

Maharashtra Government Expenditure on Agriculture Sector

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Abstract

Present project is focusing on Maharashtra state budgetary allocation on Agriculture sector. There is demand for separate budget for agriculture sector so it can give justice to this sector but we have to study on this issue as economic perspective of revenue as well as expenditure for agriculture. We chose Maharashtra state due to Maharashtra is one of the best representative state of India. It has huge diversity in geography and imbalance in rural and urban sector development. In Maharashtra agrarian crisis is most serious issue farmer are suffering from several problems like insufficient rainfall, credit, market prices etc. this reason many times they can't recover at least production cost. Farmer suicide is rising day by day. Government have to take huge action by proper planning only loan waiving is not permanent solution for this crisis and for this Maharashtra government have to make more allocation for Agriculture sector and crop-water management

While thinking about separate budget for agriculture sector, what about revenue side? Indian government is not taking Income tax from agriculture income. According to 'Flypaper effect' there are two ways to increase in welfare/ income/ expenditure, one is giving grants and second is reduce tax. It is empirically prove that coefficient of grants to increase expenditure is 0.4 and coefficient of deduction in tax is 0.1 so government should give more grants rather than giving exemptions in tax. Other hand some big farmers will also come in tax net and ultimately black money will reduce. Approximately 58% people are depend on agriculture sector and they are paying commodity tax. So such common presumption is that agriculture sector not contributing more in budget is not valid.

OBJECTIVE

The objective of the present paper

1. To study the trend in public capital expenditure of agriculture and allied activities of state of Maharashtra from the year 2000-01 to 2016-17.

2. To study the trend in public revenue expenditure of agriculture and allied activities of state of Maharashtra from the year 2000-01 to 2016-17.
3. To study the trend in public capital and revenue expenditure of Crop Husbandry of state of Maharashtra from the year 2000-01 to 2016-17.
4. To study the trend in public capital and revenue expenditure of Soil and Water Conservation of state of Maharashtra from the year 2000-01 to 2016-17
5. To study the trend in public capital and revenue expenditure of Animal Husbandry of state of Maharashtra from the year 2000-01 to 2016-17.
6. To study the trend in public capital and revenue expenditure of Fisheries of state of Maharashtra from the year 2000-01 to 2016-17.
7. To study the trend in public capital and revenue expenditure of Forestry and Wildlife of state of Maharashtra from the year 2000-01 to 2016-17.
8. To study the trend in public capital and revenue expenditure of Dairy Development of state of Maharashtra from the year 2000-01 to 2016-17.
9. To study the trend of public capital and revenue expenditure of Food Storage and Warehousing of state of Maharashtra from the year 2000-01 to 2016-17.
10. To study the trend in public capital and revenue expenditure of Agricultural Research and Education of state of Maharashtra from the year 2000-01 to 2016-17.
11. To study the trend in public capital and revenue expenditure of Co-operation department of state of Maharashtra from the year 2000-01 to 2016-17.
12. To study the trend in public capital and revenue expenditure of Other Agricultural Programmes of state of Maharashtra from the year 2000-01 to 2016-17.

BUDGET ANALYSIS AND DISCUSSION

Government spending is referred to as an outflow of resources from government to other sector of the economy. Government spending or public

spending is sub-divided into capital expenditure and revenue expenditure.

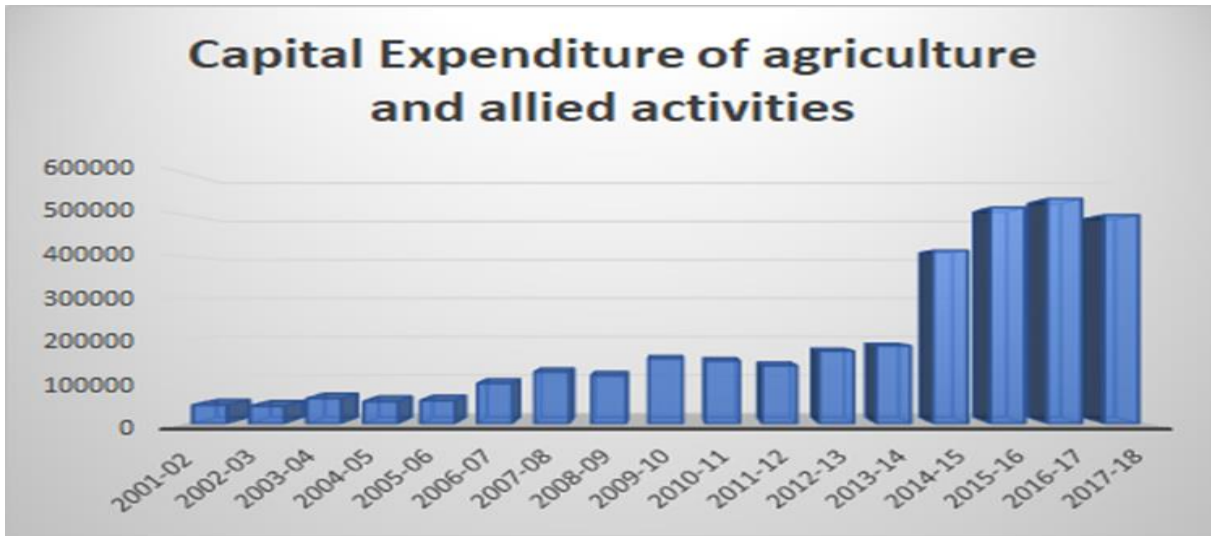


Fig. 1: The public capital expenditure of Agriculture and allied activities of state of Maharashtra from the year 2001-02 to 2016-17.

The capital expenditure has been defined as payment for non-financial assets used in production. The above graph shows that the total capital expenditure of Agriculture and allied activities has increased significantly from the year 2014-15. From 2001-02 to 2005-06, it was quite steady. From 2006-07 to 2013-14, it has increased but not so significantly. But from the year 2014-15, there is double-fold rise in capital expenditure of Maharashtra government for Agriculture. It shows that expenditure on infrastructure

development of agriculture and allied has increased which was extremely required for this state which was facing many problems related to Agriculture.

Maharashtra government has started 'Jalyukta Shivar Yojana' which has great impact. During 2016-17, under 'Jalyukta Shivar Abhiyaan', out of 5,291 villages selected, in all 2,830 villages have been made water neutral by creating water storage of 5,897.6 lakh cubic metre. Under the Abhiyaan 5,018 villages have been selected for 2017-18.

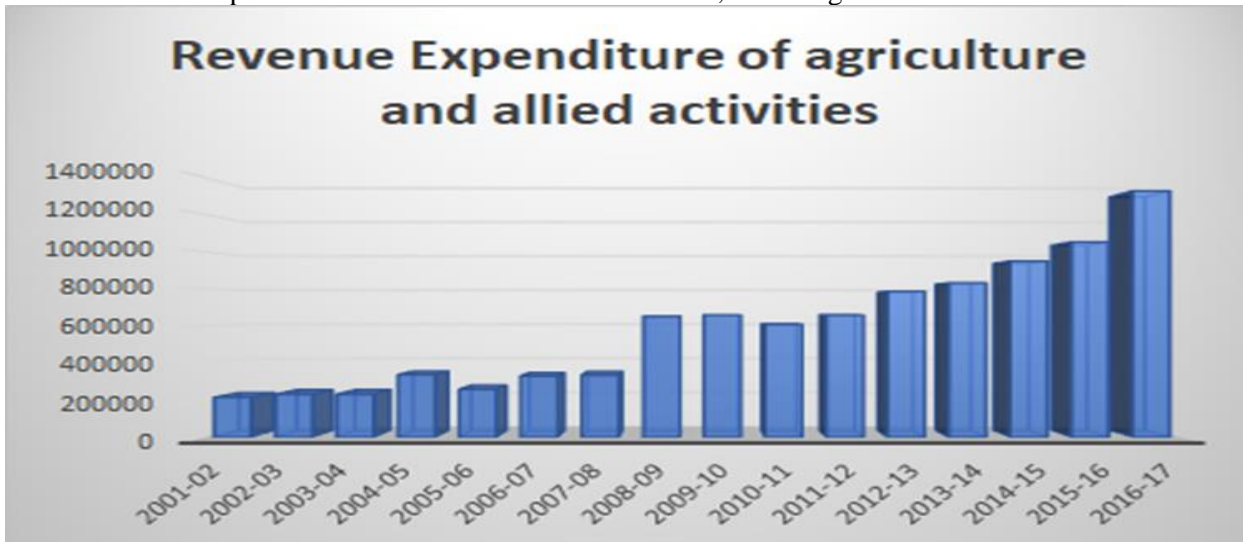


Fig. 2: The public revenue expenditure of Agriculture and allied activities of state of Maharashtra from the year 2001-02 to 2016-17.

A revenue expenditure is an amount that is expensed immediately—thereby being matched

with revenues of the current accounting period. The revenue expenditure also shows increasing

trend. From the year 2001-02 to 2007-08 there is steady trend whereas in the years 2008-09 and 2009-10, there is increase in revenue expenditure. From the 2010-11 to 2015-16, there is increase in revenue expenditure of Agriculture and allied activities of state of Maharashtra. There is significant rise in revenue expenditure in the year

2016-17. This can be explained from the fact that this year has been observed as 'Shetkari Swabhiman Varsha' by the government of Maharashtra which focused completely for the welfare of farmers and different schemes were started too accordingly

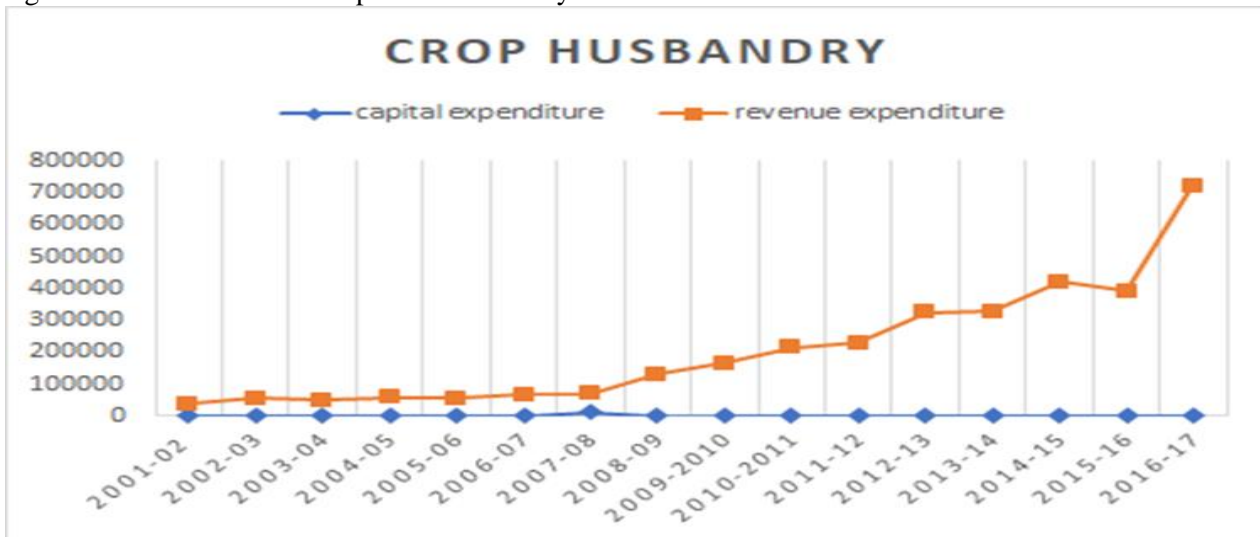


Fig. 3: The public capital and revenue expenditure of Crop Husbandry of state of Maharashtra from the year 2001-02 to 2016-17.

CROP HUSBANDRY deals with the various aspects of crops from seed sowing, on field and off-field operations, harvesting, threshing, storage and marketing of the products. As shown in the graph, there is hardly any capital expenditure for Crop husbandry but the revenue expenditure is increasing over the years. From the year 2001- 02 to 2016-17, there is steady expenditure whereas from the year 2008-09, there is increasing trend in revenue expenditure till 2015-16. In the year 2016-17, there is significant rise in revenue expenditure in crop husbandry. As mentioned earlier, this year has been observed as 'Shetkari Swabhiman Varsha', so there was quite increase in expenditure for seeds, storage, marketing etc .

Rainfed Area Development Programme: The programme targets at increasing agricultural productivity of rainfed areas in a sustainable manner by adopting appropriate farming system based approaches such as Integrated Farming System (IFS) and minimising risks associated with climatic variabilities. The grant utilised for this purpose during 2016-17 was` 34.82 crore.

Unnat Sheti-Samruddha Shetkari Campaign: GoM has initiated this campaign from kharif 2017-18 with the objective of Doubling Farmer's Income by 2022. The campaign is mainly to

increase the income of farmers through increasing the productivity of major crops and maximum participation of farmers in the crop insurance schemes to protect them from the losses incurred due to natural calamity. From 2017-18, taluka has been decided as a basic planning unit for agricultural development & increase in productivity. Under the campaign, thrust of government is on efforts to increase the productivity of major crops upto the genetic yield potential, diversification of crops, reduction in cost of cultivation, farmers awareness to the method of marketing considering the ups and downs in the rates, to encourage ancillary activities of farming, to create association of farmers through farmers' productive companies and to develop their commercial capacity, post-harvest handling of farm produce and value addition etc. Integration of various schemes is being done for awareness and publicity. Subsidies for various agriculture inputs, implements for farm mechanisation, drip irrigation sets & other fundamental facilities for agriculture (shet tale, kandachawl, shed-net, green house, plastic linings, etc.) is to be directly deposited to the farmers' bank accounts alongwith use of information technology for implementation of schemes.

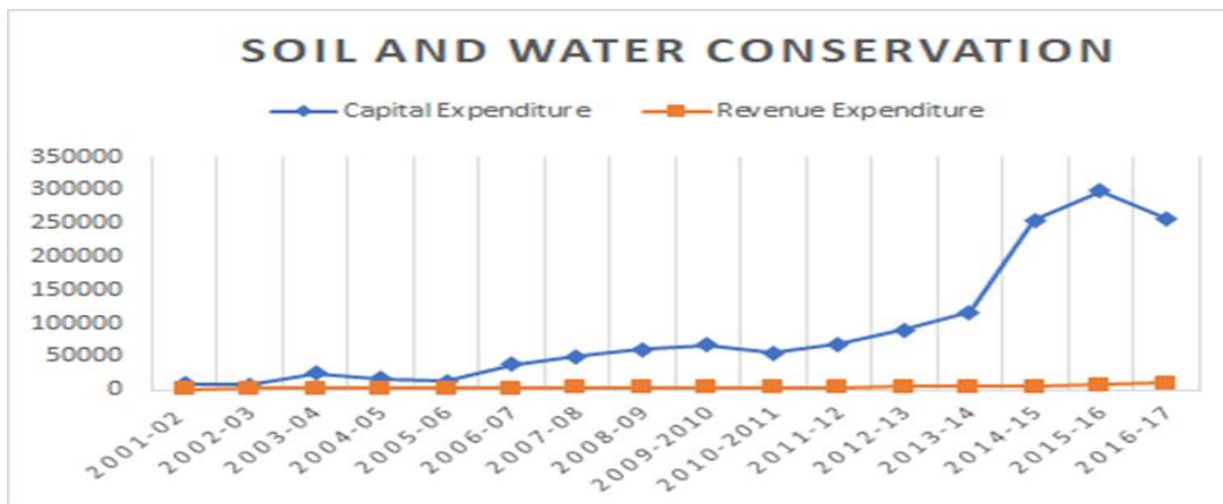


Fig. 4: The public capital and revenue expenditure of Soil and Water Conservation of state of Maharashtra from the year 2000-01 to 2016-17.

Jalyukta Shivar Abhiyaan: Under the theme of ‘a drought-free state by 2019’, the Jalyukta Shivar Abhiyaan is being implemented in the State since December, 2014 with a view to permanently overcome the water scarcity situation. The main aim of this abhiyaan is to increase ground water level by way of absorption of rain water in earth along with creation of sustainable irrigation facilities. It is targeted to make 5,000 villages every year and 25,000 villages in five years free of water scarcity. During 2017-18 as on 12th January, number of villages selected are 5,018 in which 7,683 works are completed and 6,440 works are in progress. From the above graph, it is observed that the revenue expenditure has not increased as significant but there is rise in capital expenditure in soil and water conservation. From the year 2001-02 to 2013-14, it is increasing steadily whereas from the year 2014-15, there is more than double-fold rise in capital expenditure in Soil

and Water conservation. This can be explained from the fact that not only for Jalyukta Shivar Yojana but “Magel Tyala Shetatale’ Magel Tyala Shet Tale Yojana: GoM has launched this ambitious scheme of farm ponds for farmers in the State. Under the scheme, subsidy is given with priority to the small and marginal farmers to create farm ponds for conservation of water in their farms. The scheme envisages creation of permanent assets for holding water. This scheme has helped the farmers to save water in their own farm and use it for agriculture. Individual farmers or a group of farmers having minimum 0.60 ha farm area are eligible for the benefit of subsidy under this scheme.

Watershed development programme: Since majority of area in the State is rainfed, various schemes are implemented to increase the productivity of dry land farming, prevention of deterioration of soil and water conservation.

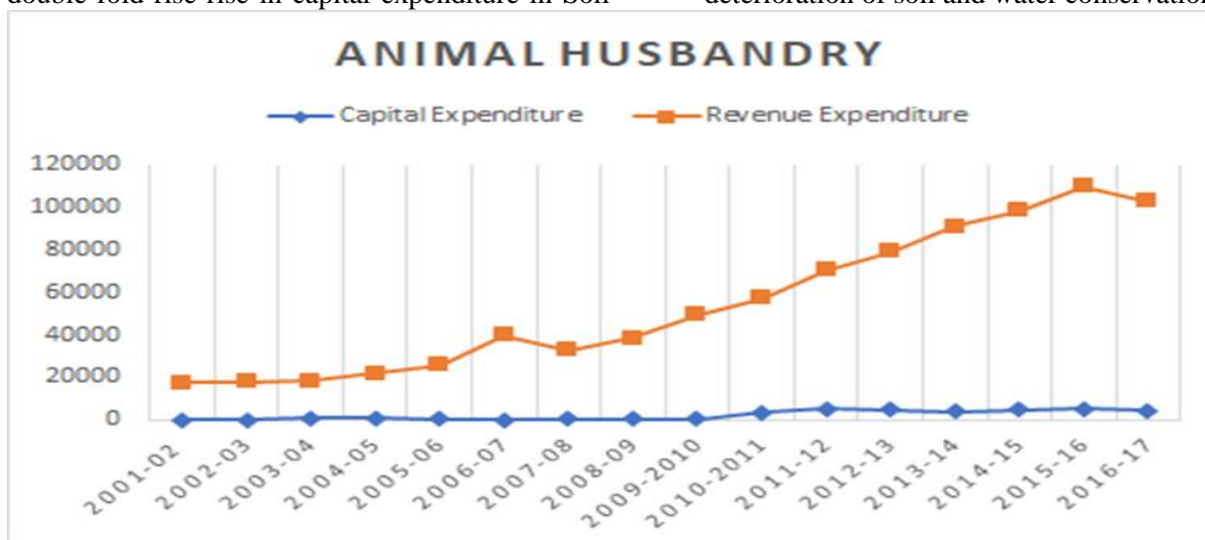


Fig. 5: The public capital and revenue expenditure of Animal Husbandry of state of Maharashtra from the year 2001-02 to 2016-17.

Animal husbandry is the branch of agriculture concerned with animals that are raised for meat, fibre, milk, eggs, or other products. It includes day-to-day care, selective breeding and the raising of livestock. As per the 19th Livestock census 2012, the State ranks sixth at national level with total livestock of about 3.25 crore. Livestock per lakh population was about 29 thousand in 2012. The State ranks third at national level with poultry population of about 7.78 crore which is 10.7 per cent of poultry population of India. Three frozen semen laboratories are located at Pune, Nagpur and Aurangabad where semen straws are prepared and distributed through 34 District Artificial Insemination Centres to 4,848 veterinary

dispensaries/clinics. Maharashtra is the second largest meat producer state in India with share of 11.4 per cent. The State ranks seventh in milk production and per capita availability of milk in the State is 243 grams per day as against 352 grams per day at the national level. The State ranks fifth in eggs production and the per capita availability of eggs in the State is 47 per annum as against 69 eggs per annum at the national level. From the above graph, it has been observed that capital expenditure in Animal Husbandry is minimal whereas Revenue expenditure has the increasing trend. The state of Maharashtra is lacking in infrastructure in Animal husbandry and if it is taken care of, it has great potential in future.

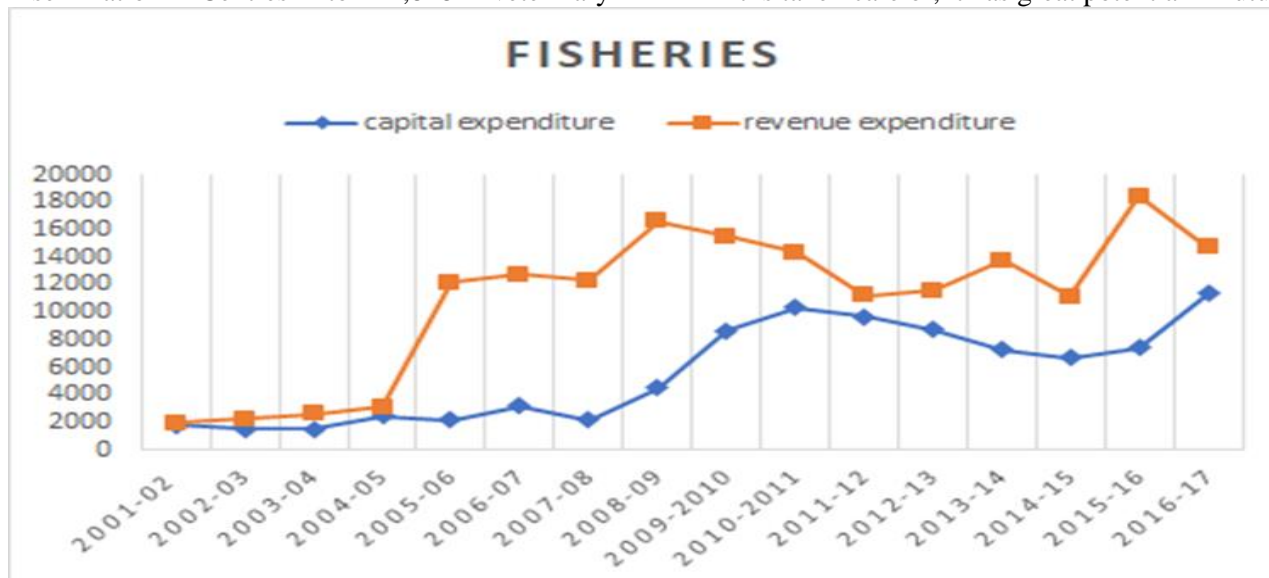


Fig. 6: The public capital and revenue expenditure of Fisheries of state of Maharashtra from the year 2001-02 to 2016-17

The State has a coastline of 720 km with 173 fish landing centres and the area suitable for marine fishing is 1.12 lakh sq.km. There are 16,218 marine fishing boats in operation, of which 13,178 are mechanised. In addition to this, the area suitable for inland and brackish water fishing in the State is 4.19 lakh ha and 0.10 lakh ha respectively. There are 30 fish seed production centres in the State with 2,414 lakh spawn production capacity per year for catering to inland fishing. GoI has declared the Neelkranti Mission i.e. Blue revolution. Accordingly, GoM has framed the policy for Neelkranti Mission in 2017 with following main objectives.

1. To fully tap the total fish potential of both in inland and marine sector and triple the production by 2020
2. To double the income of the fishers and fish farmers with special focus on increasing productivity and better marketing post-harvest infrastructure including e-commerce, other technologies and global best innovations
3. To triple the export earnings by 2020 with focus on benefits flow to the fishers and fish farmers.

From the graph, it is observed that there is increase in both capital and revenue expenditure though there are fluctuations.



Fig. 7: The public capital and revenue expenditure of Forestry and Wildlife of state of Maharashtra from the year 2001-02 to 2016-17.

Total forest area of the State at the end of the year 2016-17 was 61,724 sq km (provisional) constituting about 20.06 per cent of geographical area of the State, as against the target of 33 per cent set under National Forest Policy, 1988. The jurisdiction of the total forest area in the State is divided amongst Forest department (55,433 sq km), Forest Development Corporation of Maharashtra (FDCM) (3,554 sq km), Private forest brought under possession of Forest department (1,179 sq km) and Revenue department (1,558 sq km). Out of the total forest area 51,070 sq km was reserved, 6,602 sq km was protected and 4,052 sq km was unclassed forest. As per ‘India State of Forest Report- 2017 (ISFR)’, very dense forest constitutes 17.2 per cent, moderately dense forest 40.8 per cent, open forest 42.0 per cent of the total forest cover in the State. The total mangroves

cover of the State is 304 sq km showing an increasing of 82 sq km over that reported in ISFR-2015.

Sant Tukaram Vangram Yojana:

SantTukaramVangramYojana was launched in 2006-07, with a view to create awareness about the importance of forest & wild life, to protect the forest from illegal tree cutting, encroachments, etc. Under this scheme, total 12,517 Joint Forest Management Committees (JFMC) with nearly 29.70 lakh members were constituted in 15,500 villages. JFMC manages 27.04 lakh ha of forest area.

From the graph, it is observed that there is increase in revenue expenditure in Forestry and wildlife of Maharashtra. Though Capital expenditure is steady with little increase after the year 2014-15.



Fig. 8: The public capital and revenue expenditure of Dairy Development of state of Maharashtra from the year 2001-02 to 2016-17.

Dairy is a supplementary activity to agriculture, which has potential for generating additional income & employment opportunities for the rural households besides improving nutritional levels. The State ranks seventh in milk production in India. During 2016-17 there were 108 milk processing plants and 155 chilling centres with capacity of 91.17 lakh litre and 38.46 lakh litre per day respectively under government and co-operative sectors together. The average daily collection of milk by the government and co-operative dairies was 0.82 lakh litre & 44.67 lakh litre respectively during 2016-17 and 0.72 lakh litre & 47.82 lakh litre respectively during 2017-18 upto December. There are 188 cold storages with capacity of 7,796.07 MT, of which 165 cold storages with capacity of 7,369.60 MT are with private sector.

RashtriyaGokulmission: NPBB was started from the year 2015-16. GoI has approved funds of ` 52.41 crore for the years 2015-16 to 2017-18. To

achieve objectives of NPBB, GoI decided to implement Gokul Gram Yojana as a part of RashtriyaGokul mission and approved fund of ` 52.41 crore, out of which ` 15 crore has been received upto 2016-17. Of this ` 12.50 crore are received for strengthening of three bull mother farms in the State and remaining ` 2.50 crore for implementation of NPBB through the Maharashtra Livestock Development Board. An expenditure of ` 9.79 crore was incurred upto December, 2017 of which ` 8.30 crore was mainly incurred on strengthening of two bull mother farms, procurement of 600 high genetic gaolao cows & pandharpuri buffaloes on each bull mother farm and remaining ` 1.49 crore was incurred on frozen semen laboratories, strengthening of existing AI center & managerial grants.

From the above graph, it is observed that there is steady graph of capital expenditure and there is decline in revenue expenditure in dairy development.

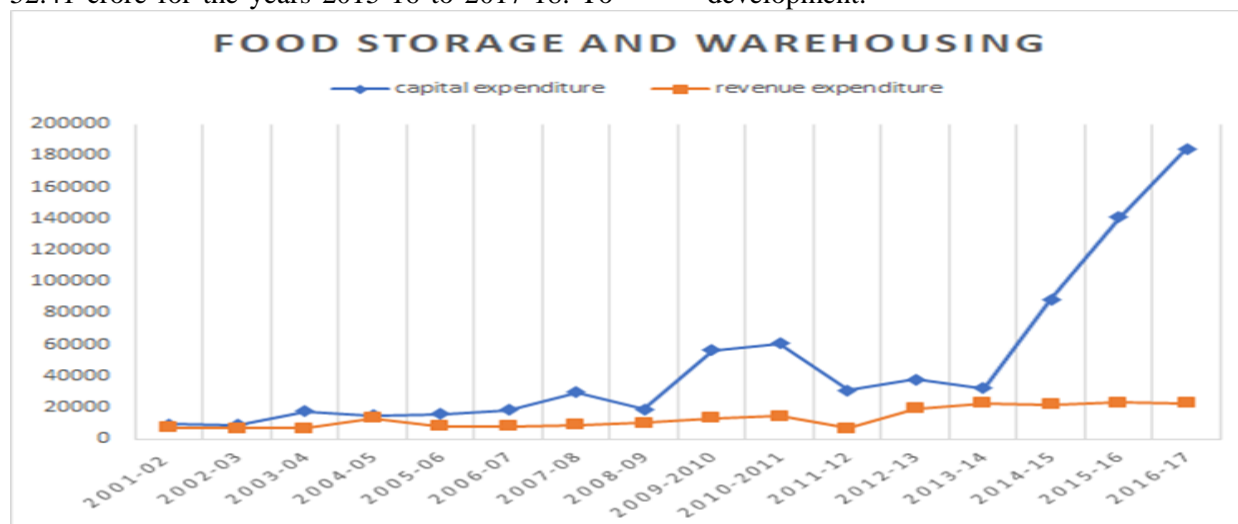


Fig. 9: The public capital and revenue expenditure of Food Storage and Warehousing of state of Maharashtra from the year 2001-02 to 2016-17.

From the graph, it is observed that there is steady rise in revenue expenditure of warehouses. While the Capital expenditure of Food storage and

Warehousing has increased from the year 2014-15. There is high rise in capital expenditure in Food Storage and Warehousing.

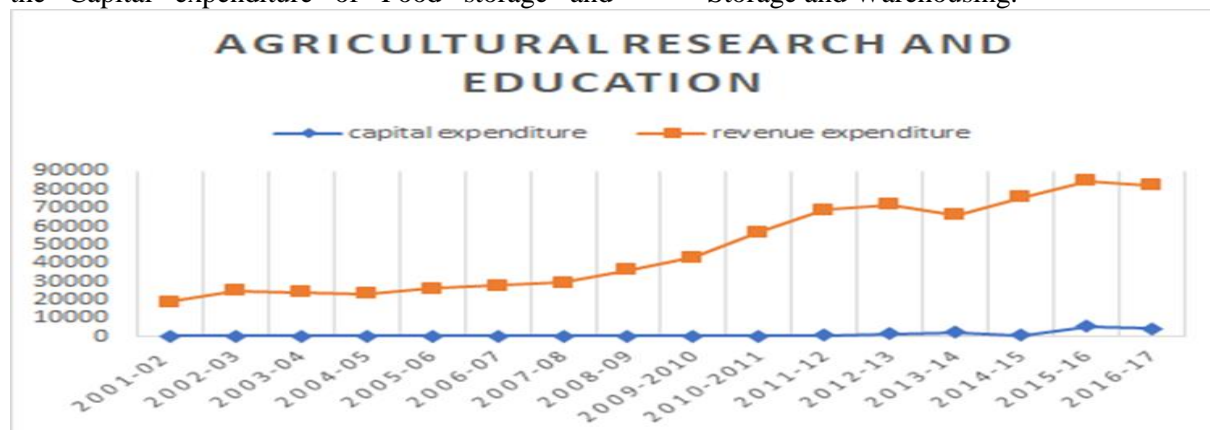


Fig. 10: The public capital and revenue expenditure of Agricultural Research and Education of state of Maharashtra from the year 2001-02 to 2016-17.

The Indian Council of Agricultural Research (ICAR) has identified Maharashtra into nine National Agricultural Research Zones for developing location specific technology. The State is further divided into 72 Eco-units as per soil and climate. The State has four Agricultural Universities namely Dr. Balasaheb Sawant Konkan Krishi Vidyapeeth, Mahatma Phule Krishi Vidyapeeth, Vasanttrao Naik Marathwada Krishi

Vidyapeeth and Dr. Panjabrao Deshmukh Krishi Vidyapeeth carrying out research in their respective regions to generate location specific technology for sustaining crop production. From the graph, it is observed that capital expenditure is steady whereas there is increasing trend in revenue expenditure of Agricultural research and Education.

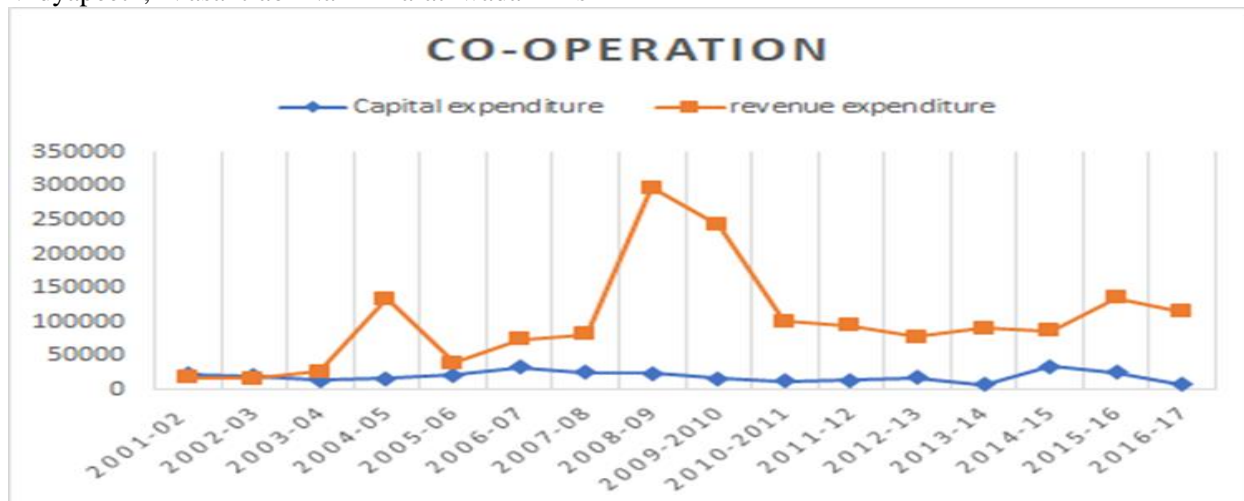


Fig. 11: The public capital and revenue expenditure of Co-operation department of state of Maharashtra from the year 2001-02 to 2016-17.

The co-operative movement in Maharashtra has played a significant role in the social and economic development of the state particularly in the rural areas. Initially, this movement was confined mainly to the fields of agricultural credit. Later it rapidly spread to other fields like agro-

processing, agro-marketing, rural industries, consumer stores, social services, etc. From the graph, it is observed that there is steady growth in capital expenditure of cooperation department. While there was increase in trend in the year 2007-08 to 2010-11, whereas it has declined thereafter.

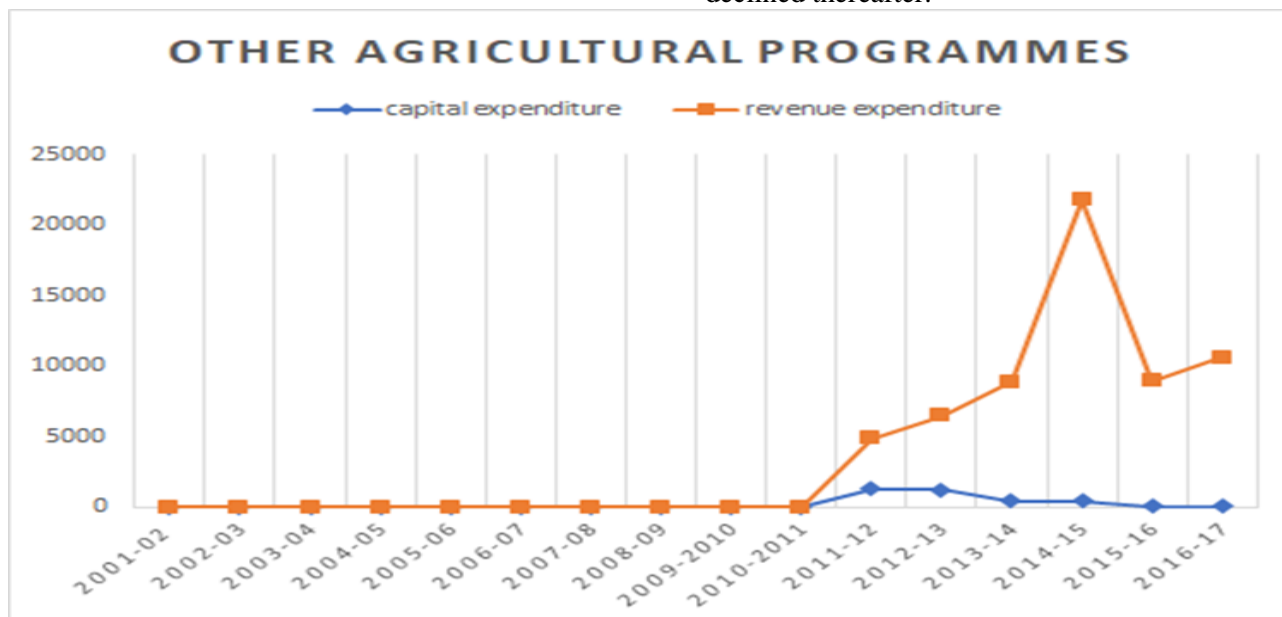


Fig. 12: The public capital and revenue expenditure of Other Agricultural Programmes of state of Maharashtra from the year 2001-02 to 2016-17.

From the graph, it has observed that there was almost no capital or revenue expenditure till the year 2010 -2011 for other agricultural programmes. From 2011-12, there is steady trend in capital expenditure, whereas there is sharp rise in the year 2014-15, get declined thereafter.

CONCLUSION

Agriculture & allied activities sector plays an important role in the economic development of the State. The share of agriculture & allied activities sector in the total Gross State Value Added (GSVA) is about 12.2 per cent during 2016-17 as against 15.3 per cent during 2001-02 which shows declining trend over the period, whereas major portion of the population is still dependent on this sector. Reduction in average size of agricultural holdings, increasing number of marginal & small farmers, dependency on monsoon & weather, low productivity are the major concerns of the agriculture sector in the State.

Though, the share of the allied activities in the Agriculture & allied activities sector is comparatively less, its contribution with reference to livelihood is of immense importance. The increasing consumption of fruits & vegetables, milk & milk products, poultry, meat, fish and flowers due to changing lifestyle indicates substantial growth potential. This potential needs to be tapped to the greater extent for enhancing farmer's income.

As per the Ninth Agricultural Census (2010-11), number of operational holdings and area of operational holdings was 1.37 crore & 1.98 crore ha as against 0.50 crore & 2.12 crore ha respectively as per the First Agricultural Census (1970-71). Over this period, the average size of holding decreased from 4.28 ha to 1.44 ha. This has increased the strain on farmers to grow more from this limited land. Also soil fertility has decreased over the period and due to urbanisation and industrialization, there is significant decrease in land holdings. Also the state has allocated 5% of

its total budget on agriculture. This is significantly lower than the allocations of 18 other states (6.4%). Spending on agriculture reduced from 7% in 2016-17 to 5% in 2017-18. So the proper use of technology and management of land are required to increase productivity and per capita income of farmers. For this, the public expenditure in agriculture and allied activities should in such a way that it should achieve these goals.

Capital expenditure and Revenue expenditure of agriculture and allied activities of state of Maharashtra has significantly increased from the year 2014-15. In the year 2016-17, there is significant rise in revenue expenditure in crop husbandry. From the year 2014-15, there is more than double-fold rise in capital expenditure in Soil and Water conservation. Revenue expenditure has the increasing trend in Animal Husbandry. There is decrease in trend in the Dairy development and state has great potential in this sector. The overall expenditure in agriculture research and Education, Co-operation, Forestry and Wildlife, Fisheries and Other agricultural programmes has increasing trend.

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