

Rainfed agriculture in India: The Macro Policy Context

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Rain fed Agriculture

- Rainfed regions account for more than 50% of the cultivable land and support 40% of India's population.
- These regions house a large proportion of the poor, food insecure and vulnerable populations in the country.
- Future growth in agricultural production and food security will depend on improving the productivity in the semi-arid rainfed areas
- Returns to investment are more in Rainfed agri.

Public investment in Agriculture

- Clear bias against rain fed agriculture, as it attracts negligible public investment in comparison with irrigated agriculture.
- Irrigation subsidy itself accounts for a third of non-food subsidies.
- Capital costs, which are substantial and rising, are not included.
- A lions share in the fertiliser subsidy also goes to irrigated regions.
- Part of power and insurance subsidies also go to irrigated regions.

Agriculture Subsidies in India

(1993-1994 to 2006-2007)

(Rs. in Crore)

Year	Food Subsidy	Fertiliser	Electricity**	Irrigation##	Insurance	Total
(At Current Prices At 1993-94 Series)						
1993-94	NA	4562	2400	5872	1235	14069
1994-95	NA	5769	2338	6772	1246	16125
1995-96	NA	6735	1977	7931	1034	17677
1996-97	NA	7578	8356	9221	895	26050
1997-98	NA	9918	4937	10318	983	26156
1998-99	NA	11596	3819	11827	1182	28424
1999-00	NA	13244	4276	11487	1810	30817
1999-00	9434	13244	6033	11196	3118	43025
(At Revised 1999-00 Series)						
2000-01	12060	13800	8919	13259	2733	50771
2001-02	17499	12595	10410	13009	3234	56747
2002-03	24176	11015	8521	12794	3173	59679
2003-04	25181	11847	14544	10921	4132	66625
2004-05	25798	15879	17852	12508	3598	75635
2005-06	23077	18460	20301	14625	6504	82967
2006-07	24014	-	-	-	-	24014
Total	161239	156242	114683	151740	34877	618781

Indirect support to Irrigated agriculture

- Support prices to food and non-food crops favour irrigated crops
- MSP is largely ineffective in the case of rain fed crops
- Irrigated agriculture contributes 90% of climate change costs due to agriculture (10%)
- Mitigation costs of CC impacts due to agriculture should be treated as subsidy to irrigated agriculture.

Investment in Rain fed Agriculture

- Private investment (well irrigation) accounts for the largest investment in these regions.
- Watershed development is the single largest programme for the rain fed regions.
- In terms of magnitude perhaps power subsidies account for the largest share in public investment in these regions

State-wise Physical and Financial Progress (Completed Projects) under Integrated Watershed Development Programme (Under New Guidelines) in India

(1995-1996 to 2007-2008, As on 31.01.2008)

(Rs. in Lakh)

States	Number of Projects	Total Area (In Hectare)	Total Cost
Andhra Pradesh	18	184934	7394.28
Chhatisgarh	2	19100	924
Gujarat	7	73576	3434.32
Himachal Pradesh	9	94025	4390.44
Haryana	3	22684	907.36
Jammu & Kashmir	5	42810	2204
Karnataka	15	174499	7273.68
Kerala	1	100800	403.2
Maharashtra	3	34519	1380.76
Madhya Pradesh	31	240973.41	11404.39
Orissa	10	71226	2954.36
Punjab	1	550	22
Rajasthan	19	160134	7893.12
Tamil Nadu	14	96004	4509.14
Uttar Pradesh	18	194992	8169.44
Total	156	1420106.41	63264.49
North-Eastern States			
Arunachal Pradesh	1	1500	60
Assam	1	6649	265.96
Manipur	2	17675	707
Nagaland	8	84200	3532
Sikkim	2	17500	700
Total	14	127524	5264.96
India	170	15463041	68529.45

Public Investment in WSD

- Up to 8th plan (1992) Rs. 3000 crores (US\$ 4 billions)
- Public investment in the completed WS under the new guidelines is only Rs. 685 crores covering about 154 lakh ha.
- Inputs suited for rain fed agriculture do not get any public support (subsidies)

Thank You