



भारतवर्ष

(Bharatvarsha)

Rural Economy: Rediscovered

Module #3 - Agriculture

20th July 2020

LAQSHYA
MEDIA GROUP

OOH | Experiential | Digital

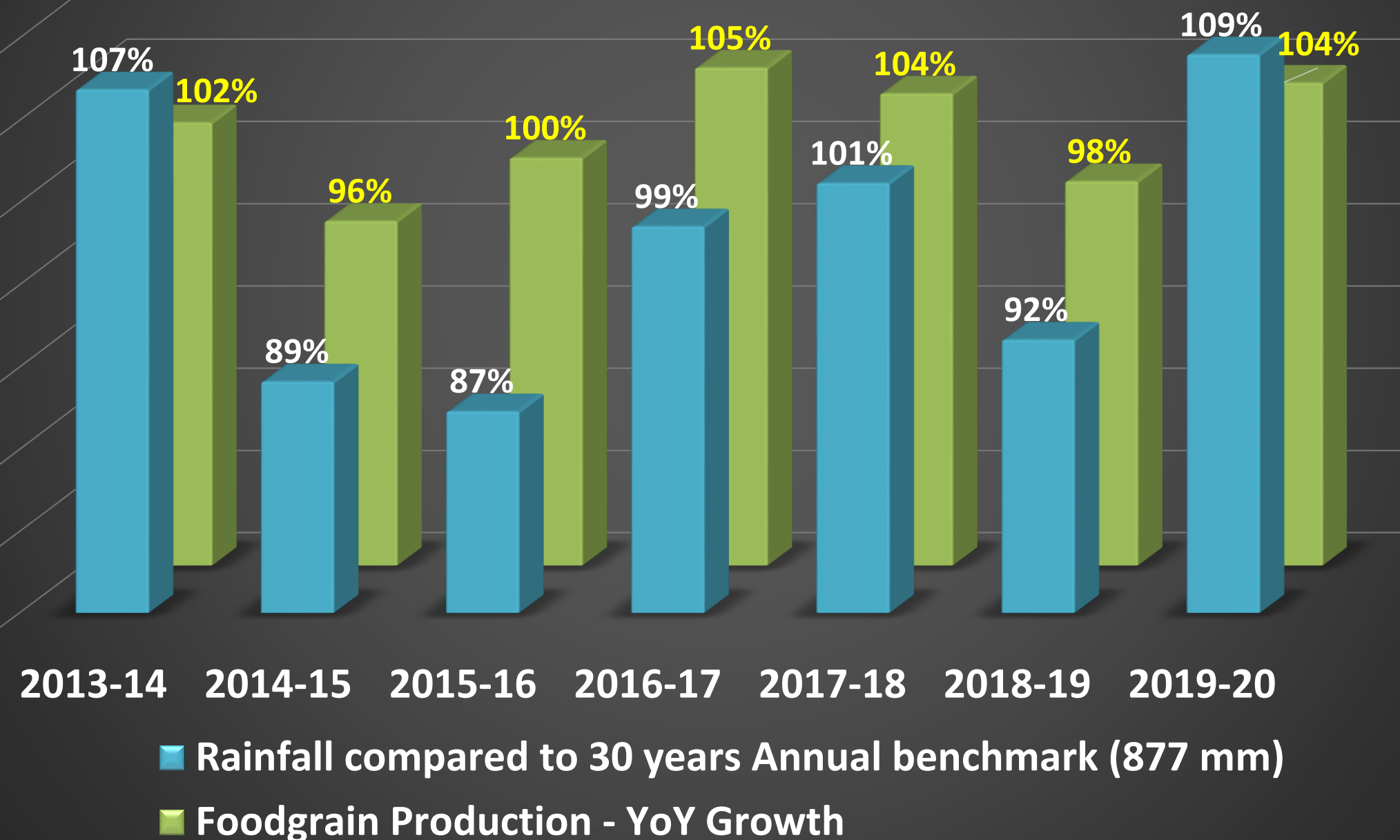
How have infrastructural initiatives, and normal rainfall, impacted the primary crops of India?

It would be tedious to read data on all the crops that impact the rural economy. The data presented is more in terms of illustration of the trends across crops in India.

Foodgrain production correlated with rainfall and technology advancements...

Correlating Food Grain production with Rainfall

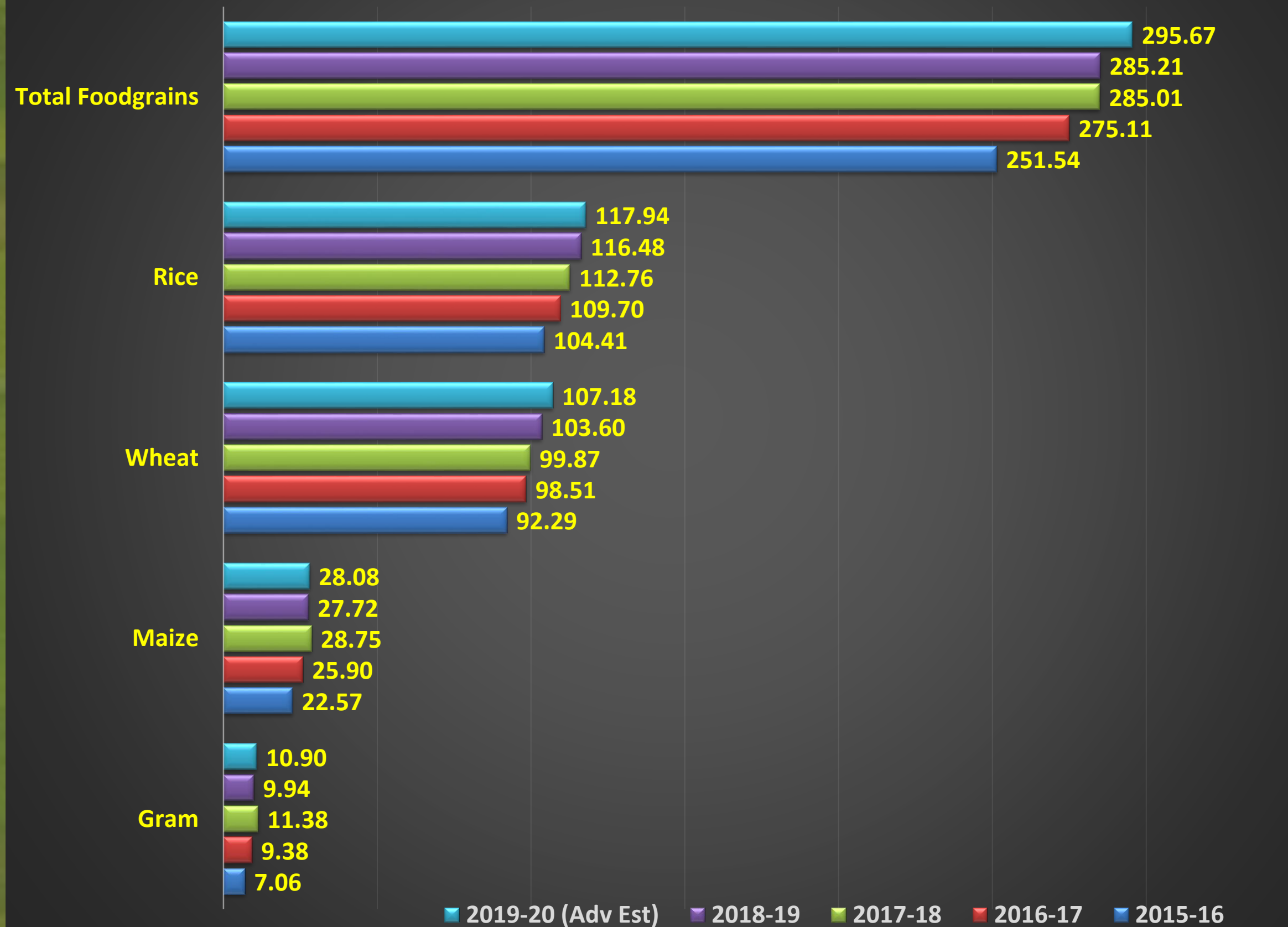
Source: IMD & Laqshya Media analysis



- **Mechanization & Technology** have helped
- Enhancements in agriculture technology have also helped growth even in years of rainfall deficit
- An increase in **Storage capacities** - While rainfall is important, storage of various crops must also be a priority for effective dissemination of the produce

Food Grains Production – Million Tons

Source: Ministry of Agriculture and Farmers Welfare Department of Agriculture



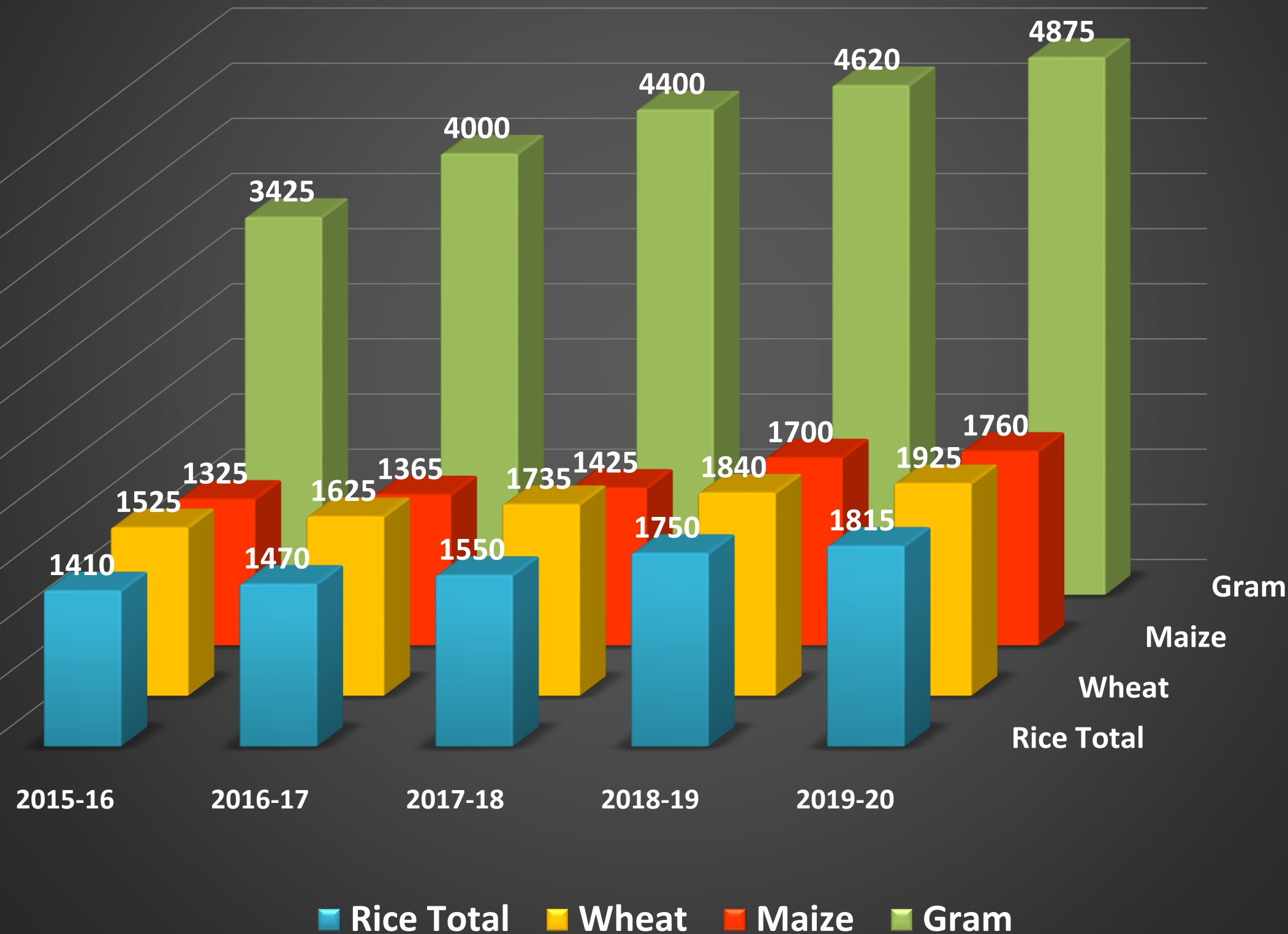
Record output of Food Grains in 2019-20!

- Production of **Rice**, the highest-value food grain, up by 12 million tons per annum over the last 5 years
- **Wheat** production is up by 15 million tons per annum
- **Maize** grew 25%
- **Gram** production is up by nearly 55%

Source: Ministry of Rural Development

Minimum Support Prices for Food Grains: Significantly Upward Trend

Source: Directorate of Economics & Statistics

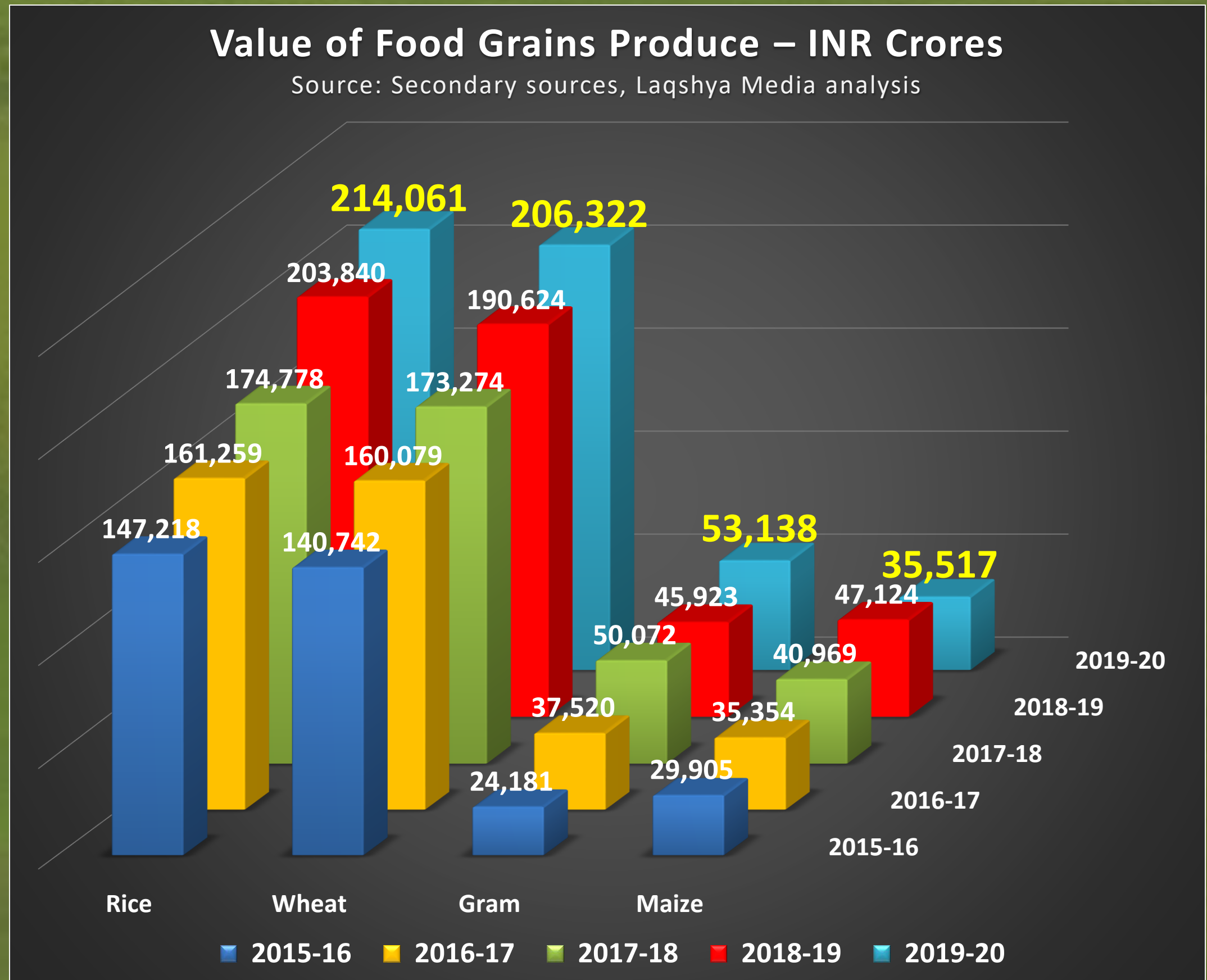


Steady increase in MSP (minimum support price) for all Food grains!

- **Rice** is up from Rs. 1410 per quintal to Rs 1815/q, a rise of 29% over 5 years
- **Maize** is up by 33%
- **Wheat** sees a rise of 26%
- **Gram** gets a lot of support with a rise of 42% over 5 years

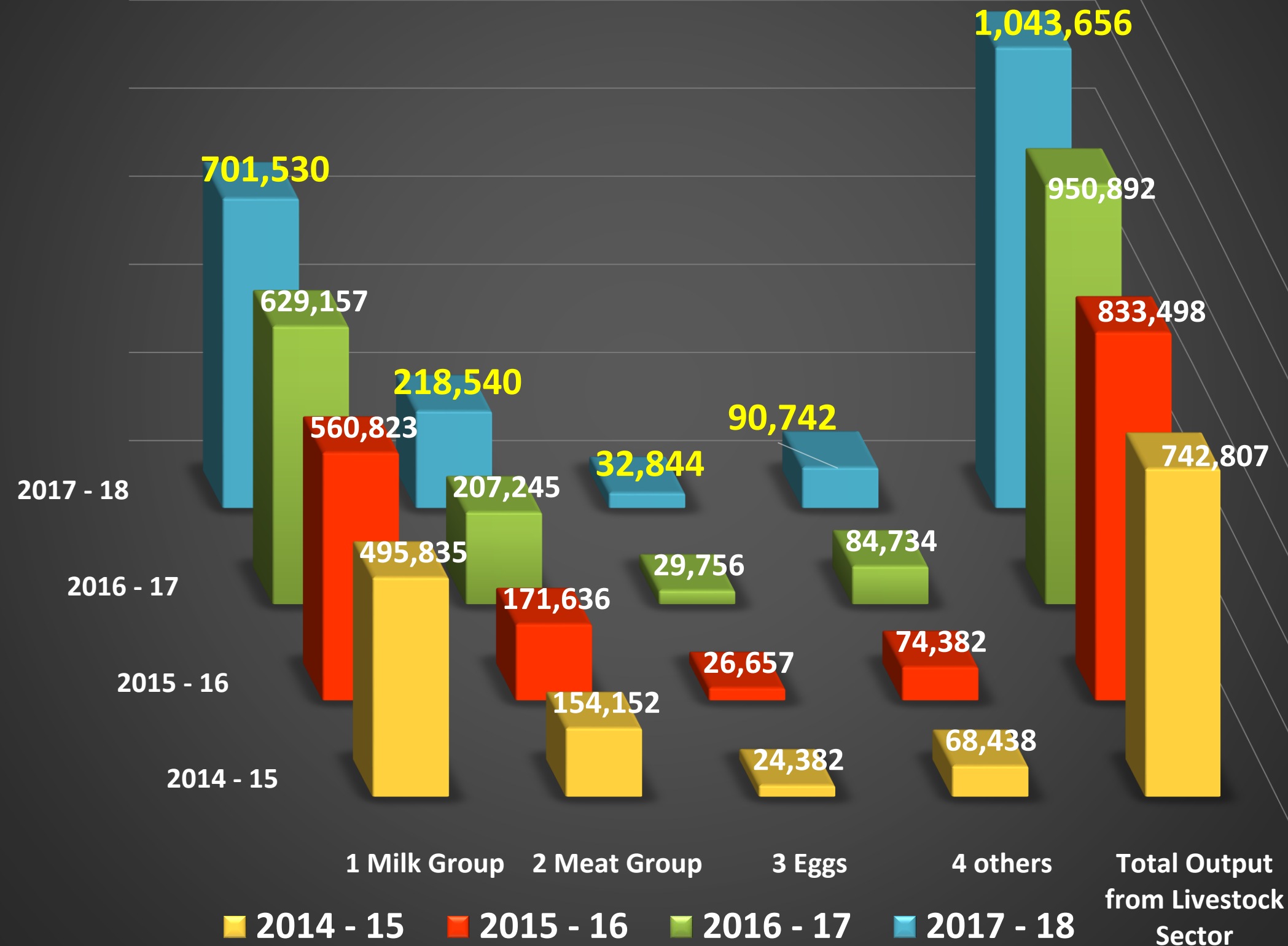
Rice and Wheat the top two revenue generating food grains

- **Consistent increase in revenue**
 - Increase in production volumes of various crops,
 - And increase in minimum support prices (MSP)
- The top 4 food grains will create revenues of more than Rs. 5 lakh crores this year, up by ~Rs. 1.67 lakh crores from 2015
- **Growth of ~50% over 5 years**



Value generation from the Livestock Sector

Rupees Crores



White Revolution + Pink Revolution

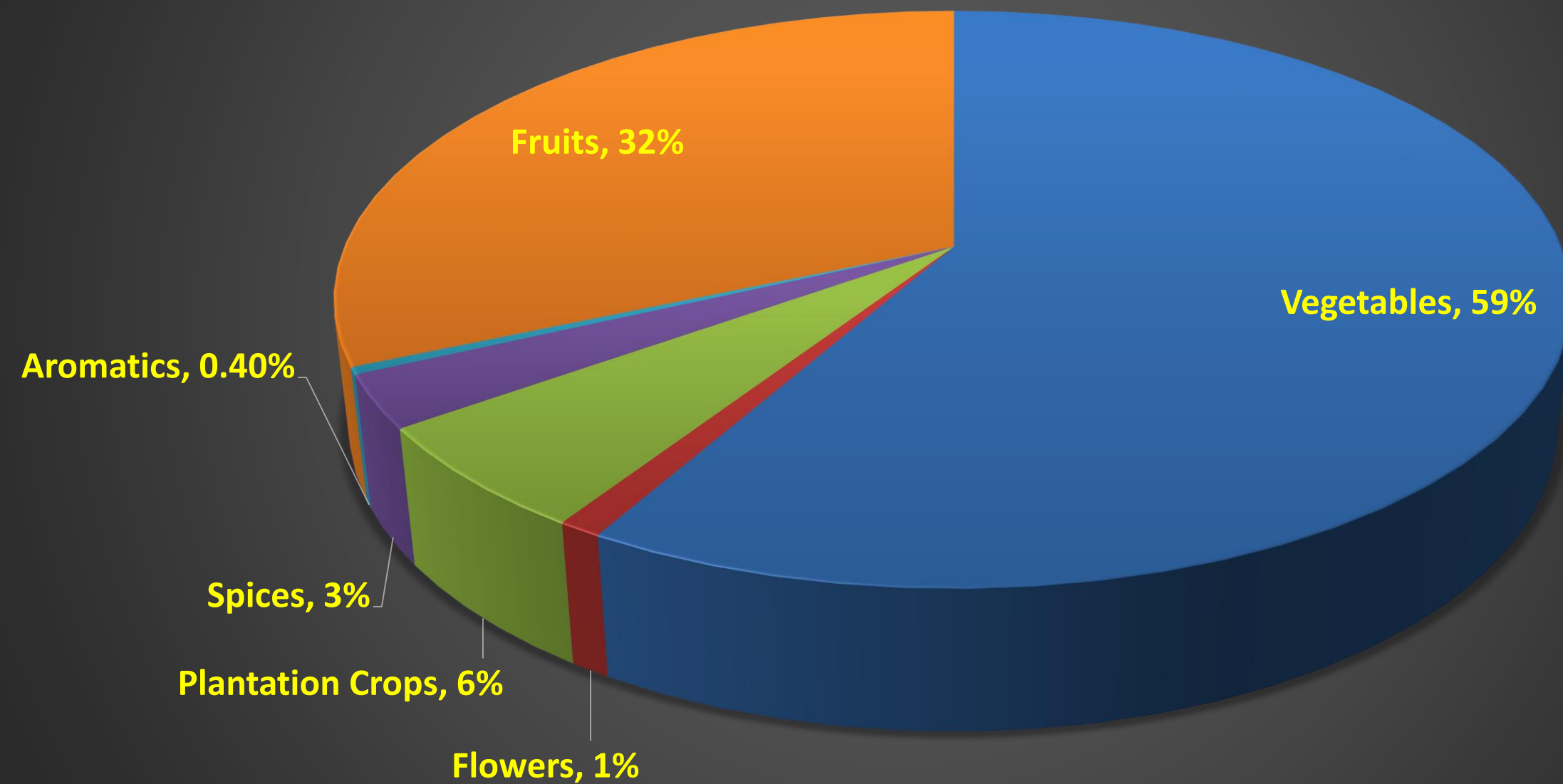
Overall output of the Livestock sector is growing at a healthy CAGR of 12.02%, driven by Milk consumption (with a CAGR of 12.3%).

The livestock sector now generates >Rs. 10 lakh crores for the 40 lakh farmers associated with it.

**Vegetables
constitute
59% and
Fruits 32%
of India's
horticultural
crops.**

Indian Horticulture Production Basket – 2019-20

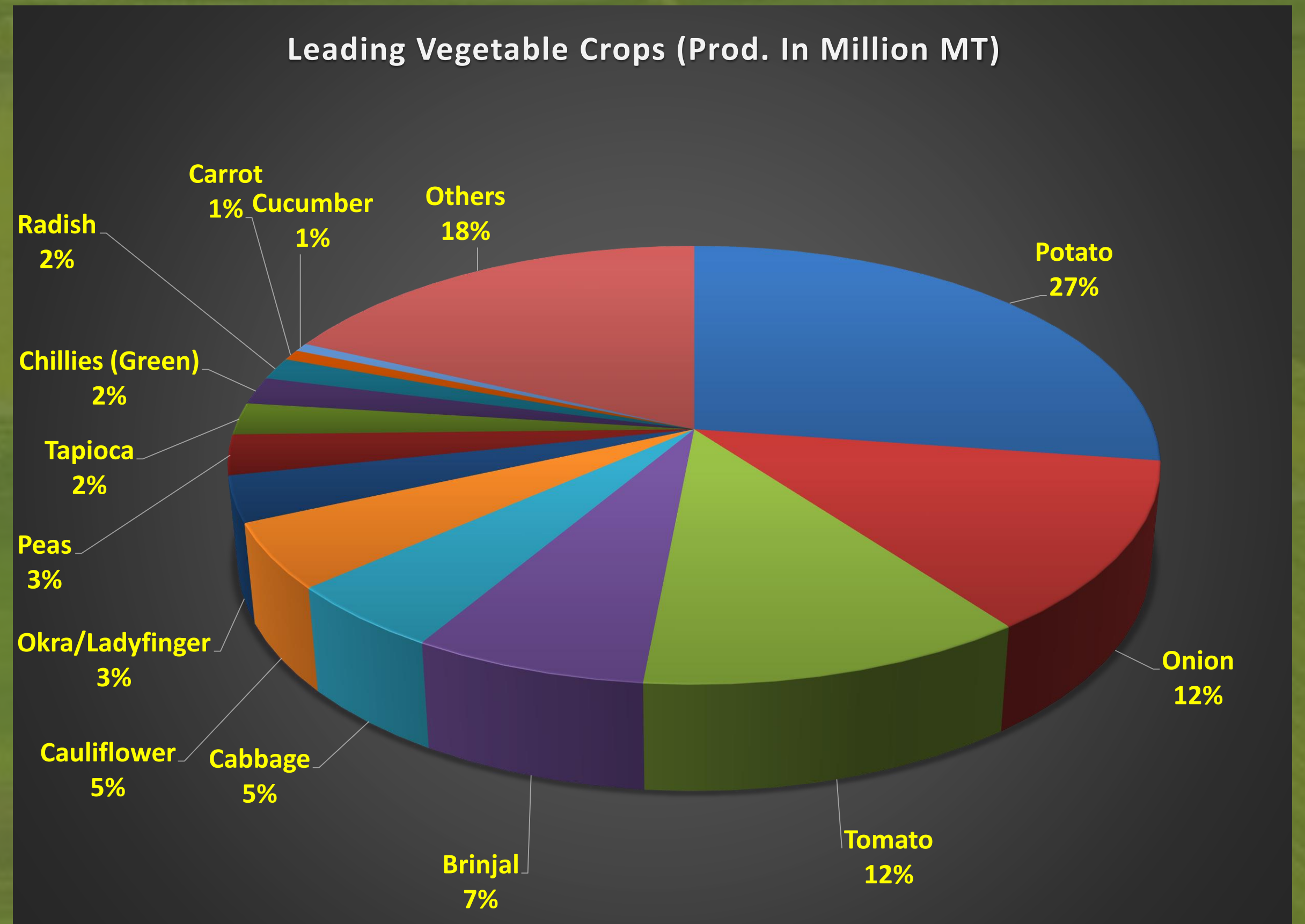
Source: IHB – Indian Horticulture Board



By volume, Potatoes, Onions and Tomatoes are the top three vegetable crops

Vegetables	Production in Million MT	Share (%)
Potato	48.6	27.3
Onion	22.4	12.6
Tomato	20.7	11.6
Brinjal	12.5	7
Cabbage	8.8	4.9
Cauliflower	8.6	4.8
Okra/Ladyfinger	6	3.4
Peas	5.3	3
Tapioca	4.2	2.3
Chillies (Green)	3.6	2
Radish	2.9	1.6
Carrot	1.4	0.8
Cucumber	1.1	0.6
Others	32	18
Total Vegetables	178.2	

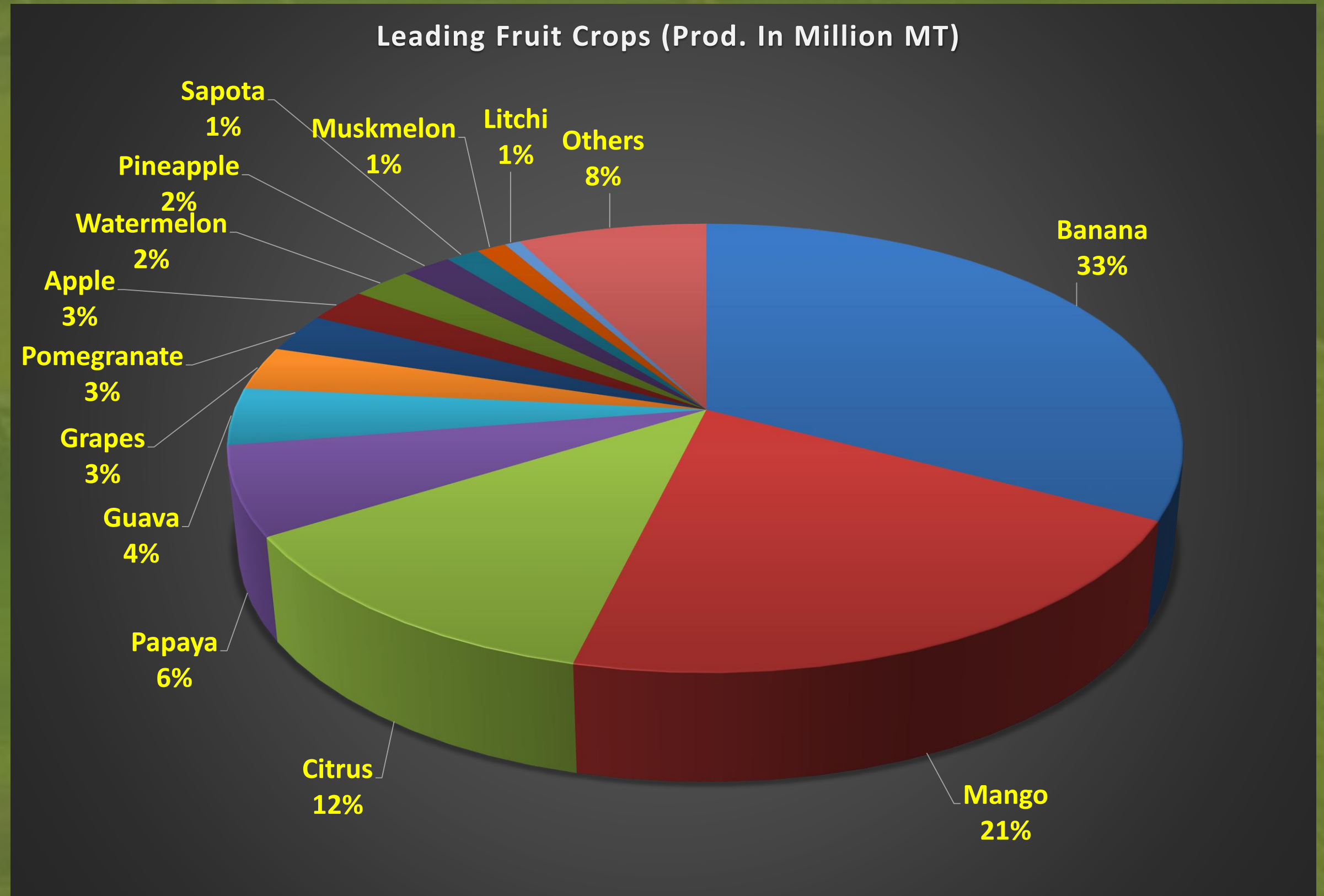
Source: IHB – Indian Horticulture Board, 2018



By volume, Bananas, Mangoes and Citrus fruits are the top three fruits produced in India

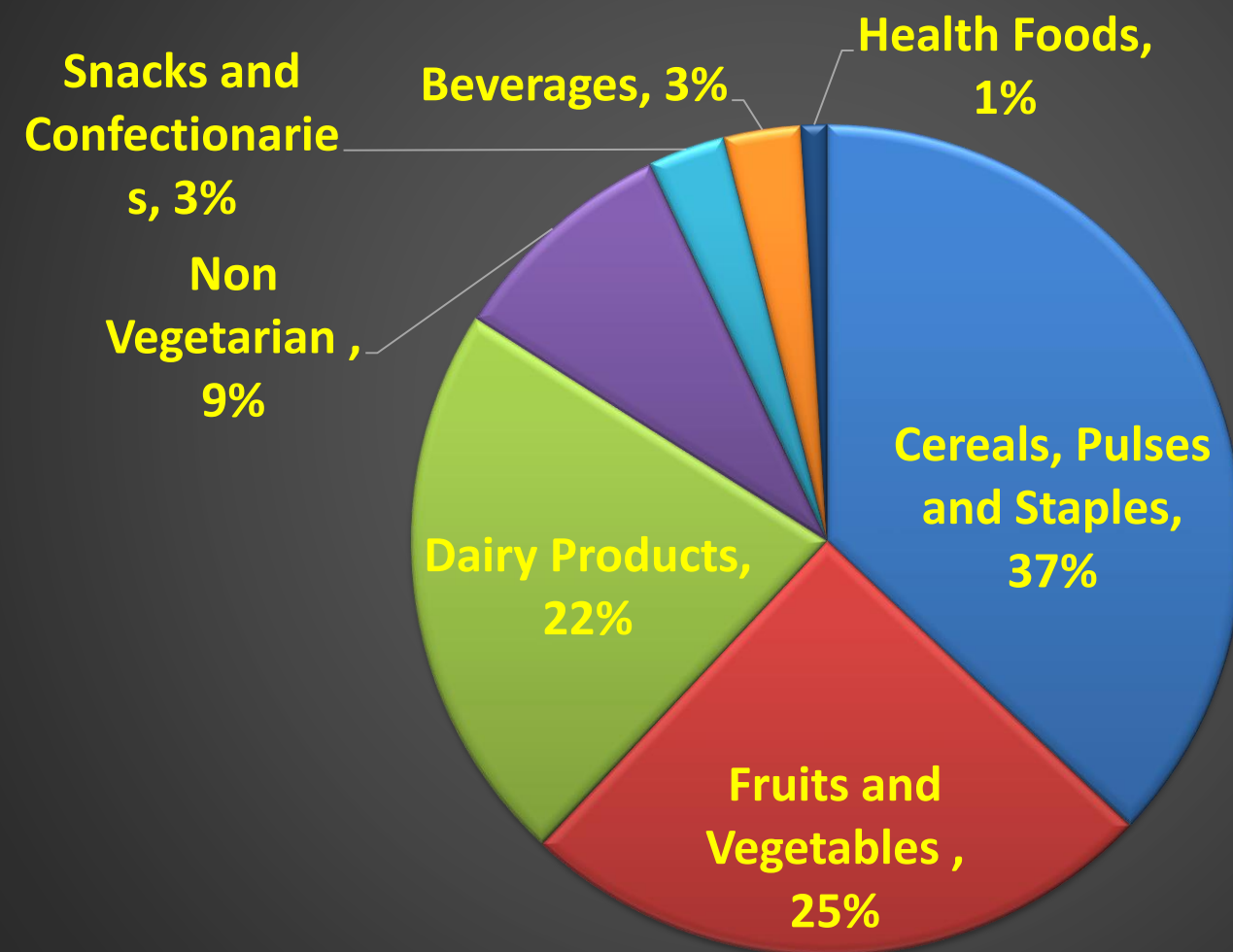
Fruits	Production in Million MT	Share (%)
Banana	30.48	32.8
Mango	19.51	21
Citrus	11.42	12.3
Papaya	5.94	6.4
Guava	3.83	4.1
Grapes	2.92	3.1
Pomegranate	2.61	2.8
Apple	2.27	2.4
Watermelon	2.18	2.3
Pineapple	1.86	2
Sapota	1.24	1.3
Muskmelon	1.1	1.2
Litchi	0.57	0.6
Others	7.01	7.5
Total Fruits	92.92	

Source: IHB – Indian Horticulture Board, 2018

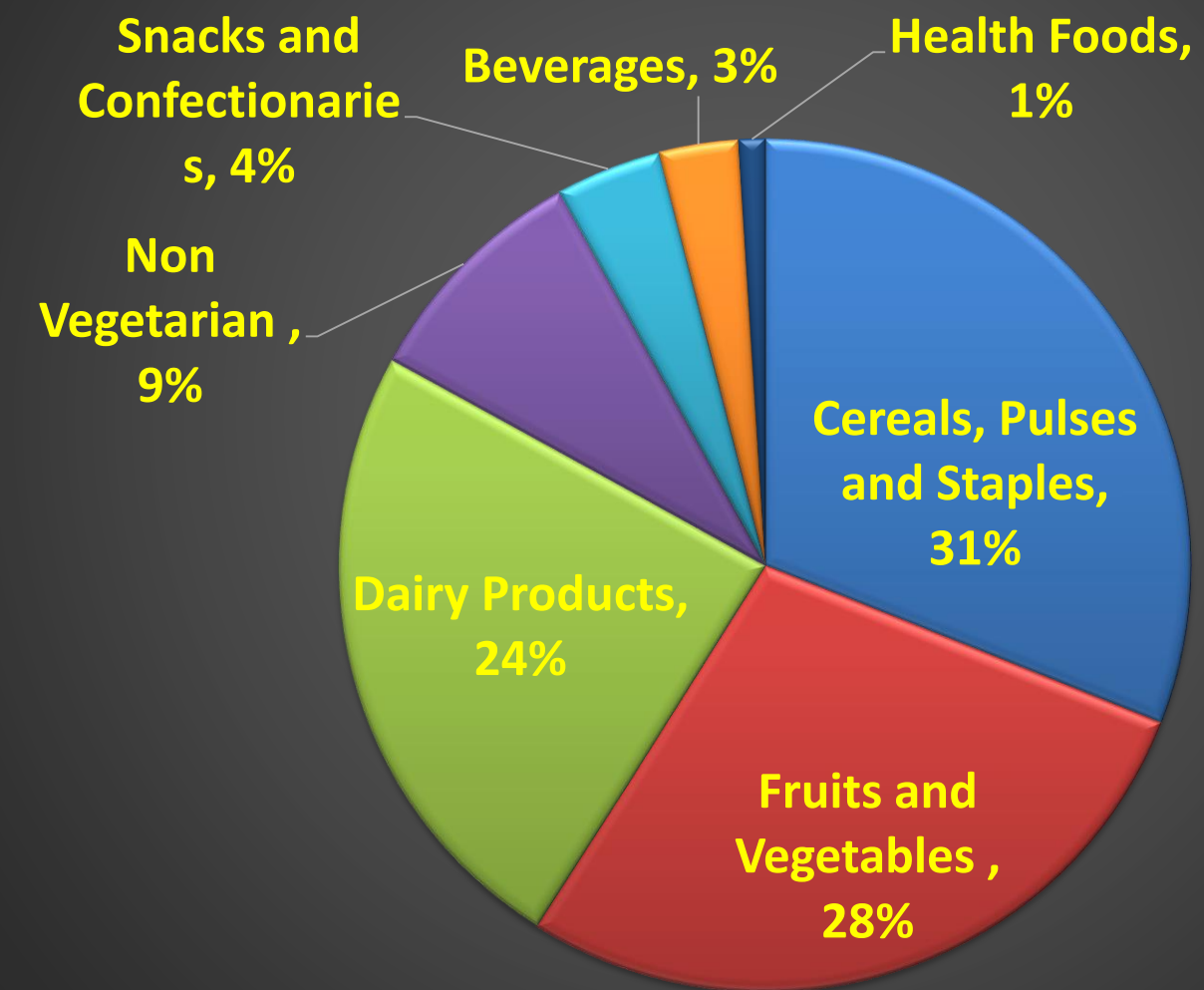


Fruits and vegetables and Dairy products are expected to have the maximum growth mainly due to the drift away from cereals, grains and pulses

Market Share of Food and Grocery Retail Market, India, 2016



Market Share of Food and Grocery Retail Market, India, 2021E



- Food and Grocery which is the biggest category of consumer spending can be retailed best by a convenience based format. Two thirds of Indians shop for food and grocery and daily need products within a one kilometer radius of where they live.
- Indian consumers are also highly price sensitive. Thus the format offering cost advantage will be preferred by consumers.

Source: India Food Report, Frost & Sullivan

Access to Banks, credits, direct transfer of funds and to risk mitigating instruments like Insurance are key factors for the growth of the agricultural sector

(a) Agriculture Credit Ground Level Credit Flow (Short Term Loan and Term Loan)

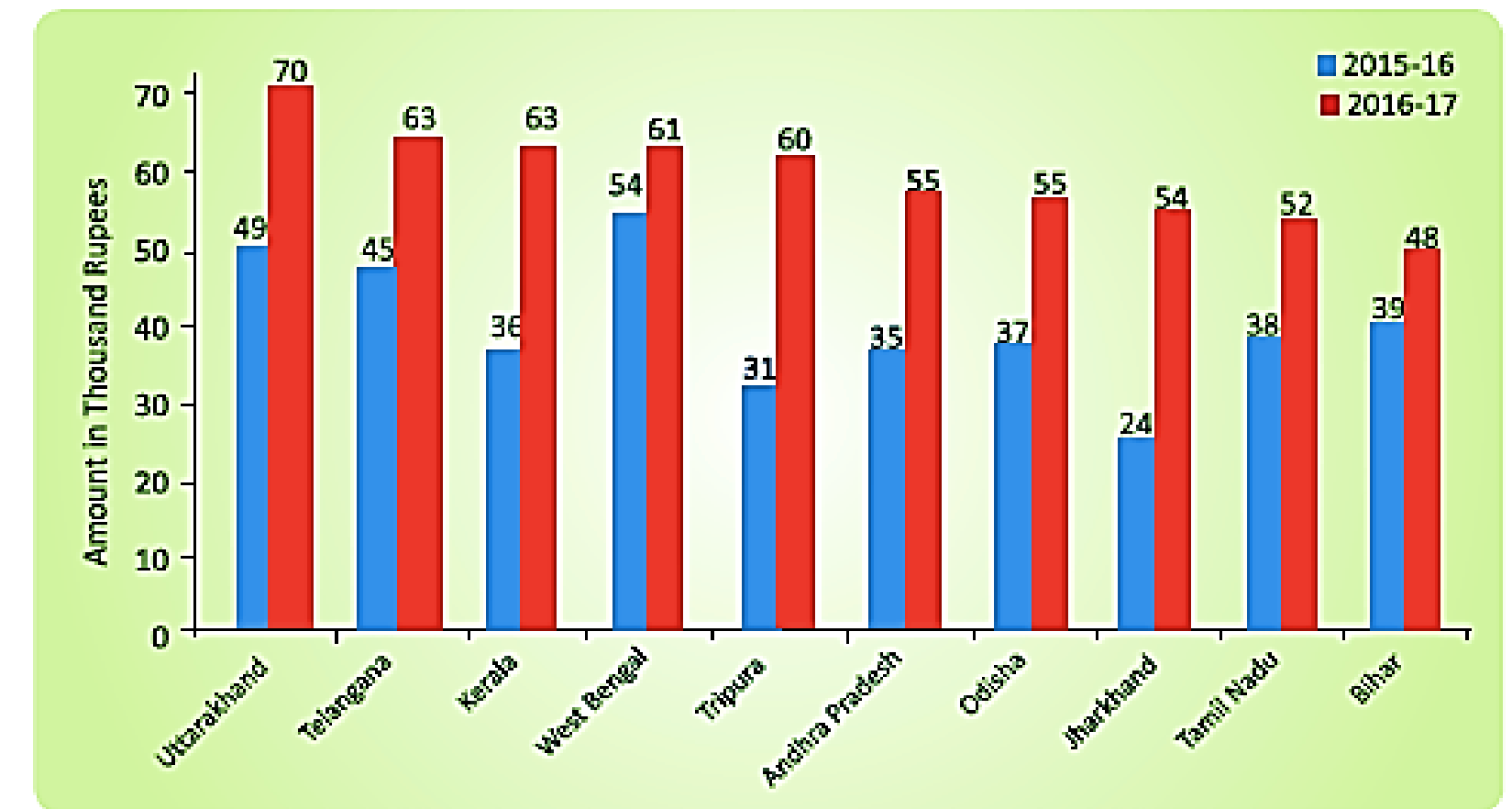


Agricultural Credit: Short Term Crop Loan



Source: Ministry of Rural Development

Increase in Per Hectare Sum Insured under PMFBY over Old Schemes



Source: Ministry of Rural Development

Niti Aayog member Ramesh Chand has pointed to this silver lining in the dark clouds hovering over Indian economy. In media reports, Chand has been quoted as saying, "The farm sector will grow by 3 per cent this year despite adverse conditions and it would add at least 0.5 per cent to India's GDP growth in 2020-21."

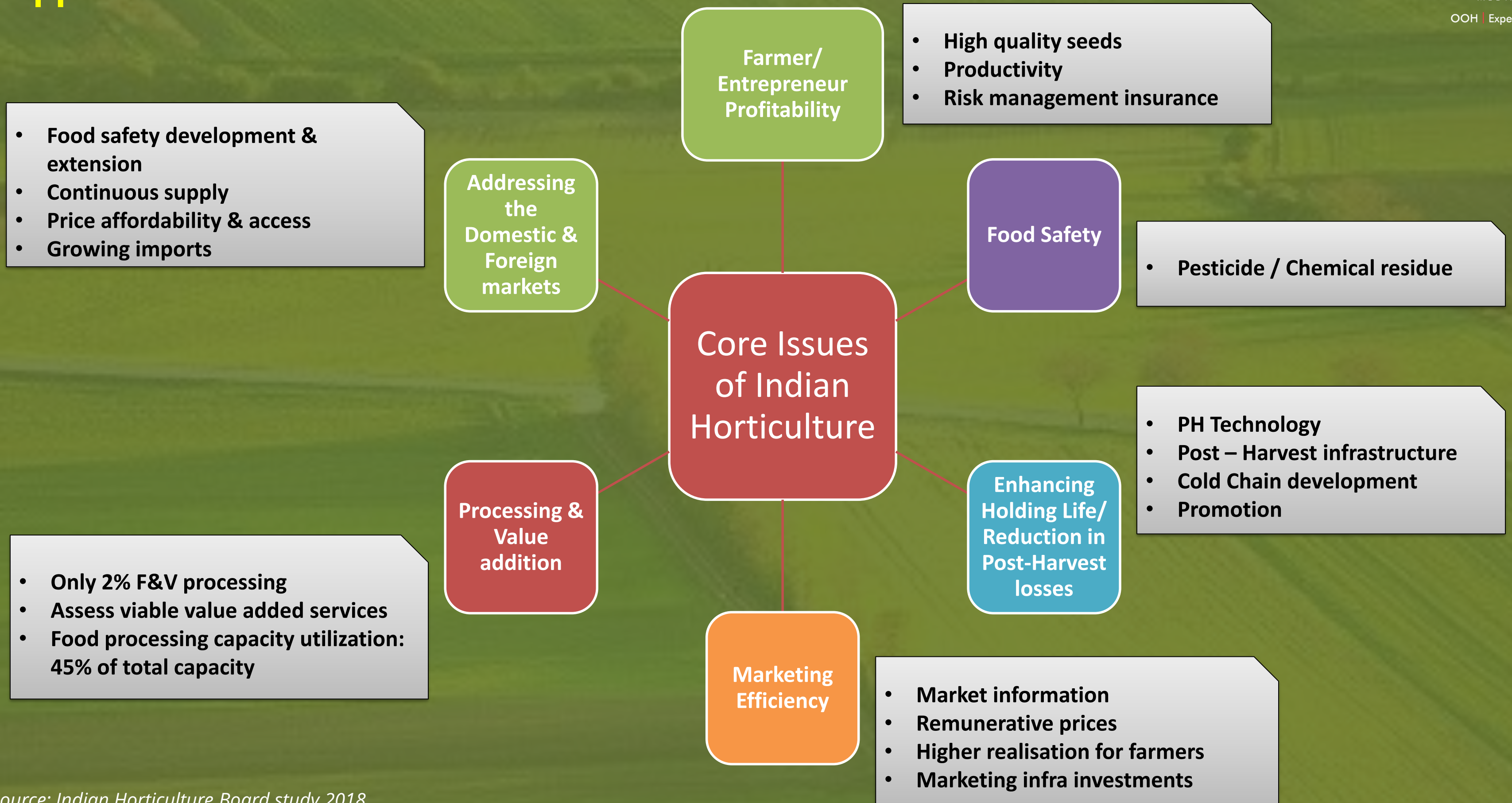
This 0.5 per cent additional contribution by agriculture may actually prevent Indian economy from contracting this fiscal. This includes production of non-food crops such as oilseeds.

India is still an agricultural country. The coronavirus outbreak has reinforced this often-ignored reality of 130-plus nation.

The agriculture sector in India is expected to generate better momentum in the next few years due to increased investments in agricultural infrastructure such as irrigation facilities, warehousing and cold storage.

Opportunities for Indian Agriculture

Opportunities of Indian Horticulture...



Grapes Productivity (MT/HA)	
Country	2016
India	21.2
China	17.6
China, mainland	17.6
USA	17.3
Italy	12.3
Chile	12.2
Iran	11.8
Turkey	9.2
France	8.2
Spain	6.4

Opportunities Based on Comparative Productivity

1. In India, productivity per hectare of Grapes (MT/HA) is the highest compared to other nations
2. Grapes are the only fruits at number one for India
3. **Opportunity:** increase productivity per hectare for other fruits – as detailed on the following page.

Banana Productivity (MT/HA)	
Country	2016
Indonesia	50.1
Guatemala	48.3
Ecuador	36.2
India	34.4
China, mainland	31.4
China	31
Angola	29.3
Brazil	14.4
Philippines	12.8
USA	7.6

Apple Productivity (MT/HA)	
Country	2016
Italy	43.7
France	36.7
USA	35.6
Poland	20.3
China, mainland	18.6
China	18.6
Turkey	16.9
Iran	11.7
India	9.1
Russian Federation	8.6

Mango + Guava Productivity (MT/HA)	
Country	2016
Brazil	17.9
Indonesia	13
Egypt	11.3
Mexico	10.6
Pakistan	9.6
India	8.4
Thailand	8.4
China, mainland	8.2
China	8.1
Bangladesh	7.6

Source: Indian Horticulture Board study 2018

Thank you.

Laqshya Media Insights Group
July 2020

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<https://www.laqshyagroup.com/report/bharat.html>