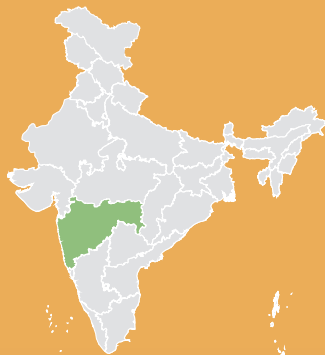


Factsheet on

# Budgetary Expenditure Towards Agriculture

**MAHARASHTRA**



2021

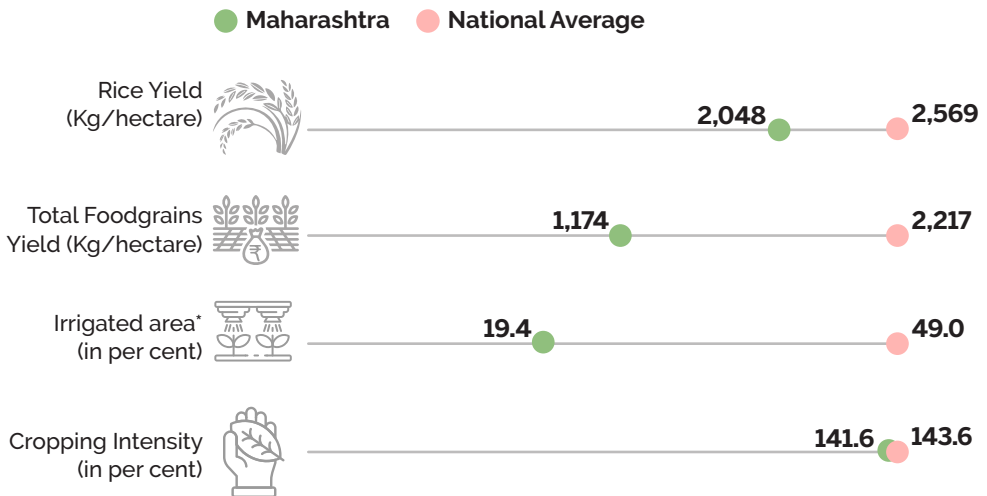


# Profile

Maharashtra is the third largest State with a geographical area of 30,800 thousand hectares and has the seventh highest share of sown area in the country. Out of State's geographical area, 54.6 per cent is the net sown area. Topographically, Maharashtra is divided into three regions: Coastal belt, Sahyadri hill ranges or Western Ghats and the Deccan plateau. Further, the State is classified into nine agro-climatic zones with most of the area being semi-arid. Soybean, cotton, rice, sugarcane and tur are the major crops grown in the State.

Though agriculture and allied activities are providing livelihood to around half of the State's population, all of the key agricultural indicators for Maharashtra are not performing at par with the national average. As compared to the national average, in Maharashtra, gaps in total food grain yield and irrigated area are around 47 per cent and 60 per cent respectively. Further, gap in rice yield is 20 per cent. While cropping intensity in Maharashtra nearly matches that of the national average, concerted efforts are needed in all areas of agriculture for enhanced growth of the sector in the State.

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



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

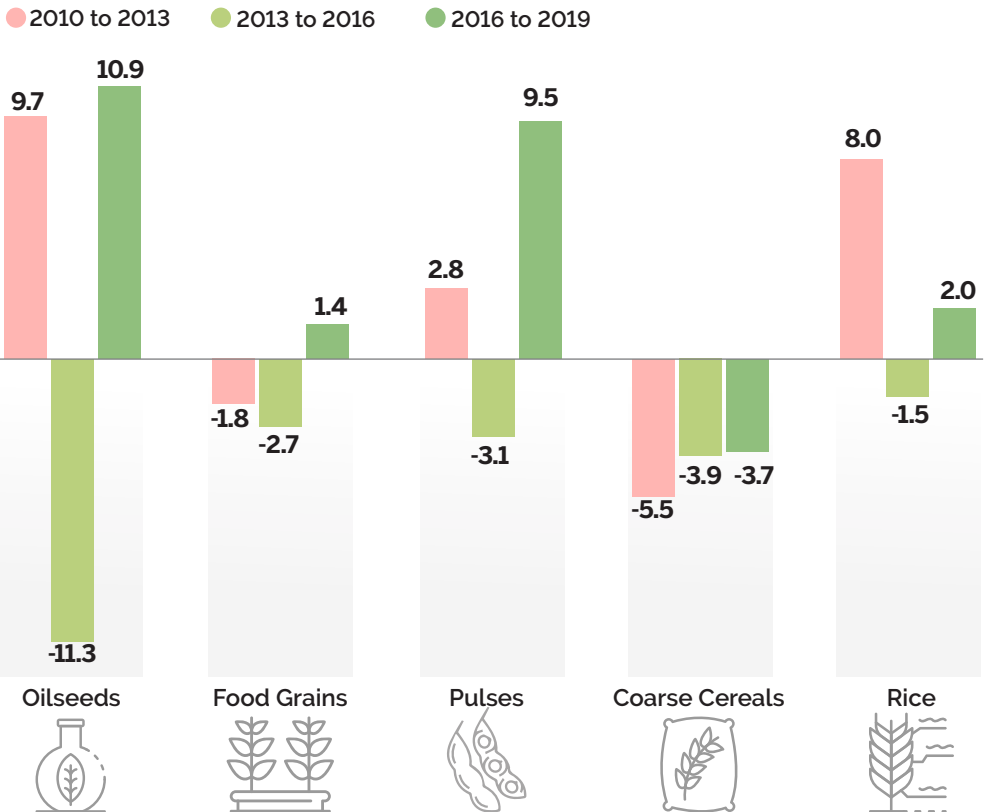
2. Irrigated Area is calculated as percentage of gross irrigated area to Total Cropped Area in 2016-17.

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

Production growth rate of all the major crops in Maharashtra have remained unsteady in the period between 2010 and 2019 except coarse cereals which witnessed negative growth rate throughout the entire period. The overall production growth rate of food grains has improved in the recent years after a period of negative growth between 2010 and 2016. The production rate of oilseeds too has improved in the period between 2016 and 2019 after being negatively impacted in the previous triennium. Climate variability and extremes along with other factors adversely affect both crop production and yields in the State.

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



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

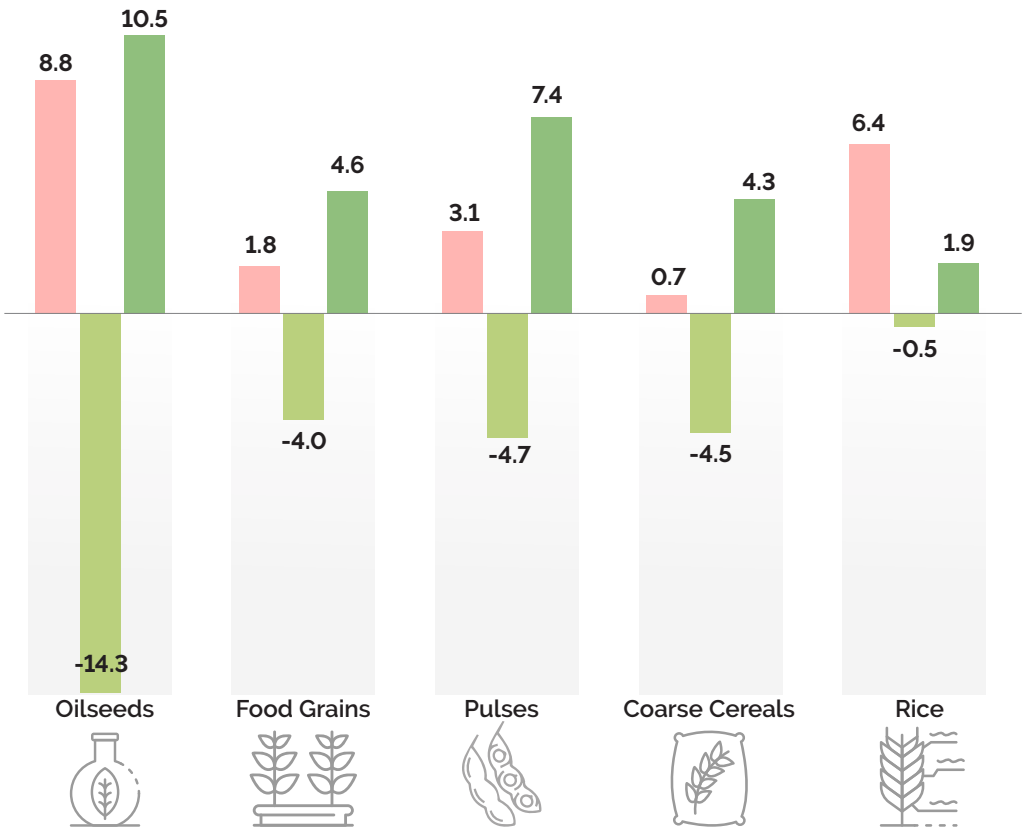
Source: Compiled by CBGA from data provided by Directorate of Economics and Statistics, Department of Agriculture, Cooperation and Farmers Welfare, Ministry of Agriculture and Farmers Welfare, Govt. of India.

# Yields

Effects of severe and consecutive droughts faced by the State between 2012 and 2016 are reflected in the declining yields in the period between 2013 and 2016. The preceding and succeeding trienniums recorded growth in the yields of all major crops. The productivity of oilseeds and rice has increased by 10.5 per cent and 1.9 per cent respectively in the recent years. More climate-resilient initiatives are needed to sustain the productivity growth rate of all major crops and thereby increase farmers' income.

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

● 2010 to 2013    ● 2013 to 2016    ● 2016 to 2019



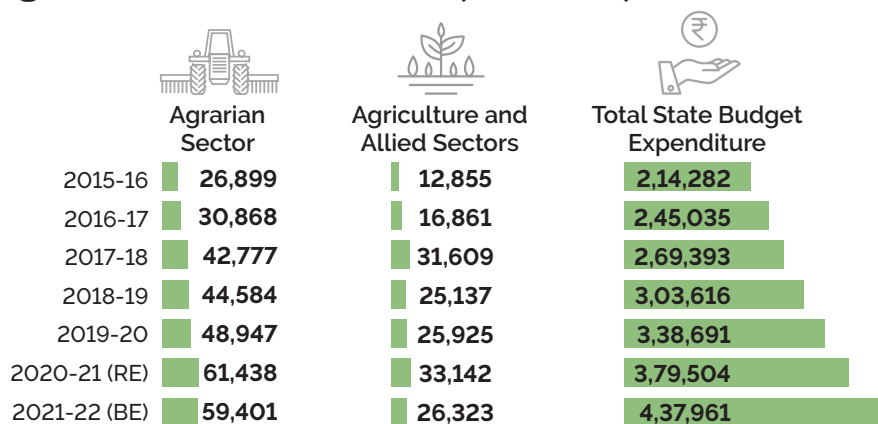
Note: Compound Annual Growth Rates are computed based on three-yearly average

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

While State's budgetary expenditure on agrarian sector altogether has increased steadily every year since 2015-16 except 2021-22 (BE), expenditure on agriculture and allied activities in particular has remained uneven over the years. The budgetary estimates (2021-22) for agriculture and allied activities were Rs. 6819.2 crore lower than previous year's revised estimates.

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



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

Source: Compiled by CBGA from Detailed Demand for Grants, Budget Books, Department of Finance, Government of Maharashtra (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.

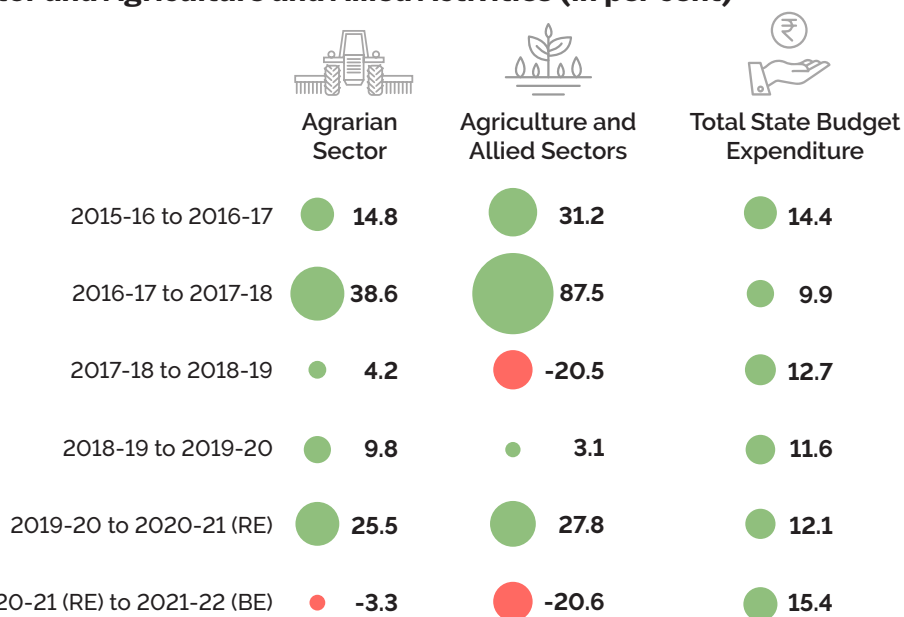
Apart from **Agriculture and Allied Activities**, relevant expenditure by the following departments have been clubbed together to obtain total expenditure on Agrarian Sector. **Please note that we have included only those heads of public expenditure in the other sectors that have a direct bearing on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

- Home
- Industries, Energy and Labour
- Planning
- Public Works
- Revenue and Forest
- Water Resources Department
- Rural Development
- Soil and Water Conservation
- Tribal Development
- Water Supply and Sanitation
- Food, Civil Supplies and Consumer Protection

## Expenditure: Growth

The years 2015-16 to 2016-17, 2016-17 to 2017-18 and 2019-20 to 2020-21 (RE) witnessed a marked growth in budgetary expenditure on agrarian sector as well as agriculture and allied activities. Growth in expenditure in other years has been low in both the sectors (even negative in some cases). The years 2017-18 to 2018-19 and 2020-21 (RE) to 2021-22 (BE) witnessed negative growth in public expenditure on agrarian sector and agriculture and allied activities. A sustained growth towards budgetary expenditure on agriculture and allied sectors is necessary for comprehensive agricultural growth in both production and productivity in the State.

**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 for Grants, Budget Books, Department of Finance, Government of Maharashtra (various years).

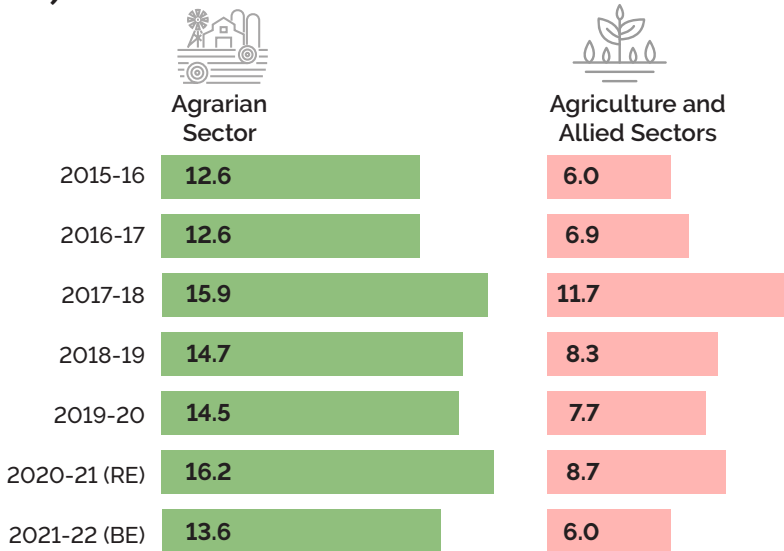
Refer to Explanatory Notes on Page 5.

## Expenditure: Sector Share

Average share of expenditure on agriculture and allied activities and the agrarian sector in the total state budgetary expenditure has been at 7.8 per cent and 14.4 per cent respectively during 2015-16 to 2021-22.

The share of agrarian sector and agriculture and allied activities in the total state budgetary expenditure has been almost stable during 2018-19 to 2021-22 (BE), though in the last few years, these have slightly declined. A sustained increase in the share of budgetary expenditure on agrarian and agriculture and allied sectors is necessary to enhance the production and productivity of different crops in Maharashtra which is still significantly lesser than the national averages.

**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 for Grants, Budget Books, Department of Finance, Government of Maharashtra (various years).

Refer to Explanatory Notes on Page 5.

## Composition: By Major Heads

Crop Husbandry had consistently constituted the major share of expenditure among all components of agriculture and allied activities over the years except in 2017-18; in 2017-18 the component of Other Agricultural Programmes had the highest share. Other components with a significant share of budgetary expenditure have been Forestry and Wildlife and Food Storage and Warehousing. The allied activities of Fisheries and Dairy Development as well as the crucial component of Soil and Water Conservation encompassed the lowest shares of budgetary expenditure. The shares of Soil and Water Conservation, Food Storage and Warehousing and Other Agricultural Programmes, however, have seen an increasing trend since 2015-16. The shares of all other components have either fluctuated or even declined from what they were in 2015-16. Fisheries, Forestry and Wildlife and Cooperation have seen the sharpest decline in the budgetary expenditure over the years. The expenditure share of Forestry and Wildlife fell from 21.1 per cent in 2015-16 to 15 per cent in 2021-22 (BE). During the same period, the share of Cooperation fell from 10.5 per cent to 7.5 per cent and animal husbandry decreased from 9.8 per cent to 7.8 per cent.

**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	42.0	54.8	18.1	26.2	28.9	27.3	40.6
Food Storage and Warehousing	0.2	1.7	1.2	11.0	10.8	12.2	15.1
Forestry and Wild Life	21.1	15.5	8.1	12.1	10.4	10.5	15.0
Animal Husbandry	9.8	7.7	3.6	5.1	6.2	5.3	7.8
Agricultural Research and Education	8.2	6.2	3.8	5.1	4.6	4.9	7.5
Co-operation	10.5	8.4	5.0	14.0	9.7	3.4	7.5
Soil and Water Conservation	0.6	0.8	0.3	1.7	2.1	1.8	2.7
Dairy Development	5.2	2.8	1.3	4.9	2.6	2.8	2.5
Fisheries	1.8	1.1	0.6	0.8	0.7	1.0	1.3
Other Agricultural Programmes	0.5	0.8	58.0	19.2	23.9	30.7	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 for Grants, Budget Books, Department of Finance, Government of Maharashtra (various years).



## Composition: By Key Activities

It has been observed that lower budgetary priorities have been accorded to seeds and plant protection, manure and fertilisers, cattle and buffalo development, research, education and training etc. However, more focus has been on crop insurance and minor irrigation over the years.

**Figure 8: Revenue Expenditure on Key Agricultural Activities in Maharashtra (in Rs. crore)**

Key Agricultural Activities	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21 RE	2021-22 BE
Minor Irrigation	1,636.1	1,559.4	1,668.2	1,595.2	1,593.2	2,044.9	3,003.2
Crop insurance	1,035.8	4,351.8	1,819.5	2,158.3	2,842.4	2,614.8	2,370.0
Veterinary Services and Animal Health	462.9	531.5	510.7	545.6	671.2	693.7	783.9
Food crops	180.1	196.8	217.9	173.2	205.9	275.0	416.6
Horticulture and Vegetable Crops	398.6	314.2	272.9	197.1	208.5	286.5	395.1
Cattle and Buffalo Development	97.4	102.3	88.5	94.3	124.3	121.8	162.8
Seed and Plant Protection	58.4	73.0	68.9	112.8	81.9	114.6	130.4
Social and Farm Forestry	86.2	99.3	109.1	196.0	59.3	160.2	126.2
Education, Research and Training	75.0	80.1	229.1	220.9	100.9	50.5	108.2
Manures and Fertilizers	3.7	39.6	52.5	0.0	30.1	65.5	56.7
Command Area Development	24.0	17.9	13.8	13.9	17.4	18.5	24.0

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 for Grants, Budget Books, Department of Finance, Government of Maharashtra (various years).

## Schemes

The expenditure on centrally sponsored scheme *Pradhan Mantri Fasal Bima Yojana* (PMFBY) has increased from Rs. 1724 crore in 2018-19 to Rs. 2043 crore in 2021-22 (BE) in Maharashtra. Schemes such as Soil Health Management, *Paramparagat Krishi Vikas Yojana* and Seeds Plantation Sub-Mission that develop community-based agricultural infrastructure have witnessed the lowest average budgetary expenditure since 2018-19. Allied sector schemes such as Blue Revolution and National Livestock Mission have also seen fairly low budgetary expenditure between 2018-19 and 2021-22 (BE).

At the same time, budgetary expenditure on some of the other community-based infrastructure development schemes has increased over the years. Allocation for Chief Minister Sustainable Agriculture Irrigation Scheme, which was launched in 2017, witnessed an increase of Rs 400 crore in 2021-22 BE. Similarly, budgetary expenditure on Chief Minister's Agriculture and Food Processing Scheme has also increased from Rs. 9 crore in 2018-19 to Rs. 75 crore in 2021-22 BE. Increasing trends in budgetary expenditure have also been observed for State Sponsored Agricultural Mechanisation Scheme, Mission Agricultural Extension, National Food Security Mission, *Rashtriya Krishi Vikas Yojana* and Pradhan Mantri Micro Food Processing Industry Scheme.

**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)	
Pradhan Mantri Crop Insurance Scheme	1,723.8	2,364.4	2,063.8	2,020.0	
<i>Pradhan Mantri Krishi Sinchai Yojana</i>	649.2	306.4	699.2	566.6	
Chief Minister Sustainable Agriculture Irrigation Scheme	0.0	0.0	75.0	400.0	
<i>Rashtriya Krishi Vikas Yojana</i>	390.3	336.3	325.0	375.0	
Weather based Fruit Crop Insurance Scheme	387.1	380.0	491.0	250.0	
National Food Security Mission	161.7	204.2	227.8	241.0	

Continued on Page 11...

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 for Grants, Budget Books, Department of Finance, Government of Maharashtra (various years).

**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)
Integrated Horticulture Development Mission	162.3	122.7	166.7	200.0
State Sponsored Agricultural Mechanisation Scheme	0.0	39.7	38.0	150.0
<i>Pradhan Mantri Matsya Sampada Yojana</i>	0.0	0.0	12.8	110.7
Gopinath Munde Farmers Accident Insurance Scheme	47.4	98.1	60.0	100.0
Agriculture Mechanisation Sub Mission	171.7	77.1	100.0	100.0
Pradhan Mantri Micro Food Processing Industry Scheme	0.0	0.0	0.0	83.3
Chief Minister's Agriculture and Food Processing Scheme	8.9	15.6	30.0	75.0
Sub Mission on Support to State Agricultural Extension Programme for extension reforms	26.4	49.2	66.7	66.7
National Mission on Sustainable Agriculture	66.4	15.1	41.3	36.0
Seeds Plantation Sub Mission	16.1	17.4	26.7	33.0
<i>Paramparagat Krishi Vikas Yojana</i>	0.0	26.2	50.0	26.7
National Livestock Mission	4.4	3.3	33.4	23.4
Soil Health Card	26.0	60.8	33.3	13.3
Soil Health Management	1.9	0.0	5.0	5.0
Blue Revolution Scheme	36.7	0.0	87.6	0.0

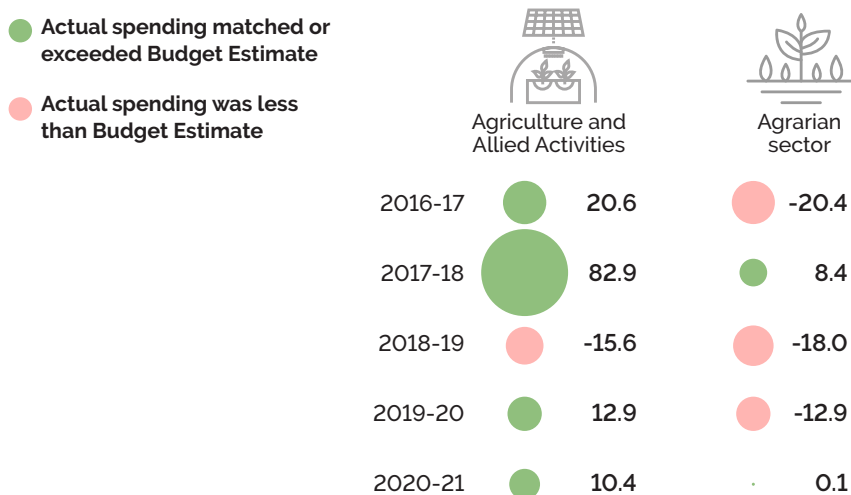
Note: 1. Heads arranged in descending order of share in 2021-22 (BE). 2. BE stands for Budget Estimates and RE stands for Revised Estimates.

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

## Fiscal Credibility: By Sectors

Aside from 2018-19, the actual expenditure on agriculture and allied activities has remained higher than the budget estimates. In 2017-18, the actual expenditure was exceeded by as much as 82.9 per cent from its budgetary estimates. For the overall agrarian sector, on the other hand, the actual expenditure has remained lower than the budget estimates except in 2017-18 and 2021-22. This gap in expenditure was -20.4 per cent in 2016-17, -18.0 per cent in 2018-19 and -12.9 per cent in 2019-20.

**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.

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

Refer to Explanatory Notes on Page 5.

## Fiscal Credibility: By Activities

Wide ranging gaps have been observed in the budget estimates and actual expenditure in major heads of the agricultural sector. The gap under Crop Husbandry and Soil and Water Conservation has been negative over the entire period except in 2016-17. Animal Husbandry, Forestry and Wildlife and Agriculture Research and Education (except 2017-18) have witnessed lesser actual expenditure than the budget estimates over the period from 2016-17 to 2020-21.

On the other hand, actual expenditure on Co-operation and Dairy Development has exceeded, on an average, by 69.6 per cent and 40.0 per cent respectively over the entire period. For agricultural productivity and production and farmers' income to consistently grow in the State, both budget estimates and actual expenditure must increase on long-term activities. Focus needs to be laid on the components of Soil and Water Conservation, Dairy Development and Agricultural Research and Development.

**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 Research and Education	-0.5	2.1	-2.9	-33.0	-17.0
Animal Husbandry	-9.0	-14.2	-6.5	-6.4	-8.8
Co-operation	56.9	36.2	203.7	90.4	-39.4
Crop Husbandry	107.4	-15.0	-20.6	-17.7	-6.6
Dairy Development	-14.0	-10.3	158.7	21.6	43.8
Fisheries	18.0	24.8	9.2	10.2	15.7
Food Storage and Warehousing	-9.6	15.2	477.0	298.9	364.7
Forestry and Wild Life	-0.6	-10.4	-2.6	-28.7	-12.0
Soil and Water Conservation	14.2	-35.4	-20.9	-12.0	-18.2

- 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 for Grants, Budget Books, Department of Finance, Government of Maharashtra (various years)

## Conclusion

The analysis calls for higher budgetary priorities towards agriculture and allied activities to achieve more sustainable growth in production, productivity and income of farming community. Moreover, the share of budgetary expenditure on allied activities such as fisheries, animal husbandry and dairy development should be increased to protect resource poor and small farmers.

Schemes and programmes that enhance the production capacity of sectors in the long-term through soil and water conservation, augmentation of irrigation capacities, storage and warehousing etc. should be given more importance.

Wide-ranging gaps in allocations and actual expenditure across various important programmes in the sector should be addressed through strengthening institutional capacity for better planning at grassroots level.

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