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## A study of five year plan in Karnataka a historical revision

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### Abstract

Every year government of India has come up with different policies & budget allocation process aim to enhance of standard of living of people. A budget is necessary device that worldwide the Indian Government employ to define the direction of their planned national activities, Projects, and programmes, cost implications and the possible sources of revenues during any fiscal year. It is an instrument used by corporate as well to allocate their various activities. At the country level, it is the main tool for allocating scarce public resources and therefore its process is very crucial in stimulating, inter alia, economic growth, reducing or mitigating extreme condition of poverty and unemployment. It could also be aimed at developing a specific sub-sector or a certain group of sub-sectors or indeed an aspect of economy to active a specific goal. This paper focuses on need of separate agriculture budget in India for development of agriculture sector in India. The study is base on secondary data available in various research papers, reports, articles etc.

**Keywords:** Agriculture, Budget, Economy

### Introduction

The India is agriculture country. Agriculture & allied business practices are going on many years ago. The total arable territory in India is 1,269,219 km<sup>2</sup>, which represents about 56.78% of the overall land zone of the country. Arable land in India is diminishing because of continuous strain from an ever-increasing number of inhabitants and growing urbanization. The overall water surface area of the country is 31440 km<sup>2</sup> and the country experiences a mean yearly precipitation of 1,100 mm. In 2009, agriculture and it contributed 16% of the Gross Domestic Product of the country. In addition, the sector recruited about 52% of the entire manpower.

Indian fiscal year (IFY) 2012/13 budget increases Ministry of Agriculture authority by 19 percent for spending on agricultural support to INR 176.9 billion (\$3.5 billion), roughly 10 percent greater than the rate of inflation. With a few exceptions the budget consists of continuation and slight expansion of existing programs. The allocation for irrigation (Ministry of Water Resources) is tripled, to INR 10.82 billion (\$216.4 million). The budget is intended to support growth of the agricultural sector of 4% per annum during the 12th Five Year Plan (2012-2017), a necessary condition if the Indian government's overall GDP growth target is to be met, as well as reduction of post-harvest losses by expanding food grain storage and promoting food processing. Every year same kind provision made for agriculture sector by Government of India. But growth of agriculture sector is only 4% form last few years. The question is, if India is formers country & Government of India gives lot of financial support to agriculture sector so why the growth rate is only 4% from last few years? Why formers doing suicides? This kind big question in front of Government of India In year 2010 farmers in Karnataka state did suicides and Government of Karnataka took very important decision start agriculture budget for year 2011-12. For effective implementation of scheme & programmes of the agriculture and allied sector including irrigation, it is proposed to spend a sum of Rs.17, 857 crore in the year 2011-12 Agriculture budget. And Government of Maharashtra thinks about separate agriculture budget.

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### Meaning and Objectives of Budget

A budget is a target in that it establishes boundaries for how much money could be spent on one particular area of department or competency. The budget may not be laid in stone but provides a guideline for how operations need to function in order to stay within a maximum goal of money spent. Allocate resources in a manner consistent with the vision, goals, strategies and priority projects

- outlined in the Strategic Plan
- Maintain core Public Safety services
- Support programs and policies consistent with long-term fiscal sustainability
- Continue to identify potential cost-recovery and contracting opportunities
- Stabilize the fund balance

### Review of Literature

The Karnataka government started separate agriculture budget for agriculture sector from year 2011-12. Last three year there are large increments in problems of farmers; many farmers in Karnataka attempted suicide due to financial crises & others reasons. Overcoming of these problems government of Karnataka started separate agriculture budget in state. This separate budget gives lot of benefit to farmers than regular budget e.g. In regular annual budget agriculture finance is available from 4% to 6% but in separate agriculture budget in Karnataka give only 1%, this types of many changes are available in separate agriculture budget of Karnataka. The government of Maharashtra is also thinking to start separate agriculture budget from year 2012-13.

Madhya Pradesh, First state to have agriculture economic survey for separate budget, Madhya Pradesh government has resolved to establish Agriculture Cabinet and present a separate Agriculture Budget in the next budget session 2011-12. Madhya Pradesh will become the first state in the country to do so. The share of agriculture sector in Madhya Pradesh's State Gross Domestic Product (SGDP) was 22.47 percent in year 2009-10. "Status of Agriculture in Madhya Pradesh 2011" will be presented on the basis of the report submitted by Dr. Mrityunjay. The Agriculture Economic Survey will consist of studies on agriculture and agriculture-related sectors, guidelines, short, medium and long-term targets, hurdles coming in the way of agriculture development and their solution, suggestions, policy fixation etc.

### Need of Study

Since 1951, Government of India is planning to increase agriculture growth but it could not successful in his planning. Government of India made lot scheme for farmers Subsidies, lot financial support and lot of provision in Five years plans & annual budget. But it could not help to increases growth of agriculture sector. So why not to make separate agriculture budget for agriculture sector, it can be beneficial for overall growth of agriculture sector in India.

### Statement of the problem

Why there is need of separate agriculture budget in India?

### Objectives

The study was planned with the following objectives:

- To find out investment in Agriculture sector in India
- To find out major of problems of Indian agriculture

- To find out allocation of fund for agriculture sector in last Five years plans & annual budget of India
- To find out need a separate agriculture budget for India

### Hypothesis

H1. The investment in agriculture sector is constantly increasing from last years

H2. The Government of India made lot of financial provisions in five years plans & annual budget for growth of agriculture sector but percent of financial provision is decreased last few years

### Research Methodology

The study is based on secondary data which is collected from the published reports, Census Surveys, newspapers, journals, websites, etc

#### 1) The investment in agriculture sector in India

Capital investment in agriculture and allied sectors has witnessed a steadily increasing trend in recent years. It has risen from 13.5% in 2004-05 to 20.1% in 2010-11. This growth has been possible because of initiatives taken by the Government to make agriculture a sustainable vocation. Investment in public sector includes irrigation works, command area development, land reclamation, a forestation and development of state farms. Private sector investment includes construction activities including improvement/reclamation of land, construction of non-residential buildings, farm houses, wells and other irrigation works. The capital investment is measured in terms of Gross Capital Formation (GCF) relative to the country's Gross Domestic Product (GDP). These all thing shows that agriculture is one of biggest business in India. Every years Government of India provides lot of financial support in form of subsidies, finance and other support in direct & indirect forms.

#### 2) Problems of Indian agriculture sector

The following are major problems face by Indian agriculture sector

##### A) Slow agriculture growth

It is very important problem for Indian agriculture. Last few years growth of agriculture sector if decreased because of so many reasons e.g. weather problem, lack of credit, lack of new technology etc. This year budgeted target for agriculture growth is only 4%

##### B) Lack of water resources and irrigation/drainage management

Main problem face by Indian agriculture is lack water resources. Farmers can not get enough water to farms it causes low production. Agriculture is India's largest user of water. However, increasing competition for water between industry, domestic use and agriculture has highlighted the need to plan and manage water on a river basin and multi-sectoral basis. As urban and other demands multiply, less water is likely to be available for irrigation. Ways to radically enhance the productivity of irrigation ("more crop per drop") need to be found. Piped conveyance, better on-farm management of water, and use of more efficient delivery mechanisms such as drip irrigation are among the actions that could be taken.

**C) Short of Credit Facility**

Another problem face by Indian agriculture is lack of credit facility & higher interest rate to the farmers it affected on agriculture production. The farmer cannot get bank credit on time for farming that's why he can't fulfill requirement of farming result is low production

**D) Lack of Advanced Technology**

Due to lack advanced technology Indian agriculture growth is very slow. After 1967 there is no green revolution done in India & nobody take effort for this. In western & European countries farmers used advance technology for farming & get maximum out put

**E) Need of Infrastructure Facility**

In rural India have lack of infrastructure facility for farmers. The main problems are warehouse & cold storage facility for farm product & another one is transportation facility. The government fails to fulfill infrastructure facility in rural area of India.

**F) Deficiency Of R&D in Agricultural Sector**

This is also very big problem in agriculture sector in India, i.e. lack of research & development work. This is major reason for slow agriculture growth in India.

**G) Lack of Availability of Seeds & Fertilizers**

The India is farmer's country but every year farmers face problem of less availability of seeds & fertilizers for farming. He pays higher charges to traders than actual prizes due shortage of seeds this affect budget of farmers & he required more finance for farming

**3) The allocation of funds for agriculture sector in five years plans in india agricultural sector: objectives for five-year planning**

In order to develop the agricultural sector, the Planning Commission has outlined four broad objectives.

**A) Increase Agricultural Production**

The primary aim for this is to bring more land under cultivation, raise the per hectare yield through intensive application of such agricultural inputs as irrigation,

improved seeds, fertilizers, etc. and hence bring about increased agricultural production.

**B) Increase Employment Opportunities**

Besides increase in production, the agricultural sector should generate additional employment opportunities and provide scope for increasing the incomes of the poorer sections in the villages.

**C) Reduce the Pressure of Population on Land**

Another basic objective of planning in the agricultural sector is to reduce the number of people working on land. The surplus labour on land should be shifted to the secondary and tertiary sectors, preferably in rural and semi-rural areas.

**D) Reduce inequality of incomes in rural areas**

It is desired that the government should make efforts to remove the exploitation by tenants, and also should distribute surplus land among small and marginal farmers in such a way so that there would be some degree of equality and justice in the rural areas.

It is important to note that all these objectives are being followed in all our plans but in practice, agricultural planning has come to mean the increase in production, namely, the achievement of the first objective, while all other objectives seem to have been ignored.

**Agriculture under the five-year plans**

Before the planning period, agriculture was in a deplorable condition. The farmers were generally in heavy debt to the village money-lenders. They were having small and scattered holdings. They had neither the money nor the knowledge to use proper equipment, good quality seeds and chemical fertilizers. Except in certain areas, they were dependent upon rainfall. Productivity of land as well as of labour had been declining and was lowest in the world. In spite of the fact that nearly 60% of our working population was engaged in cultivation, the country was not self-sufficient in food grains but had to depend on food imports. Table 1 gives the total outlay for each plan and correspondingly the outlay on agriculture and irrigation had also increased with every plan.

**Table 1:** Plan expenditure on agriculture and allied sectors, irrigation (rs. crore)

Sr. No	Five Years Plan	Total plan Expend.	Agri. & allied sectors	Irrigation	Percentage of total outlay
1	First plan	1960	289.9	441.8	37.3
2	Second plan	4,671.8	549	541.6	23.3
3	Third plan	8,576.5	1088.9	1019.1	24.6
4	Fourth plan	15778.8	2120.4	2415.7	28.7
5	Fifth plan	39426.2	4864.9	3925.8	22.3
6	Sixth plan	109291.7	6623.5	10929.9	16.1
7	Seventh plan	218729.6	12792.6	16589.9	13.4
8	Eighth plan	485457.2	24895.7	31398.9	11.6
9	Nine plan	941041	37239	67875	11.2
10	Ten plan	152563.9	58933	103315	10.6

**Source-** Indian Agriculture *under* the Five-Year Plans, Booklet No. 539, Agricultural Situation in India: ASIS-10

The above figures show that percent of fund allocation in five years plans for agriculture sector is decreases and fund allocation for industry & other sector increases. The growth agriculture sector only 4% from last few years and contribution of agriculture sector in GDP is decreases that's why need of separate agriculture budget for India

The Allocation of funds for agriculture sector in Annual budget Year 2010-11 to 2012-13 in India.

Agriculture retained its high priority in the budget with a planned allocation for agriculture and allied sectors raised by 19 percent to INR 176.9 billion (\$3.5 billion). The budget provides additional funds to several ongoing

programs for enhancing agricultural production, irrigation management, higher farm credit and improving post-harvest

storage and processing infrastructure.

**Table 2:** India: Selected Agricultural and Food-Related Budget Items (Ministry of Agriculture, billion Indian rupees)

	2010-2011	2011-2012	2011-2012	2012-2013
	Actual	Budget	Revised	Budget
Crop Husbandry	98.13	78.91	74.31	90.34
Soil and Water Conservation	0.14	0.15	0.16	0.16
Animal Husbandry	7.15	9.50	7.50	10.63
Dairy Development	0.85	2.23	1.84	3.53
Fisheries	2.91	2.70	2.83	3.00
Forestry and Wildlife	9.29	7.85	7.82	9.07
Plantations	4.74	4.15	4.39	4.46
Food, Storage and Warehousing	5.02	6.44	6.34	7.87
Agricultural Research and Education	25.22	24.92	25.70	28.98
Co-operation	1.03	2.22	1.17	1.25
Other Agricultural Programs	2.68	8.36	16.48	17.64
Total	157.16	147.77	148.55	176.92

**Source-**GOI Budget 2012-13 - Agricultural Highlights

The above figures show that agriculture expenditure in annual budget is decreased year by year. This thing is responsible for slow growth rate for agriculture sector & less contribution in GDP of India.

#### 4) Need Of Separate Agriculture Budget To India

##### A) Higher Growth

If separate agriculture budget is made by government of India, it could be help to increase growth rate of Indian agriculture sector and increase the percent of agriculture sector in GDP. Take example of Indian railways, government provide the annual budget to Indian railways and every year we seen gradual growth in Indian railways.

##### B) Better Fund Utilization

The separate agriculture budge gives better utilization of fund allocated. In regular annual budget government made several provisions for agriculture sector but due to hurdles in system fund can not be utilized properly. Every year lot of funds & grants return back to government in agriculture sector

##### C) Improve Standard of Living

The basic intention of any government budget to improve standard of living of people and the separate agriculture helps to improve standard of living of people who depend upon agriculture sector.

##### D) Increase Productivity

The separate agriculture budget helps to increase agriculture productivity in India. Today condition agriculture production is vary year to year. The aggregate food grain output in 2010-11 is likely to be 232.1 million tonnes, which is slightly less than the record harvest of 234.5 million tonnes in 2008-09. And India is agriculture budget tries to maintain variation in agriculture productivity through planning, better utilization of fund & marketing strategies etc.

##### E) Improve Credit Facility to Farmers

In current year interest rate on farm finance is 4% to 6%. The percent of interest is not reliable to farmers. If government made separate agriculture budget it helpful to decrease the percent of interest on farm finance. e.g. In Karnataka government made separate agriculture budget &

rate of interest on farm finance is only 1% which would be beneficial to farmer for farming

##### F) Good Infrastructure Facility

The poor infrastructure facility in rural area is affected on growth of agriculture sector in India. Reason of poor infrastructure in rural area is lack fund availability in annual & five year plans & lack of proper utilization of funds in rural area. Every years government allocate fund for rural infrastructure in annual budget but this funds is return back to government treasury due to lack of utilization. The separate agriculture budget definitely helps to increase good infrastructure facility for agriculture through proper planning.

##### G) Promoting New Technologies and Reforming Agricultural Research and Extension

Major reform and strengthening of India's agricultural research and extension systems is one of the most important needs for agricultural growth. These services have declined over time due to chronic underfunding of infrastructure and operations, no replacement of aging researchers or broad access to state-of-the-art technologies. Research now has little to provide beyond the time-worn packages of the past. Public extension services are struggling and offer little new knowledge to farmers. There is too little connection between research and extension, or between these services and the private sector. The separate agriculture budget fulfill the this need of country

##### Suggestions

1. It could not be sufficient to make separate agriculture by state government only. Government of India should make separate agriculture budget for real agriculture growth in India.
2. The government of India should form a committee to make separate agriculture budget for detail evaluation
3. Take suggestion from farmers regarding separate agriculture budget in India
4. Make transparent system for distribution of agriculture subsidies in separate agriculture budget

##### Conclusion

The Government of India has made lot of financial provision for agriculture sector in annual budget & Five

years plan but they fail to increase growth of agriculture sector. Every year thousands of farmers attempted suicides due to financial crunch arises by agrarian crisis. We have live examples in Maharashtra, Karnataka & other state of India of farmer's suicides. In current situation, world faces problem of food security, that's why government of many countries make Food Security Bill for People.

If India wants to become super power in world, it should give more focus on primary need of country & agriculture sector is one of important priority sector in India. In annual budget percent of fund allocation for agriculture sector is decreased & other sector is increases. This thing affects the percent of agriculture sector in GDP of India. If we want to increase contribution of agriculture sector in GDP of India to take proper steps & separate agriculture budget is one of the path to enhance agriculture growth of India.

This is right time to make separate agriculture budget by government of India for higher growth of agriculture sector & prosperity of farmers in India. The separate agriculture budget definitely helps to solve all problems in agriculture sector in India.

### Scope of Further Research

There is lot of scope for further research because the India faces various problems in agriculture from several years. If we want to reduce them it requires systemic planning for overcoming these problems. The separate agriculture budget is one of the ways to reduce the problems in India regarding agriculture sector. The more research is requiring for making strong agriculture budget in India. The research to be require regarding benefit of separate budget, regarding framework of budget, implementation problems etc

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