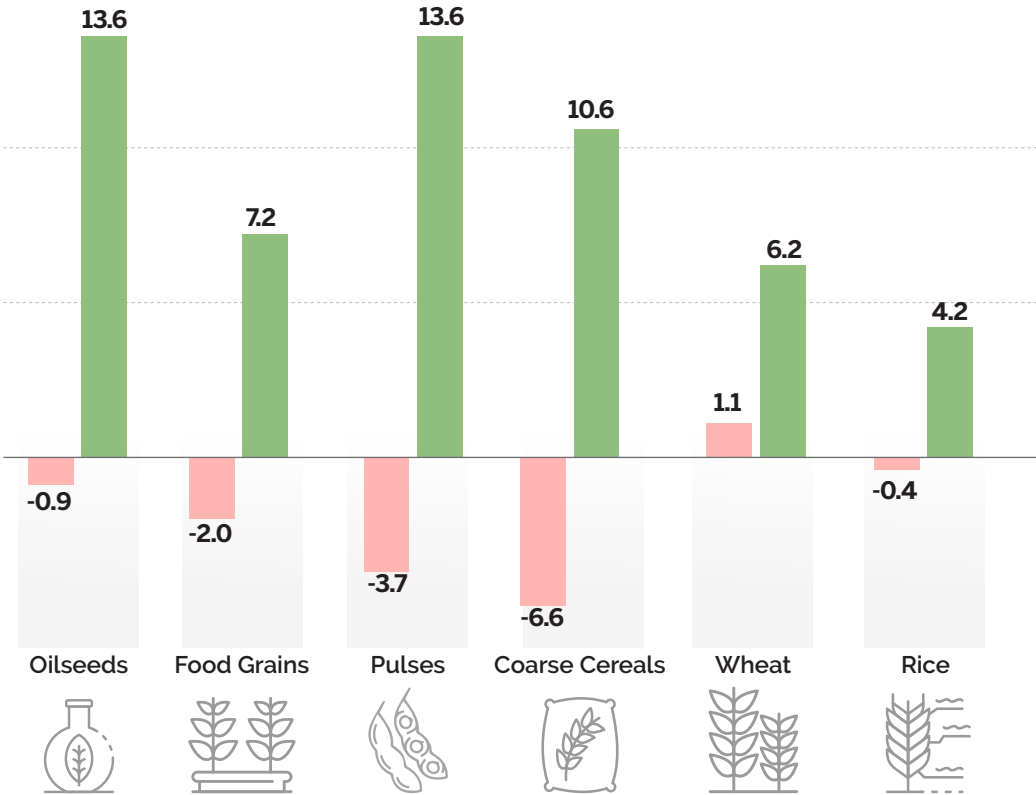
Source: Compiled by CBGA from data provided by Directorate of Economics and Statistics, Department of Agriculture, Cooperation and Farmers Welfare, Ministry of Agriculture and Farmers Welfare, Govt. of India.

Yields

The improvement in the production growth has been majorly on account of yield growth. It has been seen that the CAGR of yield of various crops has also improved during 2016-2019. Except growth rate of yield of wheat, all other crops witnessed a negative yield growth in the previous period (2013-2016).

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

● 2013 to 2016 ● 2016 to 2019



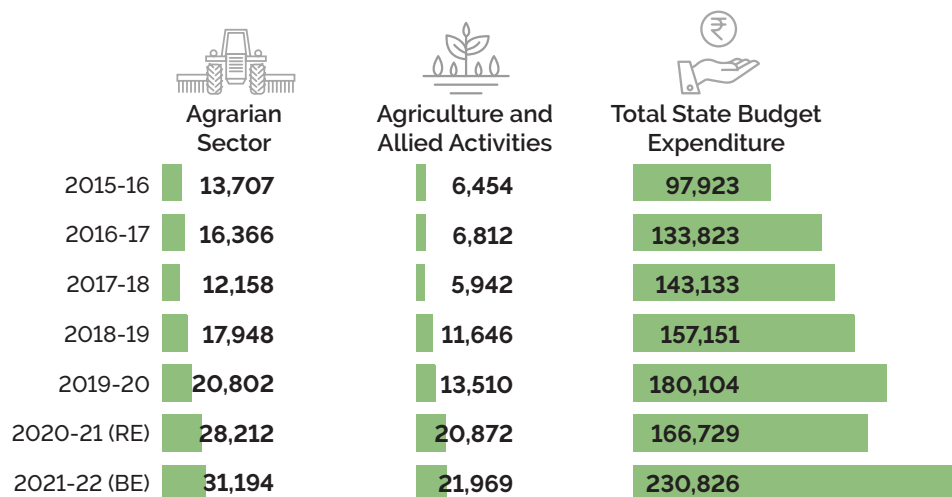
Note: Compound Annual Growth Rates are computed based on three-yearly average

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

State's budget expenditure towards agrarian sector as well as agriculture and allied activities is increasing continuously since 2018-19. It has increased by 1.7 times for agrarian sector and by 1.8 times for agriculture and allied activities during 2018-19 to 2021-22 (BE).

Figure 4: Budgetary Expenditure Towards Agrarian Sector and Agriculture and Allied Activities (in Rs. cr., 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 Telangana (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.

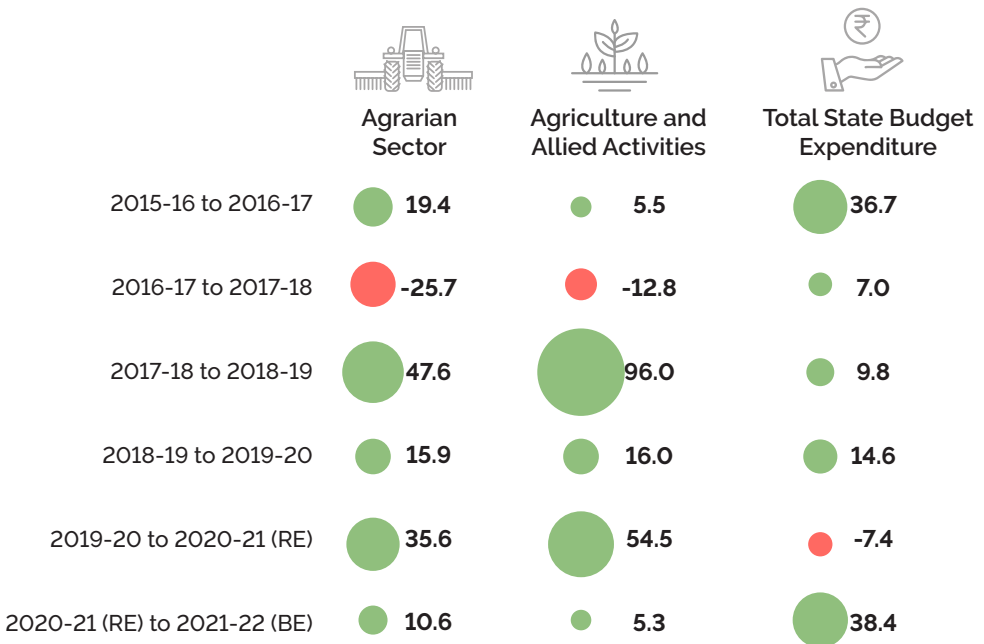
Apart from **Agriculture and Allied Activities**, relevant expenditure by the following departments have been clubbed together to obtain total expenditure on Agrarian Sector. **Please note that we have included only those heads of public expenditure in the other sectors that have a direct bearing on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

1. Environment, Forests, Science & Technology Department & Energy
2. Industries & Commerce
3. Irrigation & Command Area Development
4. Panchayat Raj and Rural Development Secretariat
5. Revenue

Expenditure: Growth

The growth of expenditure for both remains quite uneven during the period of analysis. The growth rate of expenditure fluctuated from negative (-25.7 per cent in agrarian sector and -12.8 per cent in agriculture and allied activities) between 2016-17 and 2017-18, to high growth rates in subsequent years.

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

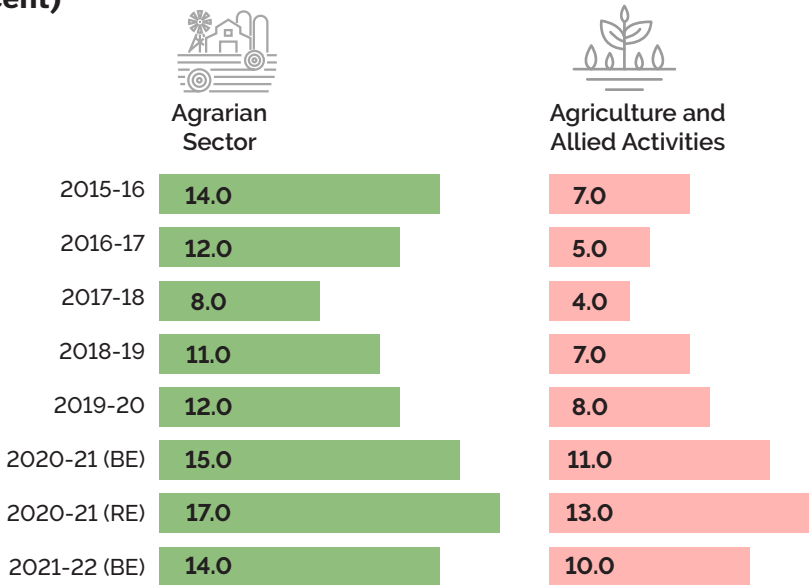
Source: Compiled by CBGA from Detailed Demand of Grants, Budget Books, Department of Finance, Government of Telangana (various years).

Refer to Explanatory Notes on Page 5.

Expenditure: Sector Share

The shares of public expenditure towards agrarian sector and AASs to the total budget expenditure of the State have shown a rising trend since 2017-18. In the latest budget (i.e. 2021-22 (BE)) the share of agrarian sector and agriculture and allied activities has reached at 14 per cent and 10 per cent respectively.

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 Telangana (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 observed that the share of crop husbandry constitutes a major share of the budget towards agriculture and allied activities followed by other agricultural programmes since 2018-19. It accounts for around 69 per cent of the total revenue expenditure of agriculture and allied activities in 2021-22 (BE). In the previous years i.e. from 2015-16 to 2017-18, expenditure towards other agricultural programmes is found to be significant. Loan waivers etc. are the main constituents of other agricultural programmes. The shares of animal husbandry, forestry and wild life and agriculture research and education remain low since 2015-16. Moreover, it has been declining in the subsequent periods.

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	14.2	9.7	17.8	87.1	83.4	67.3	69.4
Other Agricultural Programmes	64.1	66.6	55.5	0.3	5.8	24.2	19.3
Forestry and Wildlife	6.0	7.1	9.1	2.7	2.4	3.4	5.5
Animal Husbandry	6.0	6.3	6.4	4.0	3.4	2.2	2.6
Agricultural Research and Education	5.7	6.1	6.8	4.0	3.1	2.1	2.4
Co-Operation	1.7	1.5	2.1	0.9	0.7	0.5	0.5
Fisheries	1.2	1.7	0.7	0.5	0.3	0.2	0.2
Soil and Water Conservation	0.9	0.9	1.5	0.5	0.9	0.2	0.1
Dairy Development	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Food Storage and Warehousing	0.2	0.1	0.1	0.0	0.0	0.0	0.0

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.

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

Composition: By Key Activities

Revenue expenditure towards the key agricultural activities such as seed, soil, extension, training and education, inland fisheries, command area development, cattle development etc. have remained meager over the years. In the latest budget, the share of agricultural engineering and forest conservation got relatively higher allocations.

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

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21 (BE)	2020-21 (RE)	2021-22 (BE)
Agricultural Engineering	4	70	111	63	236	NA	NA	1,132
Forest Conservation	1	0	1	0	503	352	352	817
Horticulture & Vegetables	214	198	224	139	46	259	259	261
Seeds	26	43	139	67	90	62	62	129
Special Component Plan for Scheduled Castes	672	494	344	82	66	23	23	100
Cattle Development	49	65	13	63	74	91	91	98
Tribal Area Sub-plan	569	441	241	60	36	11	11	97
Extension, Training & Education	20	15	64	64	66	66	66	68
Soil	46	48	61	37	84	32	32	17
Food Processing	14	5	1	1	1	0	0	1
Inland Fisheries	12	22	0	0	0	0	0	0

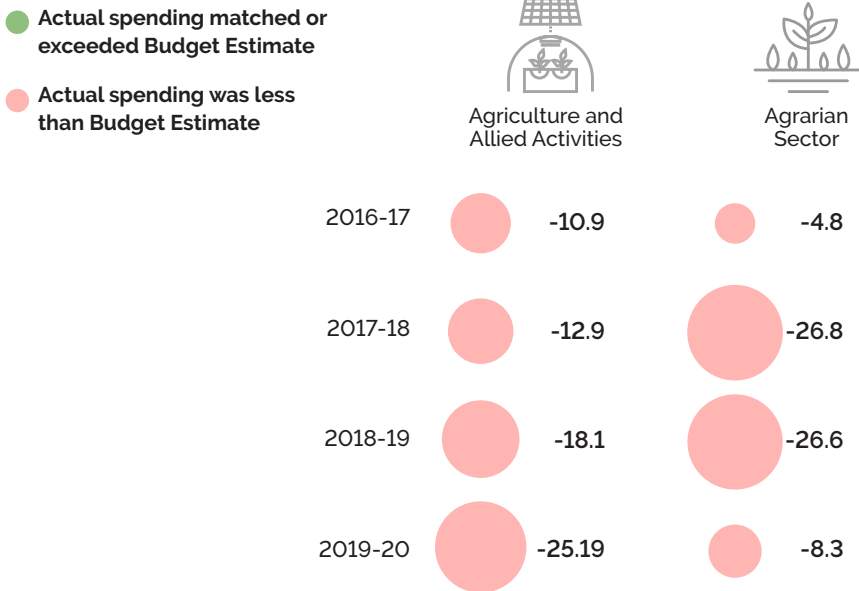
Note: 1. Activities arranged in descending order of share in 2021-22 (BE).
2. BE stands for Budget Estimates and RE stands for Revised Estimates.

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

Fiscal Credibility: By Sectors

During all the years of analysis, the actual expenditure for agrarian sector and agriculture and allied activities has remained lower than the budget estimates. This gap is found to be as high as - 25 per cent for AASs and - 8.3 per cent for agrarian sector in the latest period i.e. 2019-20.

Figure 9: 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 Telangana (various years)

Refer to Explanatory Notes on Page 5.

Fiscal Credibility: By Activities

It is noteworthy that this gap in expenditure under key agricultural activities is found across all the activities with some years of exceptions. This gap is declining for crop husbandry over the years but for other activities such as fisheries, minor irrigation, command area development etc., it has been increasing. For other agricultural programmes, actual expenditure has exceeded by 189 per cent in 2018-19. It is mainly due to introduction of debt waiver under other agricultural programme head of expenditure.

Figure 10: 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
Command Area Development	-33.9	-50.8	-70.5	-33.7
Minor Irrigation	34.9	-17.7	-58.7	-36.6
Agricultural Research and Education	-1.9	-6.5	-13.2	5.8
Animal Husbandry	0.4	-17.5	-21.5	5.6
Cooperation	-39.8	19.9	-18.4	-5.9
Crop Husbandry	-65.9	-43.9	-24.3	-4.5
Fisheries	-20.9	-58.3	-49.9	-35.0
Food, Storage and Warehousing	-50.0	198.0	-34.1	65.0
Forestry and Wildlife	52.5	65.4	-13.2	-62.9
Other Agricultural Programmes	-5.5	0.5	189.0	-84.4
Soil and Water Conservation	-32.5	-72.1	-86.0	181.9

Note: 1. Activities arranged in alphabetical order.
2. 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 Telangana (various years)

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Author

Gurpreet Singh

You can reach the author at gurpreet@cbgindia.org

Editorial Inputs

Satyababu Bose (CRSD) and Shuchita Rawal (CBGA)

Technical Inputs

Khwaja Mobeen Ur Rehman (CBGA)

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B-7 Extn./110A (Ground Floor), Harsukh Marg, Safdarjung Enclave,
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Phone: +91-11-49200400/ 401/ 402

Website: www.cbgindia.org

Email: info@cbgindia.org

Centre for Rural Studies and Development (CRSD)

#12-5-13, New SBI Lakshminarasaiyah colony, Near AP Housing Board,
Anantapur - 515 001, Andhra Pradesh, India.

Phone: 91+ 8554246872

Email: crsdorgatp@gmail.com

Views expressed in this factsheet are those of the author and do not necessarily represent the positions of CBGA and CRSD.

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Centre for Budget and Governance Accountability (CBGA), an independent think tank based in New Delhi, analyses public policies and government budgets in India and advocates for greater transparency, accountability and scope for people to participate in budgetary processes.

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About CRSD

CRSD was established in 1991 as a field based organisation which works in Andhra Pradesh and Telangana. CRSD focusses on working towards empowering the rural poor, especially the dalits and women to organise themselves around their issues and struggle for their rights. It supports peoples budget advocacy campaign and civil society organisations to use budget-analysis as a tool to influence state programmes, policies and priorities in favour of the poor communities.

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