

# **Economy Survey 2017-18: Decoding for the Agriculture Sector**

*T. Sadashivam\* & Shahla Tabassum\*\**

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## **Abstract**

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*In the 21<sup>st</sup> century, the economy of many countries is transforming towards secondary and tertiary sector. And India is also not immune to this phenomenon, and our economy is slowly moving towards manufacturing and service sector. However, the contribution of primary sector i.e., agriculture towards employment in the country is still unimaginable. Especially this becomes more important in the context of more than majority of our population residing in rural areas; and their main source of activity is agriculture. Unfortunately, the agriculture sector since quite long time have been going through a difficult phase. In this context, this paper tries to decode the economy survey 2017-18 for the agriculture sector. This is very important in the context of*

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\* Department of Public Administration, Pachhunga University College, Aizawl

\*\* Department of Political Science, ZHDCE, University of Delhi. Corresponding Address: sadajmi@gmail.com.

*the call by our Prime Minister Shri Narendra Modi to double the farmer's income by 2022.*

**Keywords:** *Economic Survey; Agriculture; Farmers; Climate Change and Rural Areas.*

## **Introduction**

India is predominantly a rural country with (68.8%) of its population living in the rural area and its contribution to the national income was (46%). The one sector which is very important for rural employment and for the rural economy is agriculture. At present, agriculture sector contributes 16% to our GDP and 49% of employment in the country. So, the growth of agriculture is very critical not only for our overall economy but also the development of the country. However, the agriculture sector is passing through a difficult period, especially with back to back droughts in 2014-15 and 2015-16. And the slowdown in the global prices of agriculture commodities has not been good for our farmers. Thus, the present article tries to decode the economy survey 2017-18 for the agriculture sector.

## **Decoding Economic Survey**

The Economic Survey 2017-18 has talked about Indian agriculture prevailing state of affairs and its future. The following discussed some important features of Indian agriculture:

### a) Structural Change in Agriculture

According to economic survey, a structural change is taking place in the agriculture sector, especially the share of livestock Gross Value Added (GVA) has been gradually increasing from (22%) in 2011-12 to (26%) in 2015. On the other hand, the share of the crop sector in GVA has been on the decline from (65%) in 2011-12 to (60%) in 2015-16. As a result, a share of livestock in total farm income has increased from (4%) in 2002-03 to (13%) in 2012-13, whereas the wages (39% in 2002-03 to 32% in 2012-13) and non-farm business (11% in 2002-03 to 8% in 2012-13) saw a decline in total farm income. A share of cultivation in total farm income remains more or less same with (46% in 2002-03 to 47% in 2012-13). Thus, the economic survey talks about a reorientation in agricultural policies, by focusing on allied activities like livestock and dairy development, so farmers can diversify their income generation.

	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>
<b>Crops</b>	65%	65%	64%	62%	60%
<b>Livestock</b>	22%	23%	23%	24%	26%
<b>Forestry and Logging</b>	8%	8%	8%	8%	9%
<b>Fishing and Aquaculture</b>	5%	5%	5%	5%	5%

Source from : Economic Survey 2017-18, Ministry of Finance, Government of India, Volume II, p.102.

<b>Table No. 2 : Sources of Farm Income (%)</b>		
	<b>2002-03</b>	<b>2012-13</b>
<b>Cultivation</b>	46%	47
<b>Wages</b>	39%	32%
<b>Livestock</b>	4%	13%
<b>Non-farm Business</b>	11%	8%

Source from: Economic Survey 2017-18, Ministry of Finance,  
Government of India, Volume II, p.103.

In this regard, an initiative in the present 2018-19 budget can be seen for the setting up of Fisheries and Aquaculture Infrastructure Development Fund (FAIDF) for fisheries sector and; Animal Husbandry Infra Development for Animal Husbandry (AHIDF) with the joint amount of Rupees 10,000 crores. In the last budget 2017-18, a proposal was made to set up a Dairy Processing and Infrastructure Development Fund in NABARD with a corpus of Rupees 8000 crores for three years. Later, the cabinet committee on economic affairs has increased the amount to Rupees 10,881 crores.

### **B) Climate Change and Agriculture**

The economy survey 2017-18 has projected that because of climate change the farmer's annual agricultural income on an average may fall between (15%) and (18%) and rising to anywhere between (20%) and (25%) in unirrigated areas. So the climate change shocks will have a much greater effect on unirrigated areas compared to irrigated areas. At current levels of farm income, it

means a loss of more than Rupees 3,600 per year for the median farm household. Climate change effects on agriculture can be in the form of increased variability in temperature and rainfall and intensity of extreme weather events like floods, droughts, cyclones, heat and cold waves etc. Already the evidence of it can be seen with the fluctuation in the growth rates of agriculture and allied sectors for the last five years: (1.5%) in 2012-13; (5.6%) in 2013-14; (-0.2%) in 2014-15; (0.7%) in 2015-16, and (4.9%) in 2016-17 (provisional estimate).

**Table No. 3 : Impact of Weather shocks on Agricultural Yields (percentage decline in response to temperature increase and rainfall decrease)**

	Extreme Temperature Shocks	Extreme Rainfall Shocks
<b>Average Kharif</b>	4%	12.8%
<b>Kharif, Irrigated</b>	2.7%	6.2%
<b>Kharif Unirrigated</b>	7%	14.7%
<b>Average Rabi</b>	4.7%	6.7%
<b>Rabi, Irrigated</b>	3%	4.1%
<b>Rabi, Unirrigated</b>	7.6%	8.6%

Source from: Economic Survey 2017-18, Ministry of Finance, Government of India, Volume-I, p.92.

For minimizing the effects of climate change on agriculture, the economic survey emphasizing on extending irrigation especially through drip and sprinkler technologies and adopting an efficient water management system in the country, because of water scarcity and depleting groundwater resources especially in North India. In India still, 73.2 million hectares area out of 141.4 million hectares net sown area is not irrigated and it dependant on rainfall or in other words, still (52%) farm field is unirrigated. The all India average was even much lower with only (34.5%) of the total cropped areas was net irrigated in 2014-15 (according to Directorate of Economics and Statistics). Amongst the states only Punjab and Uttar Pradesh are having more than (50%) of their total cropped area net irrigated and only 10 states (Haryana; Tamil Nadu; Madhya Pradesh; Bihar; Andhra Pradesh; Gujarat; Rajasthan; Telangana; West Bengal and Uttarakhand) are above the (30%) mark, whereas the other remaining states are below the above-mentioned mark.

So, to increase the coverage area under irrigation across the country, the NDA II government in the year 2015 launched 'Prime Minister's Krishi Sinchayee Yojana (PMKSY)-Per Drop More Crop' with an outlay of Rupees 50,000 crores for five years. In the first year i.e. 2015-16, Rupees 1,556.7 crores allocated, which increase to 1991.25 crores in 2016-17; 3000 crores in 2017-18 (Revised Estimate) and the current budget (2018-19) allocated 4000 crores. In the year 2015-16, 5.7 lakh hectare area was brought under micro-irrigation, this figure increases to 8.4 lakh hectare areas in 2016-17 and a target of 12 lakh hectare

areas in 2017-18 was made. PMKSY scheme is implemented in the mission mode, with the objective of completing 99 major and medium irrigation projects in a phased manner by December 2019, which will cover 76 lakh hectare areas.

Also, the economic survey talks about policy to promote ‘Climate Smart Agriculture’ (CSA), which is an approach to identify and developing agricultural strategies suitable to the local conditions, so to secure sustainable food security under climate change. The three main objectives of CSA are: sustainably increasing agricultural productivity and incomes; adapting and building resilience to climate change; and reducing and/or removing greenhouse gas emissions wherever possible.

### **C) ‘Feminisation’ of Agri- Sector**

For long period, women role in agricultural development and allied fields like main crop production, horticulture, fisheries, livestock production etc, is ignored. However, according to economic survey, this approach needs to be changed, if we want to achieve sustainable development of the agriculture and rural economy. It becomes more important, with the migration of men from rural to urban areas for job prospects is increasing. As a result, ‘Feminisation’ of agriculture sector is taking place with multiple roles of women increases in the form of labourers, cultivators, and entrepreneurs. But there exists a problem of differential access of women to resources like land, credit, water, market, and technology etc. So, economic survey emphasising on adopting gender-specific interventions to raise not only

agriculture productivity but also to make them as active agents in rural transformation.

Although the present NDA II government has taken steps to ensure mainstreaming of women beneficiaries in agriculture like, firstly, in all ongoing schemes/programmes and development activities, at least (30%) are earmarked from the budget allocations for women beneficiaries. Secondly, taking action in the form of capacity building activities and to provide various information, in order to easily access to microcredit for the women Self-Help Group (SHG).

#### **D) Cooperative Federalism Technology**

Agriculture being a state subject, it's very difficult to address the various problems faced by our farmers throughout the country. Even if the central government does the best from its part, it will not be successful, unless both the Union and states governments work together. Interestingly, the economic survey called for use of 'Cooperative Federalism Technology' like that of Good and Services Taxes (GST) council. This form of partnership will help in bringing effective agricultural reforms throughout the country, instead of initiatives of few states, which will improve the plight of the farmers.

#### **E) Knowledgeable Farmer's**

According to 2011 census, India's literacy rate was (74%), and among the farmer's (69.3%) are literate. If, we go into details about different levels of education amongst the farmers. Then, it

shows that (22.5%) studied up to class V; (22.7%) up to middle class; (15.4%) up to secondary; (5.2%) up to senior secondary; (1.3%) technical diploma holders and remaining (2.1%) has graduation and above. More importantly, the illiteracy rate among the marginal and small farmers is more than (30%), who constitute (86%) of the total farmer's in the country.

Thus, the economic survey talks about improving the educational level of the farmer's, so that they can improve their capacity to adopt new methods of cultivation and other related activities, which will help in achieving high productivity and improve their status.

## **Conclusion**

There is no doubt that agriculture has the potential to propel India's GDP growth into the double-digits, which at present stays around the single digit. As economic survey has emphasized that agriculture and allied sector has a critical role in ensuring food security, reducing poverty and sustaining growth in India. Also, to achieve the Prime Minister call to double farmer's income by 2022 is a challenging task but it is not impossible. And some of the initiatives taken up by the NDA II government as mention in the economic survey is commendable, however much needs to be done, accordingly, the economic survey, ask the government to take some '*Radical follow-up action*'. Thus, for creating 'New India' by 2022, will be incomplete unless the conditions of our farmers improve.

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