



AGRICULTURE INDUSTRIES IN INDIA

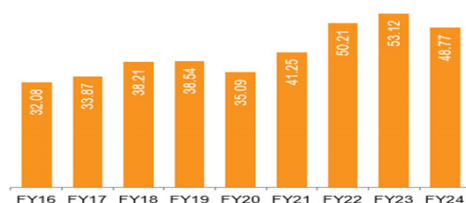
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ABSTRACT

This paper is presented only research India's agriculture sector is a global powerhouse, with the country being a major producer and exporter of various crops and food products, employing a significant portion of the population and featuring diverse agro-based industries. It is the second-largest producer of fruit, vegetables, tea, farmed fish, cotton, sugarcane, wheat, rice, cotton, and sugar. The agriculture sector in India holds the record for second-largest agricultural land in the world generating employment for about half of the country's population. Thus, farmers become an integral part of the sector to provide us with a means of sustenance. Consumer spending in India will return to growth in 2021 post the pandemic-led contraction, expanding by as much as 6.6%. The Indian food industry is poised for huge growth, increasing its contribution to world food trade every year due to its immense potential for value addition, particularly within the food processing industry. The Indian food processing industry accounts for 32% of the country's total food market, one of the largest industries in India and is ranked fifth in terms of production, consumption, export and expected growth. Foodgrain production in India touched 330.5 million metric tonnes (MT) in 2022-23 (3rd Advance Estimate). India is the world's 2nd largest producer of food grains, fruits and vegetables and the 2nd largest exporter of sugar. A total of 521.27 LMT rice has been anticipated for procurement for the upcoming KMS 2023-24, up from 496 LMT produced during the previous KMS 2022-23.

KEYWORDS :

According to Inc42, the Indian agricultural sector is predicted to increase to US\$ 24 billion by 2025. Indian food and grocery market is the world's sixth largest, with retail contributing 70% of the sales. As per the First Advance Estimates for 2023-24 (Kharif only), total foodgrain production in the country is estimated at 148.5 million tonnes. Rabi crop area has increased by 3.25%, from 697.98 lakh hectares in 2021-22 to 720.68 lakh hectares in 2022-23. This is a 22.71 lakh hectare, a 13.71% increase over the average sown area in 2021-22. As per the First Advance Estimates for 2023-24, rice is estimated at 1,063.13 lakh tonnes during the kharif season. In 2022-23 (as per the second advance estimate). The Agriculture and Allied industry sector witnessed some major developments, investments and support from the Government in the recent past. Between April 2000-September 2023, FDI in agriculture services stood at US\$ 4.77 billion.

Agricultural Exports from India (US\$ billion)

Source: APEDA

According to the Department for Promotion of Industry and Internal Trade (DPIIT), the Indian food processing industry has cumulatively attracted a Foreign Direct Investment (FDI) equity inflow of about US\$ 12.35 billion between April 2000-September 2023. This accounts for 1.89% of total FDI inflows received across industries.

During 2023-24 (April-October), processed vegetables accounted for US\$ 446.84 million, miscellaneous preparations accounted for US\$ 758.94 million and processed fruits, juices and nuts accounted for US\$ 367.85 million.

In terms of exports, the sector has seen good growth in the past year. India's agricultural and processed food products exports stood at US\$ 27.01 billion in 2023-24 (April-October). In terms of exports, the sector has seen good growth in the past year. India's agricultural and processed food products exports stood at US\$ 4.34 billion in 2024-25 (April-May).

The exports for principal commodities in 2023-24 (April-October) were the following:

1. Marine Product: US\$ 4.58 billion
2. Basmati and Non-Basmati Rice: US\$ 5.86 billion
3. Spices: US\$ 2.24 billion
4. Buffalo Meat: US\$ 2.09 billion
5. Sugar: US\$ 1.49 billion
6. Miscellaneous processed items: US\$ 967 million
7. Oil Meal: US\$ 894 million

Agriculture Investment

Some major investments and developments in agriculture are as follows:

1. In December 2023, NBCC signed an MoU with the National Cooperative Development Cooperation (NCDC) and NABARD for the construction of (1,469-grain storage units) the world's largest grain storage plan in the cooperative sector.
2. India to host the 27th WAIPA World Investment Conference in New Delhi from December 11-14, 2023.
3. In December 2023, Tata-owned Rallis India launched NAYAZINC fertilizer.
4. In December 2023, NITI Aayog and IFPRI signed a Statement of Intent to strengthen policy frameworks for agricultural transformation and rural development.
5. In November 2023, India signed deals to export 5,00,000 tons of new season basmati rice in Europe and the Middle East.
6. In October 2023, the President of India launched the Fourth Krishi Road map of Bihar.
7. In October 2023, Coal India, partnered to invest Rs. 3,095 crore (US\$ 371.69 million) in fertiliser JV to boost output.
8. Government has set up a special fund called the Food

Processing Fund (FPF) of approximately US\$ 265 million in the National Bank for Agriculture and Rural Development (NABARD) for extending affordable credit to designated food parks and food processing enterprises in the designated food parks.

9. In June 2023, Mother Dairy invested US\$ 48.33 million (Rs. 400 crore) to set up a unit in Nagpur.
10. In 2022, the Government of India is planning to launch Kisan Drones for crop assessment, digitization of land records, and spraying of insecticides and nutrients.
11. In October 2022, Prime Minister Mr. Narendra Modi inaugurated PM Kisan Samman Sammelan 2022 and released PM-KISAN Funds worth Rs. 16,000 crore (US\$ 1.93 billion)
12. In August 2022, a Special Food Processing Fund of Rs. 2,000 crore (US\$ 242.72 million) was set up with National Bank for Agriculture and Rural Development (NABARD) to provide affordable credit for investments in setting up Mega Food Parks (MFP) as well as processing units in the MFPs.
13. In August 2022, Mr. Narendra Singh Tomar, Minister of Agriculture and Farmers Welfare inaugurated four new facilities at the Central Arid Zone Research Institute (CAZRI), which has been rendering excellent services for more than 60 years under the Indian Council of Agricultural Research (ICAR).
14. Consumer spending in India will return to growth in 2022 post the pandemic-led contraction, expanding by as much as 7%.
15. The organic food segment in India is expected to grow at a CAGR of 10% during 2015–25 and is estimated to reach Rs. 75,000 crore (US\$ 9.1 billion) by 2025 from Rs. 2,700 crore (US\$ 386.32 million) in 2015.
16. The processed food market in India is expected to grow to Rs. 3,451,352.5 crore (US\$ 470 billion) by 2025, from Rs. 1,931,288.7 crore (US\$ 263 billion) in FY20 on the back of government initiatives such as planned infrastructure worth US\$ 1 trillion and Pradhan Mantri Kisan Sampada Yojna. The food processing industry employs about 1.77 million people. The sector allows 100% FDI under the automatic route.
17. From 2017 to 2020, India received ~US\$ 1 billion in agritech funding. With significant interest from investors, India ranks third in terms of agritech funding and the number of agritech start-ups. By 2025, Indian agritech companies are likely to witness investments worth US\$ 30-35 billion.
18. Nestle India will invest Rs. 700 crore (US\$ 85.16 million) in the construction of its ninth factory in Gujarat.
19. The performance of the agriculture and allied sector has been buoyant over the past several years, much of which is on account of the measures taken by the government to augment crop and livestock productivity, ensure certainty of returns to the farmers through price support, promote crop diversification, improve market infrastructure through the impetus provided for the setting up of farmer-producer organizations and promotion of investment in infrastructure facilities through the Agriculture Infrastructure Fund.
20. As per the economic survey 2022-23, Rs. 13,681 crore (US\$ 1.6 billion) were sanctioned for Post-Harvest Support and Community Farms under the Agriculture Infrastructure Fund.
21. Private investment in agriculture increases to 9.3% in 2020-21.
22. Institutional Credit to the Agricultural Sector continued to grow to Rs. 18.6 lakh crore (US\$ 226 billion) in 2021-22.

India leads global milk production, aims for 300 million metric tons (MMT) in next five years

India, the world's top milk producer, has set a target to increase its milk production to 300 million metric tons (MMT)

over the next five years from the current 239 MMT. Union Minister, Ministry of Fisheries, Animal Husbandry & Dairying, Mr. Rajeev Ranjan Singh, announced this goal in the Lok Sabha. The scheme, which runs from 2021-22 to 2025-26, also seeks to sustainably increase the productivity of bovines and milk production using advanced technologies. It promotes high genetic merit bulls for breeding, enhances artificial insemination coverage, and supports indigenous cattle and buffalo rearing.

Union Minister for Finance, Ms. Nirmala Sitharaman, presented the Economic Survey 2024–25 in the Parliament on January 31, 2025. The key highlights of the Economic Survey 2024–25 are as follows:

1. The global economy grew by 3.3% in 2023, with the IMF projecting a growth rate of 3.2% for 2024 and 3.3% for 2025.
2. Growth was uneven across regions, with advanced economies (AEs) recording stable expansion while emerging markets and developing economies (EMDEs) reporting mixed trends.
3. Global manufacturing weakened, particularly in Europe and parts of Asia, due to supply-chain disruptions and reduced external demand.
4. The services sector remained resilient and contributed positively to economic activity.
5. Inflation pressures eased in most economies but remained persistent in the services sector.
6. Key geopolitical risks include the Russia-Ukraine conflict, the Israel-Hamas conflict, cyber threats and global trade route disruptions.
7. **United States:** Growth was 2.8% in 2024, with a slight decline projected for 2025 due to moderation in consumption and exports.
8. **Euro Area:** Growth is expected to improve from 0.4% in 2023 to 1.0% in 2025, supported by the services sector. However, manufacturing-intensive economies like Germany and Austria struggled due to weak demand.
9. **China:** Growth weakened after Q1 FY24 due to sluggish private consumption, lower investment and a struggling real estate sector.
10. **Japan:** Growth slowed due to domestic supply disruptions in early 2024.
11. **India:** Estimated real GDP growth of 6.4% in FY25, supported by agriculture and services, with stable private consumption.
12. **Manufacturing:** The global Purchasing Managers' Index (PMI) for manufacturing indicated contraction by mid-2024 after a brief expansion in early 2024. India's PMI remained in the expansionary zone.
13. **Services:** The Global Services PMI Business Activity Index rose to 53.8 in December 2024, marking 23 consecutive months of expansion.
14. **Inflation:** Declined globally due to monetary tightening but remained high in services, driven by wage growth.

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