

Trend of Private and Public Investment in Agriculture

17. Government's role is important for not only raising public investment but also for inducing private investment for boosting growth in agriculture. The worrying aspect is that the growth rate in agricultural investment rose only for a decade following the Green Revolution (in early seventies) and thereafter it declined. In recent years though, some buoyancy has been observed in private investment in agriculture which has been steadily increasing from Rs.2840 crore (at 1980-81 prices) in 1980-81 to Rs.3440 crore in 1990-91 and Rs. 5867 crore in 1996-97 (Table 8.12 and Fig. 8.2). The rising trend in private investment perhaps reflects the improved incentives for agriculture, especially arising from favourable changes in the trade policy.

18. Public investment in agriculture, which had shown an uptrend in the seventies, declined during the eighties. Public investment in real terms at 1980-81 prices was Rs.1796 crore in 1980-81 but declined to Rs.1002 crore in 1991-92. During 1992-93, 1993-94 and 1994-95, it showed a slight uptrend but again declined to Rs.1268 crore in 1995-96 and to Rs. 1132 crore in 1996-97. The decline in public investment is attributed to diversion of resources from investment to current expenditure. A large portion of public expenditure on agriculture in recent years went into current expenditure in the form of increased output and input subsidies.

19. The Eighth Plan (1992-97) had stipulated that the level of investment in agriculture should be

raised to at least 18.7 per cent of total investment. However, it could at best reach only 11 per cent of the total investment. During the Eighth Plan, investments in the agriculture sector, particularly for the creation of irrigation potential, have fallen short of targets inspite of efforts to reverse the trend by introducing Accelerated Irrigation Benefit Programme (AIBP).

TABLE 8.12
Gross Capital Formation in Agriculture
(At 1980-81 Prices)

Year	Total	Public	Private	Per cent share	
				Public	Private
1960-61	1668	589	1079	35.3	64.7
1970-71	2758	789	1969	28.6	71.4
1980-81	4636	1796	2840	38.7	61.3
1990-91	4594	1154	3440	25.1	74.9
1991-92	4729	1002	3727	21.2	78.8
1992-93	5372	1061	4311	19.7	80.3
1993-94	5031	1153	3878	22.9	77.1
1994-95	6256	1316	4940	21.0	79.0
1995-96	6961	1268	5693	18.2	81.8
1996-97*	6999	1132	5867	16.2	83.8

* Quick Estimates

