

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:1378
ANSWERED ON:05.03.2013
CAPITAL FORMATION IN AGRICULTURE SECTOR
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Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the Government has constituted any Committee to identify the components of capital formation meant exclusively for agriculture and allied sectors;
- (b) if so, the details thereof along with the suggestions made by the Committee in this regard;
- (c) whether the major indicators of capital formation in agriculture sector match with the indicators in other sectors of the economy;
- (d) if so, the details thereof; and
- (e) the steps taken/proposed to be taken to encourage capital formation in the agriculture sector?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FOOD PROCESSING INDUSTRIES (SHRI TARIQ ANWAR)

(a) & (b): The committee on Capital Formation in Agriculture, which submitted its report in March 2003, has observed that the coverage of items and the procedure for compilation of capital formation in agriculture as followed by the Central Statistical Organization was constrained by the United Nations System of National Accounts (SNA). The committee made a distinction between investment in agriculture (direct) and investment for agriculture (indirect) and observed that the National Accounts Statistics did not represent total capital formation augmenting the capacity of agriculture sector. It recommended, inter alia, consolidating capital formation for agriculture under different headings in National Accounts into a single entity called capital formation for agriculture.

(c) & (d): The trend in share of Gross Capital Formation (GCF) in Agriculture & Allied Sectors to GCF in the total Economy, share of Agriculture & Allied Sectors GCF to Gross Domestic Product (GDP) in Agriculture & Allied Sectors and share of GCF in total Economy to GDP of total Economy (at 2004-05 prices) are given in the following Table:

Year	(%) Share of GCF in Agriculture & Allied Sectors to GCF in the total Economy	(%) Share of Agriculture & Allied Sectors GCF to GDP in total Economy	(%) Share of GCF in total Economy to GDP of total Economy
2002-03	10.5	14.2	27.2
2003-04	9.0	12.4	27.8
2004-05	7.2	13.5	35.4
2005-06	7.1	14.6	37.6
2006-07	6.5	14.9	39.6
2007-08	6.4	16.1	42.4
2008-09	7.8	19.4	39.1
2009-10	7.3	20.1	40.6
2010-11	6.2	18.4	43.1
2011-12	6.8	19.8	41.2

(e): With a view to incentivize state governments to step up the allocation to agriculture sector, Government launched the Rashtriya Krishi Vikash Yojana (RKVY). Further, government has taken several steps to revitalize agricultural sector and improve condition of farming community on sustainable basis by increasing investment, improving farm practices, rural infrastructure and delivery of credit, technology and other inputs, extension, marketing etc. Various programmes/schemes for the development of agriculture sector are being implemented in a decentralized manner with flexibility to state Government to formulate and implement appropriate projects to suit their specific requirement.