

Factsheet on

Budgetary Expenditure Towards Agriculture

MADHYA PRADESH



2021

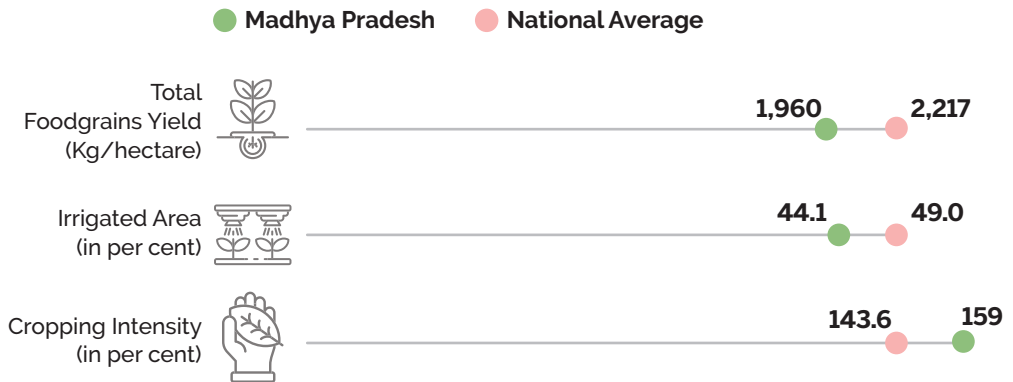


Profile

Agriculture is the prime mover of Madhya Pradesh's economy. It contributes around 31 per cent to state's Gross State Domestic Product (GSDP) and more than 71 per cent of the population is dependent upon it. Needless to say, the growth of agriculture and allied activities in Madhya Pradesh (MP) has significant role in determining the economic wellbeing of its populace. It is noteworthy that the sector had witnessed a double digit growth during last one and half decades. As a result, it is a pioneer in the production of wheat, soyabean and other important crops in the country.

The cropping intensity of the State is higher than that of the national average. However, the growth of yield of major crops remained lower than that of the national average i.e. the yield of total foodgrains is 1,960 kg/hectare which is lower than the national average (2,217 kg/hectare). Moreover, the irrigation potential of the State is still lower than that of the national average. The agrarian growth in the State can be enhanced however it needs better agricultural infrastructure to support it.

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



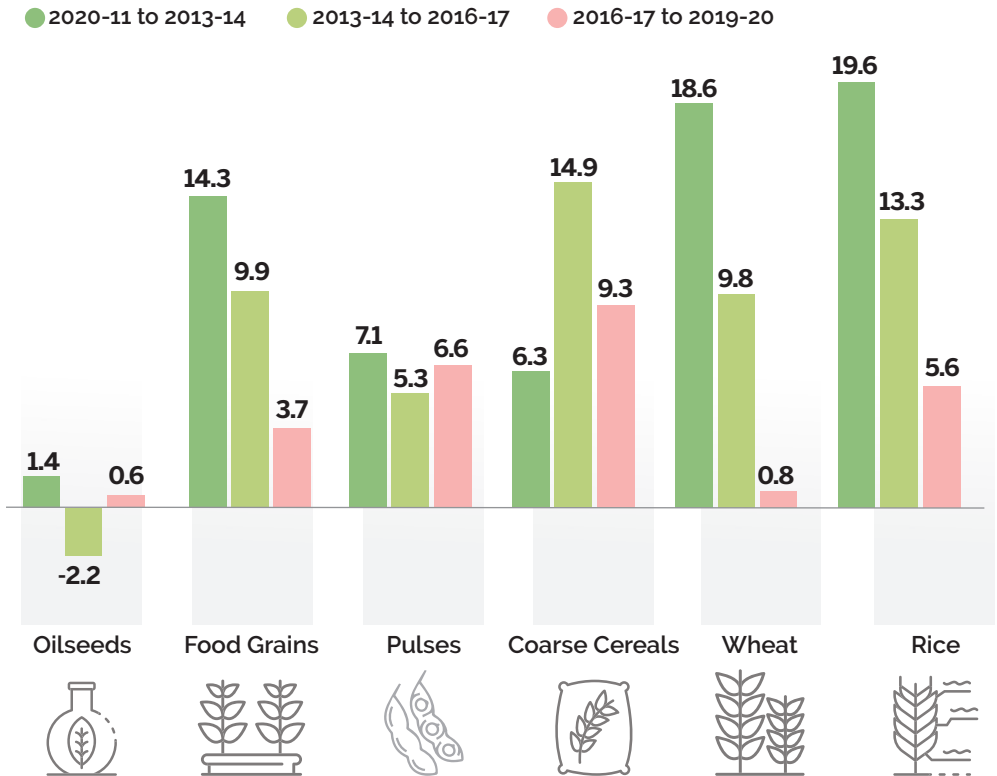
- Note: 1. Three year average has been taken for yield i.e. 2016-17, 2017-18 and 2018-19.
2. Irrigated Area: Percentage of Gross Irrigated Area to Total Cropped Area in 2016-17.

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

Although, the production growth has shown significant improvement in the past, it has relatively declined in the latest period, FY 2016-17 to FY 2019-20. The production growth of oilseeds, particularly, has remained a concern for the State agriculture. Further, as compared to the previous periods, the production growth of wheat has also declined in the latest period.

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



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

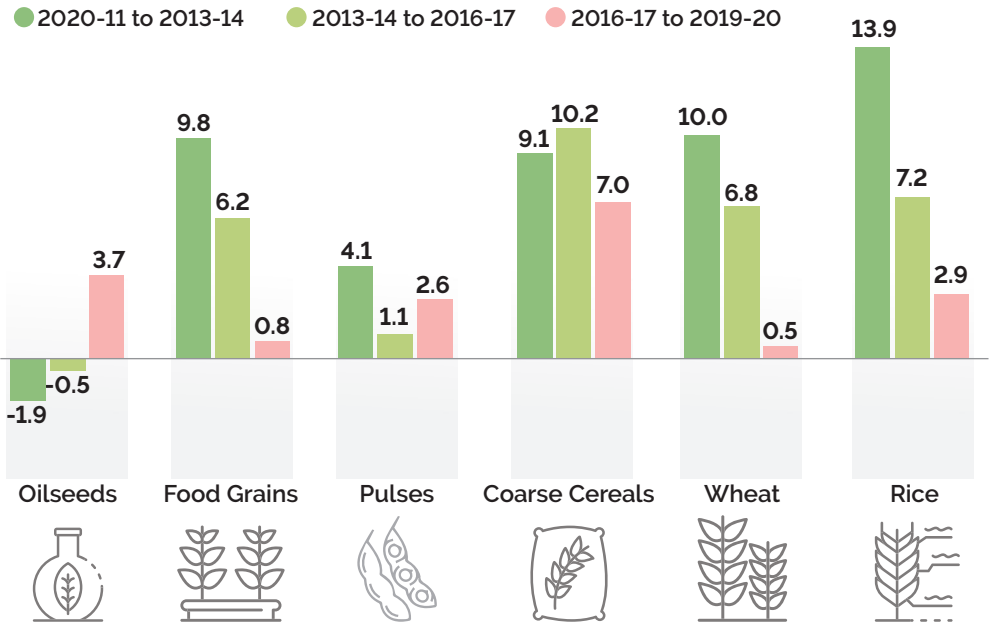
Source: Compiled by CBGA from data provided by Directorate of Economics and Statistics, Department of Agriculture, Cooperation and Farmers Welfare, Ministry of Agriculture and Farmers Welfare, Govt. of India.

Yields

The success in the growth of agriculture sector in MP, in the recent decade, was partly due to improvement in yield of different crops and area expansion under crops. It can be observed that some of the crops, particularly, wheat and rice achieved a double digit yield growth. Although, the growth story continues to shine until the recent period, there are increasing concerns to sustain the growth momentum.

Despite the growth in the sector, MP farmers continue to face crisis in terms of income inequality and rising indebtedness. As per latest round of Situational Assessment Survey of Agricultural Households, the agricultural income in MP (Rs. 6,210) lagged national income (Rs. 6,426) despite increase in growth of agricultural output, suggesting that allied sectors are not contributing much to the overall farm income. Hence it is pertinent to focus on the improvements required in allied sectors while maintaining the growth momentum in the crop sector. To achieve this, adequate public expenditure towards agriculture and allied activities is needed.

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



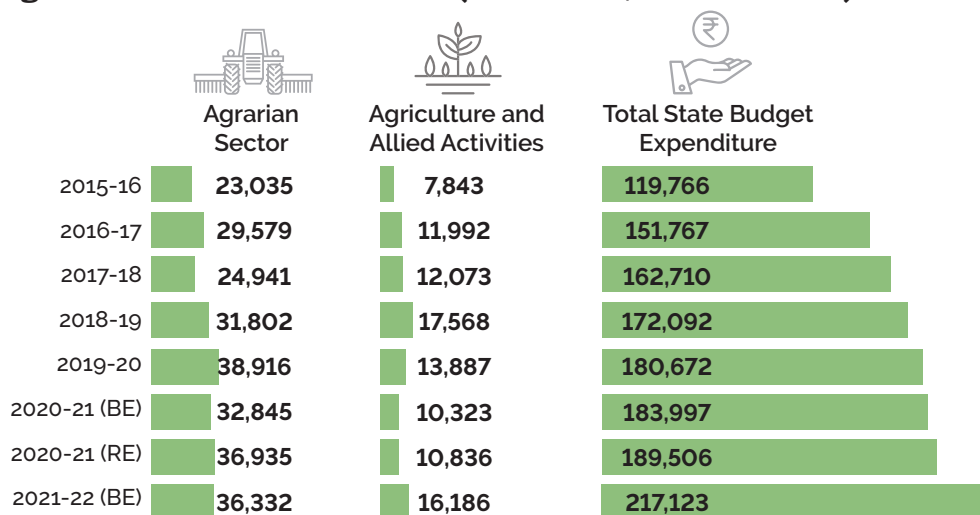
Note: Compound Annual Growth Rates are computed based on three-yearly average

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

Public expenditure towards agrarian sector in the State had witnessed a declining trend over last couple of years. The latest State budget (FY 2021-22 BE) for agrarian sector is pegged at Rs. 36,332/- crore which is lower than the previous year's Revised Estimates.

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 Madhya Pradesh (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.

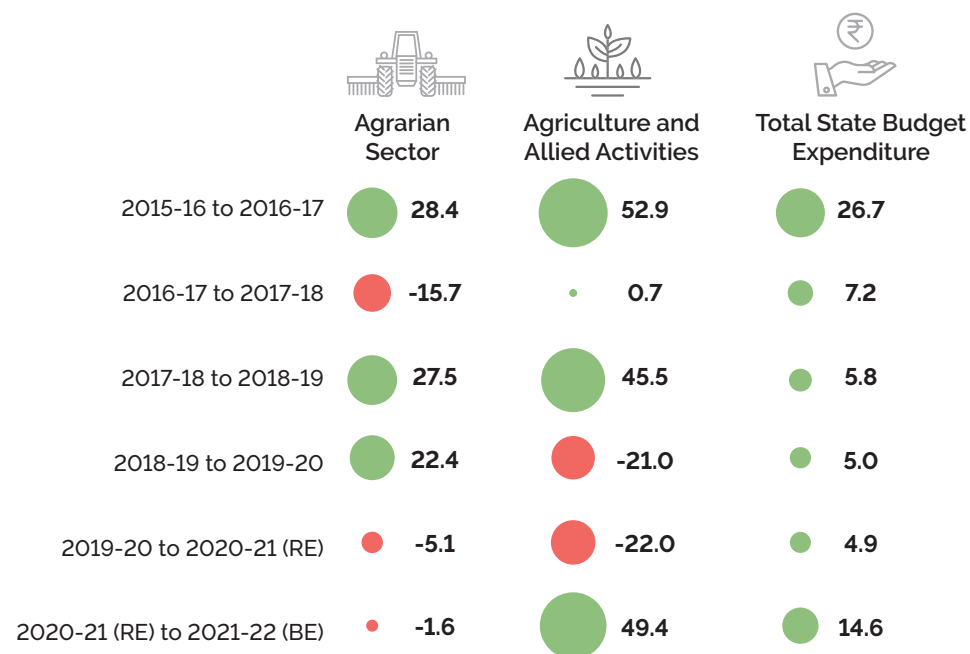
Apart from **Agriculture and Allied Activities**, relevant expenditure by the following departments have been clubbed together to obtain total expenditure on Agrarian Sector. **Please note that we have included only those heads of public expenditure in the other sectors that have a direct bearing on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

1. Denotified, Nomadic and Semi-Nomadic Tribe Welfare
2. Industry policy and Investment Promotion
3. Micro, Small and Medium Enterprises
4. Narmada Valley Development
5. Panchayat
6. Planning Economics and Statistic
7. Public Relation
8. Revenue & Rehabilitation
9. Rural Development
10. Schedule Cast Welfare
11. Village Industry
12. Water Resources

Expenditure: Growth

After successive reduction in the budgets towards agriculture and allied activities during 2019-20 and 2020-21, it has received almost 50 per cent increase in 2021-22 BE. The amount of budget has reached to the tune of Rs. 16186 crore in 2021-22 BE.

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



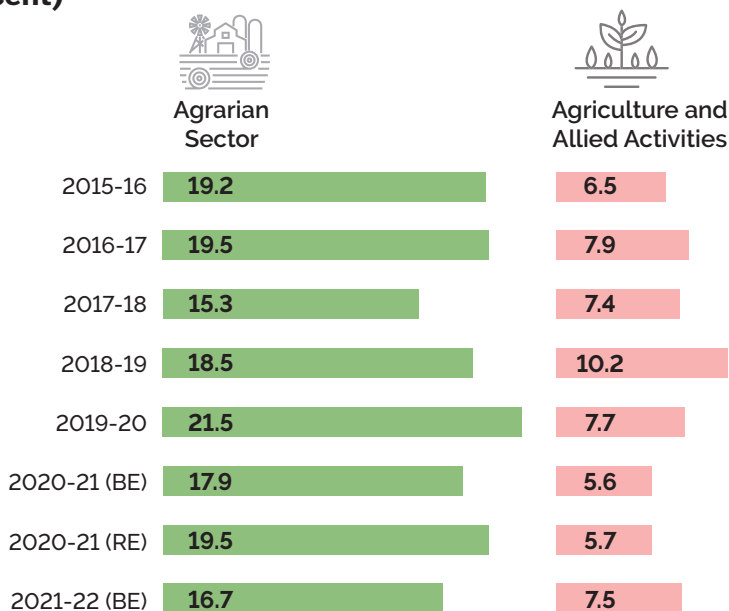
Source: Compiled by CBGA from Detailed Demand of Grants, Budget Books, Department of Finance, Government of Madhya Pradesh (various years).

Refer to Explanatory Notes on Page 5.

Expenditure: Sector Share

The share of public expenditure towards the agrarian sector and agriculture and allied activities is fluctuating over the years. It reached to 22 per cent in 2019-20 from 19 per cent in 2015-16, however declined to 17 per cent in the latest year. In case of agriculture and allied activities, it also increased from 7 per cent in 2015-16 to 10 per cent in 2018-19, however, slipped to 7 per cent again 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)



Source: Compiled by CBGA from Detailed Demand of Grants, Budget Books, Department of Finance, Government of Madhya Pradesh (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, the share of crop husbandry is declining in recent years; it still accounts for more than 50 per cent of the total revenue expenditure towards agriculture and allied activities. The budget expenditure for Forestry and Wildlife also constitutes a substantial share despite declining in recent years. The share of Food Storage and Warehousing has increased from 9 per cent in 2020-21 BE to 19.6 per cent in the latest year's budget. Cooperation constitutes the fourth largest share in 2021-22 (BE), however, the trend since 2015-16 shows that its share is declining. Animal husbandry, which holds significance in agriculture sector of the State, has not been prioritised much, receiving less than 7 per cent of the revenue expenditure towards agriculture and allied activities.

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 | 30.0 | 48.3 | 50.1 | 70.9 | 69.3 | 54.4 | 59.0 | 50.7 |
| Food Storage and Warehousing | 17.1 | 15.6 | 11.3 | 8.3 | 7.1 | 9.0 | 8.3 | 19.6 |
| Forestry and Wildlife | 26.8 | 14.7 | 13.9 | 9.8 | 10.8 | 17.2 | 15.3 | 11.3 |
| Cooperation | 13.3 | 10.6 | 15.1 | 3.2 | 2.9 | 6.4 | 5.0 | 8.7 |
| Animal Husbandry | 9.0 | 7.6 | 6.8 | 5.6 | 7.6 | 9.5 | 8.8 | 6.8 |
| Fisheries | 0.8 | 0.6 | 0.6 | 0.5 | 0.6 | 1.0 | 1.2 | 1.3 |
| Agricultural Research and Education | 2.2 | 2.0 | 1.6 | 1.2 | 1.2 | 1.7 | 1.6 | 1.1 |
| Land and Water Conservation | 0.8 | 0.6 | 0.5 | 0.4 | 0.6 | 0.9 | 0.8 | 0.6 |

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 Madhya Pradesh (various years).

Composition: By Key Activities

In the latest financial year, the expenditure towards food subsidies has increased substantially. Similarly, over the years much emphasis has been given to crop insurance as its share is more than 6 per cent in the latest year. However, the expenditure towards other important activities such as plant protection and seeds, manure and fertilisers, agriculture engineering works, land conservation, and procurement and supplies have remained much lower as well as stagnant over the years.

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

| | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 (BE) | 2020-21 (RE) | 2021-22 (BE) |
|--|---------|---------|---------|---------|---------|-----------------|-----------------|-----------------|
| Food Subsidies | 4.97 | 4.88 | 4.73 | 3.69 | 2.00 | 2.14 | 1.90 | 7.91 |
| Crop Insurance | 1.15 | 9.69 | 7.59 | 2.62 | 7.34 | 2.44 | 7.58 | 6.11 |
| Assistance to Cooperation | 4.00 | 3.46 | 6.68 | 1.37 | 0.80 | 1.62 | 1.18 | 3.39 |
| Forest Conservation, Development, Sustainability | 5.65 | 3.15 | 4.56 | 3.28 | 2.53 | 3.48 | 2.95 | 3.33 |
| Animal Development | 2.14 | 1.68 | 2.44 | 2.07 | 2.09 | 2.35 | 2.07 | 2.50 |
| Horticulture and Vegetable Crops | 2.27 | 2.12 | 2.60 | 1.62 | 1.56 | 1.53 | 1.21 | 1.81 |
| Food Crop | 1.14 | 0.74 | 0.95 | 0.41 | 0.60 | 0.88 | 1.00 | 1.27 |
| Training, Research and Education | 1.75 | 1.45 | 1.73 | 4.04 | 0.84 | 0.98 | 0.92 | 1.01 |
| Social and Farm Forestry | 0.94 | 0.60 | 0.93 | 0.86 | 0.42 | 0.62 | 0.47 | 0.53 |
| Fisheries | 0.17 | 0.17 | 0.22 | 0.18 | 0.16 | 0.22 | 0.29 | 0.48 |
| Agriculture Engineering and Works | 0.81 | 0.79 | 0.88 | 0.70 | 0.54 | 0.51 | 0.53 | 0.44 |
| Manures and Fertilisers | 0.47 | 0.29 | 0.38 | 0.28 | 0.20 | 0.35 | 0.27 | 0.32 |
| Land Conservation | 0.25 | 0.19 | 0.25 | 0.21 | 0.19 | 0.24 | 0.21 | 0.23 |
| Commercial Crops | 0.15 | 0.13 | 0.10 | 0.05 | 0.05 | 0.06 | 0.16 | 0.16 |
| Plant Protection and Seed | 0.45 | 0.33 | 0.45 | 0.95 | 0.21 | 0.05 | 0.05 | 0.05 |
| Procurement and Supply | 0.03 | 0.07 | 0.05 | 0.03 | 0.06 | 0.05 | 0.04 | 0.04 |

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,

Schemes

The *Mukhya Mantri Krishak Fasal Uparjan Sahayata Yojana* has been introduced in 2021-22 and allocated Rs. 2,000 crore through the Department for Civil Food Supplies and the State Cooperative Marketing Federation with an aim to increase the production. However, it has been observed that more focus has been given to the cash-based schemes. Loans related schemes *Mukhyamantri Fasal Rin Maafi Yojana*, Chief Minister Debt Resolution Scheme has been given emphasis during last couple of years. Similarly, a significant amount of funds has been allocated to *Pradhan Mantri Fasal Bima Yojana*. To double farmers income in Madhya Pradesh, the latest budget also announced new scheme, *Mukhyamantri Kisan Kalyan Yojana*, with exchequer of Rs. 3,200 crore to provide Rs. 4,000 to each beneficiary farmer annually. On the contrary, the schemes which enhance infrastructure in agriculture sector such as Blue Revolution, *Parampragat Kheti Vikas Yojana*, *Shaaski Machine Tractor Station Yojana*, *Mukhyamantri Baaghbani Tatha Khaad Prasanskaran Yojana*, Agriculture Forestry, Rainfed Area Development, Soil Health, Water Conservation etc. have not received much priority. More surprisingly, *Bhavantar* (Flat - Rate Scheme) has not received any allocation in latest years' 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 | 2020-21 (RE) | 2021-22 (BE) | | |
| Mukhyamantri Kisan Kalyan Yojana | 0.0 | 0.0 | 3,200.0 | | |
| Pradhan Mantri Fasal Bima Yojana | 2,857.3 | 2,800.0 | 2,219.9 | | |
| Mukhyamantri Krishak Fasal Uparjan Sahayata Yojana | 0.0 | 0.0 | 2,000.0 | | |
| National Food Security Mission (NFSM) | 217.0 | 290.7 | 370.4 | | |
| Rashtriya Krishi Vikas Yojana (RKVY) | 233.8 | 222.5 | 364.9 | | |
| Pradhanmantri Sooksham Khaad Udyam Unnayan | 0.0 | 0.0 | 179.9 | | |
| Pradhan Mantri Krishi Sinchae Yojana (Micro Irrigation) | 99.5 | 128.9 | 125.0 | | |
| Pradhanmantri Matsay Sanpada Yojana | 0.0 | 37.9 | 120.0 | | |

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.

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Schemes

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

| Scheme | 2019-20 | 2020-21 (RE) | 2021-22 (BE) |
|--|---------|-----------------|-----------------|
| Sub Mission- Agriculture Extension (AATMA) | 61.3 | 52.8 | 91.0 |
| Chief Minister Debt Resolution Scheme | 109.2 | 88.0 | 90.1 |
| Tractor Evam Krishi Upkarno Par Anudaan (SMAM) | 98.8 | 99.9 | 67.0 |
| National Oilseed and Oil Palm Mission Under National Food Security Mission (NFSM) | 20.0 | 58.9 | 58.8 |
| Sub Mission- Seed And Planning Material | 22.4 | 52.0 | 52.0 |
| Fasal Bima Yojana | 48.6 | 39.0 | 50.0 |
| Chief Minister Farmers' Cooperative Credit Assistance | 25.1 | 25.3 | 43.0 |
| Paramparagat Kheti Vikas Yojana | 34.8 | 51.2 | 40.0 |
| Soil Health Card | 12.5 | 14.0 | 39.5 |
| National Afforestation Programme (Green India) | 51.5 | 37.0 | 37.0 |
| Sub Mission- Farm Water Management | 31.0 | 34.6 | 34.6 |
| Samagr Baans Vikaas Yojana (Baans Mission) | 13.1 | 16.7 | 30.0 |
| Rashtriya Udyaniki Mission | 35.4 | 10.0 | 30.0 |
| Mukhyamantri Baaghbani Tatha Khaad Prasanskan Yojana | 0.0 | 1.0 | 20.0 |
| Sub Mission- Soil Health Management | 7.0 | 39.0 | 19.5 |
| Shaaski Machine Tractor Station Yojana | 14.8 | 17.5 | 18.2 |
| Pradhan Mantri Krishi Sinchae Yojana | 0.0 | 10.1 | 10.9 |
| Sub Mission- Rainfed Area Development | 0.6 | 9.5 | 9.5 |
| Sub Mission- Agriculture Forestry | 0.0 | 7.0 | 7.0 |
| Mukhyamantri Fasal Rin Maafi Yojana | 3,931.5 | 800.0 | 0.0 |
| Bhavantar (Flat - Rate Scheme) | 422.8 | 500.0 | 0.0 |
| Neel Kranti (Blue Revolution) | 13.5 | 20.0 | 0.0 |
| Krishak Samriddhi Yojana | 13.8 | 8.6 | 0.0 |

Note: 1. Heads arranged in descending order of share in 2021-22 (BE).

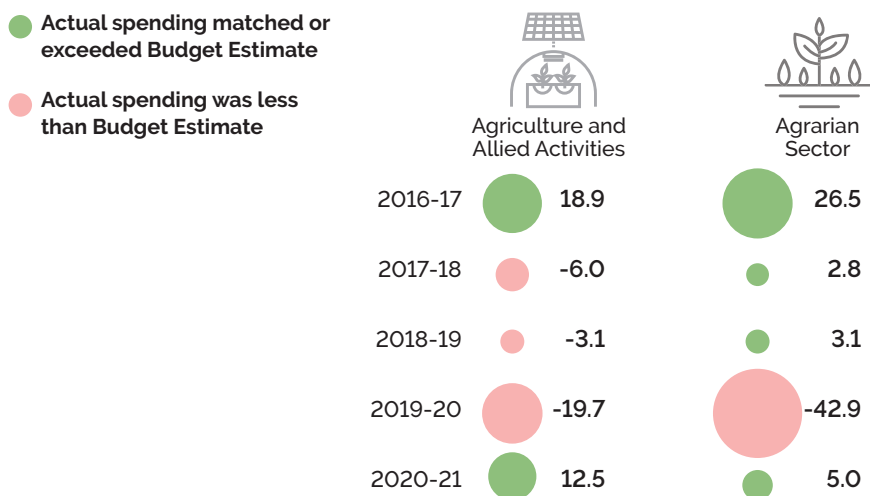
2. BE stands for Budget Estimates and RE stands for Revised Estimates.

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

Fiscal Credibility: By Sectors

It has been found that the actual expenditure for AAS has remained lower than the Budget Estimates after 2016-17. This gap has been observed significant (more than 43 per cent) for the year 2019-20. However, comparing the Revised Estimates with Budget Estimates of 2020-21, the data reveals that the expenditure is expected to surpass its Budgetary Estimates. As far as agrarian sector is concerned, actual expenditure exceeds the Budget Estimates for all the periods except 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.
 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 Madhya Pradesh (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. For the year 2019-20, it can be observed that for all the key agricultural activities, the actual expenditure remains lower than the Budget Estimates. For instance, only 56 per cent of the Budgeted amount towards under Crop Husbandry has been spent in 2019-20.

To keep the momentum of growth in the sector, there is a need for sustained flow of adequate public expenditure. To address the farm crisis and income stagnation in the state, public expenditure should be equally prioritised for allied sectors. The focus of various schemes and programmes is more towards individual targeted/cash-based approach. Instead, schemes related to infrastructure development and sustainable strategies should be given more fiscal priority.

Figure 11: Gap in Expenditure towards Key Activities of Agriculture and Allied Sector (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* |
|-------------------------------------|---------|---------|---------|---------|----------|
| Agricultural Research and Education | 53.1 | -0.3 | -0.1 | -6.1 | 0.0 |
| Cooperation | 45.1 | 21.4 | -63.6 | -71.8 | -15.6 |
| Animal Husbandry | -14.2 | -20.0 | -14.5 | -15.4 | 0.2 |
| Crop Husbandry | 43.8 | 15.0 | 9.1 | -44.0 | 17.2 |
| Fisheries | -14.8 | -25.1 | -17.4 | -20.1 | 38.9 |
| Food Storage and Warehousing | 33.7 | -2.3 | -3.4 | -38.1 | -0.3 |
| Forestry and Wildlife | -12.9 | -20.7 | -26.4 | -20.5 | -4.3 |
| Land and Water Conservation | -38.2 | -19.0 | -23.3 | -15.3 | -0.5 |

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 Madhya Pradesh (various years)

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Established in 1995, Samarthan is a support organisation to address the challenges of poverty and underdevelopment through participatory development and governance. It promotes participatory development processes by challenging the conventional top down model of development through direct field action, capacity building research and advocacy.

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