

Amid dry spell, agri cheer from central, eastern India

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AGRO ALLEVIATION

State agriculture GDP growth y-o-y
At constant prices (%)

States	'05-06	'06-07	'07-08	'08-09	'09-10	'10-11
Bihar	-7.6	24.4	-6.2	10.7	-11.3	8.3
Jharkhand	3.6	12.6	5.6	10.5	0.1	7.7
Gujarat	23.0	0.0	8.7	-7.9	0.5	NA
MP	7.0	2.3	-1.5	10.6	7.4	NA
Chhattisgarh	2.8	4.5	9.3	-9.9	8.0	4.4
Punjab	-1.0	2.8	3.8	2.2	1.4	1.2
Haryana	-2.9	13.8	-0.3	4.8	0.8	6.4
UP	2.3	2.4	3.5	3.3	0.3	5.2
AP	6.1	2.0	17.4	1.8	1.1	9.1

Note: Agriculture GDP comprises of agriculture and allied sectors including forestry, logging and fishes
Source: Central Statistics Office and department of agriculture

Agri GDP CAGR from 2005-06
To 2010-2011

States	In %
Jharkhand	8.73
Haryana	4.99
Bihar	4.44
Madhya Pradesh	3.69
All India	3.33
Chhattisgarh	3.00
UP	2.92
Punjab	2.39
Gujarat*	-0.03

Note: The growth is of agriculture and allied sector that consists of forestry and logging as well. CAGR: Compounded annual growth rate
*Gujarat figures are only till '09-10, as they are unavailable

Bihar, Madhya Pradesh, Jharkhand and Chhattisgarh, hitherto laggards in agriculture, have emerged as leading states here, recording a farm growth better than Punjab and Uttar Pradesh in recent years. This has provided a much-needed buffer against any eventuality.

For example, in 2012, any possibility of the paddy harvest faltering in the northern states of Punjab and Haryana would be compensated by the rise in harvests in the eastern and central states of Bihar, Jharkhand and Chhattisgarh.

However, experts caution that these are still a long way from becoming a food bowl for the country. Farm growth is very volatile in these regions. Vast tracts are still dependent on the monsoon, despite some improvement in irrigation facilities in recent years. Second, they say the claims of some of these states to post double-digit growth rates for the next five years should be taken with a pinch of salt. These promises are based on agricultural growth without adjusting for inflation, they warn.

The change

Two factors, mainly the price of farm produce and the development of farming infrastructure, albeit slowly, have greatly contributed to improved growth in some central and eastern parts. Improved technology and modern farming methods helped, analysts said.

Over 2005-06 to 2010-2011, the compound annual growth rate (CAGR) of agricultural GDP in Bihar

was 4.4 per cent, almost a percentage point more than the national average of 3.3 per cent during the period. The CAGR of agricultural output in Jharkhand was 8.7 per cent during this time. In MP, the CAGR was 3.7 per cent.

Punjab, the traditional grain bowl of India, witnessed a CAGR rise in agriculture of 2.4 per cent between 2005-06 and 2009-10, data from the Central Statistical

Organisation showed. In Uttar Pradesh, the CAGR was 2.9 per cent during the period.

Experts said a combination of good prices and some improvement in agri infrastructure, mainly irrigation, made this change possible.

For instance, the Chhattisgarh government announced a special bonus on paddy procurement twice. The first was in 2008, when

any farmer selling paddy to state-run cooperatives was given a bonus of ₹270 per quintal above the minimum support price fixed by the central government. The second bonus, of ₹50 per qtl, was announced in April 2011.

In Jharkhand, the government has freed paddy sales from value-added tax, enabling farmers to earn more from sales. The MP government has announced a bonus of ₹100 per qtl on wheat over the MSP for consecutive years, 2011-12 and 2012-13, and this is likely to further push the agri growth rate in the state.

In Rajasthan, too, the state government has announced a bonus of ₹100 per qtl in the current wheat procurement season. MP has covered another 100,000 hectares of agri land under irrigation in recent years, while repairing close to 250,000 ha of old irrigation facilities. In Rajasthan and Bihar, too, the area under irrigation has increased in the past few years.

"No single factor has contributed to this shift. Yes, price is a contributor, but the emphasis on technology and new methods of farming have also played their role. Also, it must be remembered that

yields in Punjab and Haryana are plateauing, but these regions (eastern and central) have large untapped potential," said Ramesh Chand, Director of the National Centre for Agricultural Economics and Policy Research.

Caution

However, beneath, the hype, many have started questioning the claims of these states on sustaining record double-digit farm growth. Officials in MP claim agriculture grew 18 per cent in 2011-12, though from a low base of two per cent growth in 2010-11. However, they did not specify if this was in current or constant prices. The state is understood to be aiming for a 12 per cent average growth rate in the 12th five-year Plan.

"The growth in agriculture in non-traditional states is very volatile, as it is still largely rainfed and one year of low rains will spoil all the good work done in previous years. More, the growth has come mainly due to rise in production in one crop, be it paddy in Bihar or wheat in Madhya Pradesh," said Ashok Gulati, chairman of the Commission for Agriculture Costs and Prices.