



AN ANALYSIS THE TRENDS OF GROSS CAPITAL FORMATION AND VALUE OF OUTPUT IN AGRICULTURE SECTOR IN INDIA

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ABSTRACT

This study was intended to evaluate the trends of gross capital formation and value of output in agriculture and allied activities in India from 1950-51 to 1999-2000. Now a day in India agriculture sector has been receiving less importance by the public sector. Due to this reason why Govt. has been neglect the agriculture sector? And what is the reason for this? This study was found that there is a positive trend in gross capital formation in agriculture and allied sector. Investment had been made more by public sector and less by the private sector during period from 1950 to 1990. After liberalisation (1991-92) investment on agriculture had been declining by public sector and increasing by the private sector. Value of output from agriculture and allied activities was doubled during this period based on 1993-94 constant prices shown that positive sign GFC and value of output in point of view capital output ratio.

KEYWORDS :

INTRODUCTION:

Agriculture continues to be a prime pulse of the Indian economy and is at the core of socio-economic development of the country. The GVA from the agriculture and allied sector (agriculture, livestock and forestry) grew at the rate of 6.3 percent in 2016-17 (at constant 2011-12 prices) and about two-thirds of the population is dependent on the sector. Growth of other sectors and overall economy hinges on the performance of agriculture to a considerable extent through its backward and forward linkages. It is not only a source of livelihood and food security for a large population of India but also has a special significance for low income, poor and vulnerable sections.

Agriculture is expected to satisfy not only the domestic demand but also to encase on its comparative advantages. This sector contributes substantially to foreign exchange earnings by exports, up gradation and modernization of technology and management practices. Besides, attaining sustainable growth has become an imperative in order to meet the steadily rising need of food and fiber for the burgeoning population. Therefore, the need for increasing investment in agriculture is being felt as never before. The issue of augmenting agricultural production on a sustainable basis assumes all the more importance when seen in the context of recent turbulent world of food crisis.

The Indian agriculture notwithstanding its importance, suffers from various constraints such as traditional methods of cultivation, heavy dependence on monsoon, fragmentation of land holdings, low productivity and low investment. Among others, declining investment over time has emerged as a major binding constraint on the performance of agriculture and remains a cause of concern. Inadequacy of new capital formation has slowed the pace and pattern of technological change and the infrastructural development with adverse ramification on agricultural productivity.

Capital formation is the most crucial and strategic determinant of economic growth. The history of all the advanced countries bears testimony to the fact that their periods of expansion have always been characterized by a high rate of capital formation. Capital formation reflects not just the capacity to save but capacity to invest into productive uses. The structure of the economy together with governmental incentives plays a major role in channeling the capital savings into capital investment to boost economic

growth.

Capital formation in Indian agriculture evoked serious and renewed interest during the 1990s. Initially, serious concern was expressed about the decline in public sector investments that set in after 1980-81 and its implications for agriculture growth [Rath 1989; Shetty 1990; Hanumantha Rao 1994 and Alagh 1994]. Capital in low income countries was generally scarce. In developing countries like India the rate of return on the investment of capital was low, due to lack of supportive facilities. Lack of these facilities, referred to as infrastructural facilities reduced the productive life of the capital employed as also its effective utilisation. Capital is absolutely essential for the development of the whole productive process.

OBJECTIVE AND METHODOLOGY OF THE STUDY:

The present study was carried out with the objective of analyse the trends of gross capital formation (GCF) and value of output from agriculture and allied sector in India. This study was purely based on secondary data. The secondary data source has been collected through various issues of National Statistical Accounts, Central Statistical organisation, Ministry of statistics, programme implementation, Reports of Ministry of agriculture and farmers welfare Govt. of India and Reports of planning commission, Govt. of India.

ANALYSIS AND DISCUSSION:

In the present study to know the trends of gross capital formation and output value in agriculture and allied sector has collected data from 1950-51 to 1999-2000 (at 1993-94 prices) during that period study has found that upward trend of gross capital formation and also increasing the value of output in terms of Rupees in agriculture and allied sector.

Table and figure 1 depicts the gross capital formation and value of output in terms of Rupees in agriculture and allied activities in India during the period of 1950-51 to 1959-60. In the year 1950-51 GCF was Rs 3798 crores and Rs 3965 crores in 1959-60. During the decade, Rs 5081 crores in 1957-58, this was highest investment in agriculture and allied sector. Average GCF in the period of 1950-60 was Rs 4370 crores.

Table and figure 2 reveals the value of output from agriculture and allied activities. The value of output in terms of Rupees in 1950-51 to 1959-60 was Rs 84427 and Rs 106837

Table 1: Analysis of Gross Capital Formation (GCF) in agriculture and allied activities from 1950-51 to 1959-60 (At 1993-94 prices)

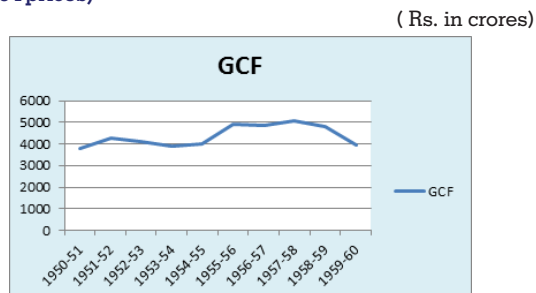
(Rs. in crores)

Year	GCF
1950-51	3798
1951-52	4262
1952-53	4100
1953-54	3903
1954-55	3992
1955-56	4934
1956-57	4849
1957-58	5081
1958-59	4820
1959-60	3965

Source: National Accounts Statistics, Back series (1950-51 to 1992-93), Central Statistical Organisation, Ministry Of Statistics and Programme Implementation, Govt. of India.

Year: period of fiscal year in India is April to March.

Figure 1: Analysis of Gross Capital Formation (GCF) in agriculture and allied activities from 1950-51 to 1959-60 (At 1993-94 prices)



Source: National Accounts Statistics, Back series (1950-51 to 1992-93), Central Statistical Organisation, Ministry Of Statistics and Programme Implementation, Govt. of India.

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respectively. Rs 107905 in 1958-59 were highest during the decade. Average value of output in the period from 1950 to 1960 was Rs 96330.

Table and figure 2 shows that value of output in agriculture and allied sector during the period from 1950-51 to 1959-60 was upward trend. In the year 1960-61 to 1959-60 respectively were Rs 84427 crores and 106837crores. During the decade Average value of output was Rs 193461crores.

Table 2: Analysis of value of output in agriculture and allied activities from 1950-51 to 1959-60 (At 1993-94 prices)

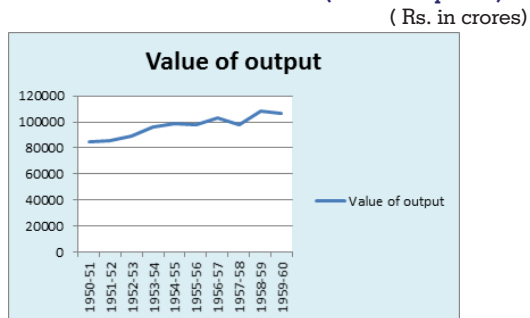
(Rs. in crores)

Year	Value of output
1950-51	84427
1951-52	85420
1952-53	89104
1953-54	96210
1954-55	98599
1955-56	97732
1956-57	102992
1957-58	98082
1958-59	107905
1959-60	106837

Source: National Accounts Statistics, Back series (1950-51 to 1992-93), Central Statistical Organisation, Ministry Of Statistics and Programme Implementation, Govt. of India.

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Figure 2: Analysis of value of output in agriculture and allied activities from 1950-51 to 1959-60 (At 1993-94 prices)



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Table and figure 3 reveals that gross capital formation had upward trend from 1960-61 to 1969-70 respectively Rs 5258 crores and Rs 8919 crores. Average GCF in the decade was Rs 6833 crores.

Table 3: Analysis of Gross Capital Formation (GCF) in agriculture and allied activities from 1960-61 to 1969-70 (At 1993-94 prices)

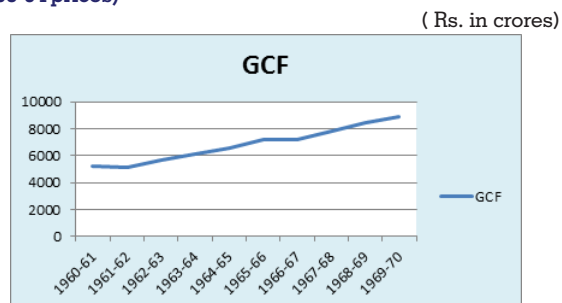
(Rs. in crores)

Year	GCF
1960-61	5258
1961-62	5115
1962-63	5625
1963-64	6129
1964-65	6559
1965-66	7230
1966-67	7216
1967-68	7830
1968-69	8450
1969-70	8919

Source: National Accounts Statistics, Back series (1950-51 to 1992-93), Central Statistical Organisation, Ministry Of Statistics and Programme Implementation, Govt. of India.

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Figure 3: Analysis of Gross Capital Formation (GCF) in agriculture and allied activities from 1960-61 to 1969-70 (At 1993-94 prices)



Source: National Accounts Statistics, Back series (1950-51 to 1992-93), Central Statistical Organisation, Ministry Of Statistics and Programme Implementation, Govt. of India.

Year: period of fiscal year in India is April to March.

Table and figure 4 shows the value of output from 1960-61 to

1969-70. Values of output were almost stable in the year from 1960-61 to 1963-64. After that value of output was increased and again decreased. After the year 1967-68 values of output had upward trend. Average value of output in decade was Rs 118281 crores.

Table and figure 5 represents the gross capital formation from 1970-71 to 1979-80. During the period least GCF was Rs 8587 crores in the year 1970-71. Maximum GCF was Rs 17979 crores in the year 1978-79. During the decade GCF had more volatility in nature. Average GCF in this period was Rs 12148 crores.

Table 4: Analysis of value of output in agriculture and allied activities from 1960-61 to 1969-70 (At 1993-94 prices)

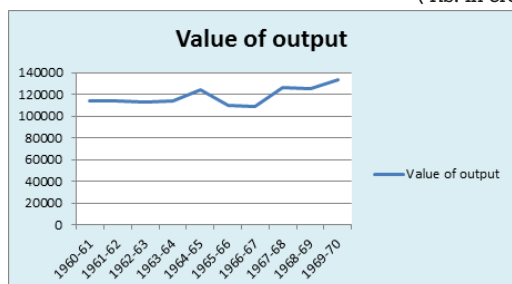
(Rs. in crores)

Year	Value of output
1960-61	113937
1961-62	113915
1962-63	112512
1963-64	114050
1964-65	124277
1965-66	110130
1966-67	108995
1967-68	126095
1968-69	125673
1969-70	133227

Source: National Accounts Statistics, Back series (1950-51 to 1992-93), Central Statistical Organisation, Ministry Of Statistics and Programme Implementation, Govt. of India.

Year: period of fiscal year in India is April to March.

Figure 4: Analysis of value of output in agriculture and allied activities from 1960-61 to 1969-70 (At 1993-94 prices)



Source: National Accounts Statistics, Back series (1950-51 to 1992-93), Central Statistical Organisation, Ministry Of Statistics and Programme Implementation, Govt. of India.

Year: period of fiscal year in India is April to March.

Table and figure 6 reflects the values of output from 1970-71 to 1979-80. Minimum value of output in the year 1972-73 was Rs 133555 crores and maximum value of output in the year 1978-79 was Rs 171063 crores. During that period values of output trends were almost unstable. Average value of output in this decade was Rs 150123 crores.

Table 5: Analysis of Gross Capital Formation (GCF) in agriculture and allied activities from 1970-71 to 1979-80 (At 1993-94 prices)

(Rs in crores)

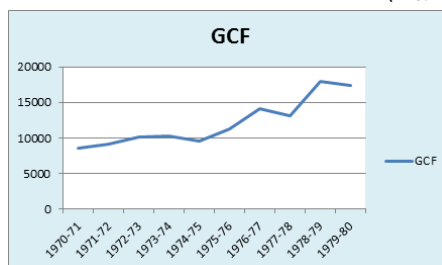
Year	GCF
1970-71	8587
1971-72	9147
1972-73	10077
1973-74	10314
1974-75	9567

1975-76	11223
1976-77	14165
1977-78	13068
1978-79	17979
1979-80	17358

Source: National Accounts Statistics, Back series (1950-51 to 1992-93), Central Statistical Organisation, Ministry Of Statistics and Programme Implementation, Govt. of India.

Year: period of fiscal year in India is April to March.

Figure 5: Analysis of Gross Capital Formation (GCF) in agriculture and allied activities from 1970-71 to 1979-80 (At 1993-94 prices)



Source: National Accounts Statistics, Back series (1950-51 to 1992-93), Central Statistical Organisation, Ministry Of Statistics and Programme Implementation, Govt. of India.

Year: period of fiscal year in India is April to March.

Table and figure 7 reveals that gross capital formation from 1980-81 to 1989-90. During this decade GCF was almost stable except the year 1986-87 (Rs 13708 crores) and 1989-90 (Rs 13424 crores). Average value of GCF during this period was Rs 14283 crores.

Table 6: Analysis of value of output in agriculture and allied activities from 1970-71 to 1979-80 (At 1993-94 prices)

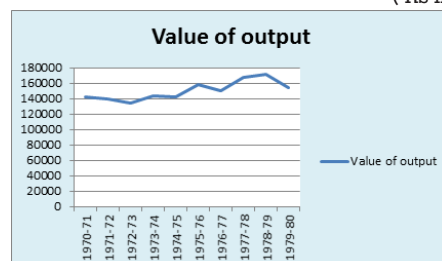
(Rs in crores)

Year	Value of output
1970-71	141572
1971-72	139952
1972-73	133555
1973-74	143422
1974-75	141676
1975-76	158019
1976-77	150591
1977-78	166906
1978-79	171063
1979-80	154474

Source: National Accounts Statistics, Back series (1950-51 to 1992-93), Central Statistical Organisation, Ministry Of Statistics and Programme Implementation, Govt. of India.

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Figure 6: Analysis of value of output in agriculture and allied activities from 1970-71 to 1979-80 (At 1993-94 prices)



Source: National Accounts Statistics, Back series (1950-51 to 1992-93), Central Statistical Organisation, Ministry Of Statistics and Programme Implementation, Govt. of India.

Year: period of fiscal year in India is April to March.

Table and figure 8 shows that value of output in agriculture and allied activities from 1980-81 to 1989-90. Values of output in this period were almost increased. Least value of output was Rs 179238 crores in the year 1980-81 and maximum value of output was Rs 241787 crores in the year 1989-90. Average value of output in this decade was Rs 207859 crores.

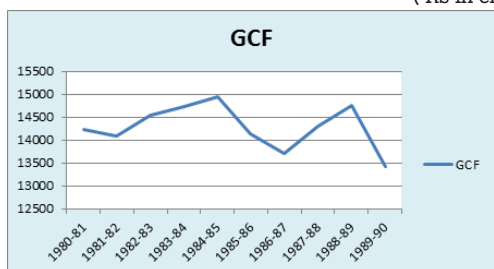
Table 7: Analysis of Gross Capital Formation (GCF) in agriculture and allied activities from 1980-81 to 1989-90 (At 1993-94 prices)

Year	GCF
1980-81	14233
1981-82	14079
1982-83	14529
1983-84	14725
1984-85	14948
1985-86	14132
1986-87	13708
1987-88	14294
1988-89	14762
1989-90	13424

Source: National Accounts Statistics, Back series (1950-51 to 1992-93), Central Statistical Organisation, Ministry Of Statistics and Programme Implementation, Govt. of India.

Year: period of fiscal year in India is April to March.

Figure 7: Analysis of Gross Capital Formation (GCF) in agriculture and allied activities from 1980-81 to 1989-90 (At 1993-94 prices)



Source: National Accounts Statistics, Back series (1950-51 to 1992-93), Central Statistical Organisation, Ministry Of Statistics and Programme Implementation, Govt. of India.

Year: period of fiscal year in India is April to March.

Table and figure 9 shows that gross capital formation in agriculture and allied activities from 1990-91 to 1999-2000. During this period GCF was almost upward trend except the years 1992-93 (Rs 14965), 1998-99 (Rs 19012) and 1999-2000 (Rs 19289). Average GCF during this decade was Rs 19070 crores.

Table 8: Analysis of value of output in agriculture and allied activities from 1980-81 to 1989-90 (At 1993-94 prices)

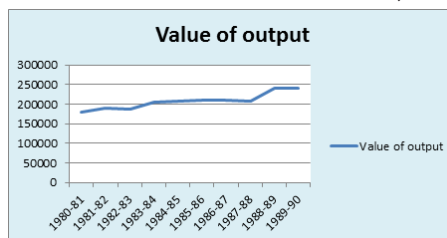
Year	Value of output
1980-81	179238
1981-82	188657
1982-83	188398
1983-84	204854
1984-85	208496

1985-86	210496
1986-87	210339
1987-88	206983
1988-89	239351
1989-90	241787

Source: National Accounts Statistics, Back series (1950-51 to 1992-93), Central Statistical Organisation, Ministry Of Statistics and Programme Implementation, Govt. of India.

Year: period of fiscal year in India is April to March.

Figure 8: Analysis of value of output in agriculture and allied activities from 1980-81 to 1989-90 (At 1993-94 prices)



Source: National Accounts Statistics, Back series (1950-51 to 1992-93), Central Statistical Organisation, Ministry Of Statistics and Programme Implementation, Govt. of India.

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Table and figure 10 reveals that value of output in agriculture and allied activities from 1990-91 to 1999-2000. During this period values of output trend showed that increasing except the year 1991-92 (Rs 249050 crores). Average value of output in this period was Rs 28743 crores.

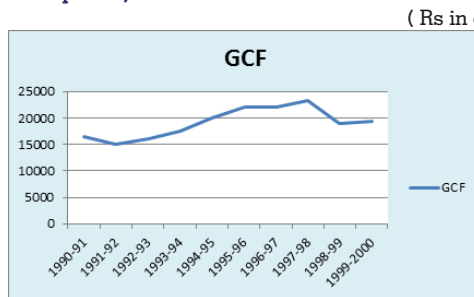
Table 9: Analysis of Gross Capital Formation (GCF) in agriculture and allied activities from 1990-91 to 1999-2000 (At 1993-94 prices)

Year	GCF
1990-91	16416
1991-92	14965
1992-93	16141
1993-94	17571
1994-95	20038
1995-96	21952
1996-97	22052
1997-98	23272
1998-99	19012
1999-2000	19289

Source: National Accounts Statistics, Back series (1950-51 to 1992-93), Central Statistical Organisation, Ministry Of Statistics and Programme Implementation, Govt. of India.

Year: period of fiscal year in India is April to March.

Figure 9: Analysis of Gross Capital Formation (GCF) in agriculture and allied activities from 1990-91 to 1999-2000 (At 1993-94 prices)



Source: National Accounts Statistics, Back series (1950-51 to 1992-93), Central Statistical Organisation, Ministry Of Statistics and Programme Implementation, Govt. of India.

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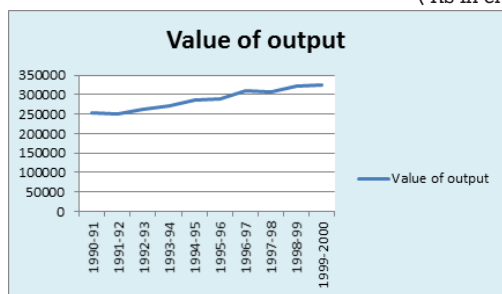
Table 10: Analysis of value of output in agriculture and allied activities from 1990-91 to 1999-2000 (At 1993-94 prices)
(Rs in crores)

Year	Value of output
1990-91	251885
1991-92	249050
1992-93	261901
1993-94	271799
1994-95	286468
1995-96	288481
1996-97	310804
1997-98	307227
1998-99	323017
1999-2000	324298

Source: National Accounts Statistics, Back series (1950-51 to 1992-93), Central Statistical Organisation, Ministry Of Statistics and Programme Implementation, Govt. of India.

Year: period of fiscal year in India is April to March.

Figure 10: Analysis of value of output in agriculture and allied activities from 1990-91 to 1999-2000 (At 1993-94 prices)
(Rs in crores)



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Year: period of fiscal year in India is April to March.

CONCLUSION:

This study has found that gross capital formation and value of output in agriculture and allied activities from 1950-51 to 1999-2000. During this period gross capital formation was increased because government had given more importance to agriculture sector for attain food self sufficiency and remove the problem of food scarcity for rapid growing population. But after the liberalisation public investment on agriculture has been declining and private investment has been increasing which shows that Govt. has been neglecting the agriculture sector. Value of output has been doubling in agriculture sector with respect to GCF in this sector showed that positive sign in regarding capital output ratio.

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