

### Capital Formation in Indian Agriculture

8.74 There is continuing concern about the falling share of public investment in agriculture. This has happened mainly because a large proportion of public expenditure has been going into current expenditure in the form of increased level of subsidy for food, irrigation, fertilizer, electricity, credit and other agricultural inputs rather than creation of assets. Annual investment in agriculture was Rs.13523 crore in 1993-94, one third of which was public

investment. In 1999-2000 it rose to Rs. 18656 crore (38 per cent increase over 1993-94 ) but the share of public investment decline to 25 per cent.

8.75 Investment in Agriculture as per cent of GDP is estimated at 1.5 per cent in 1999-2000. During the seven year period 1993-94 to 1999-2000 agriculture investment has ranged between a low of 1.4 per cent to a high of 1.6 per cent of GDP (Table 8.29).

**TABLE 8.29**  
**Gross Capital Formation in Agriculture (at 1993-94 prices)**

(Rs. crore)

Year	Total	Public	Private	Per cent share		Investment in agriculture as	
				Public	Private	Percent of GDP	Percent of current Exp.
1993-94	13523	4467	9056	33.0	67.0	1.6	3.4
1994-95	14969	4947	10022	33.0	67.0	1.6	3.3
1995-96	15690	4848	10842	30.9	69.1	1.6	2.8
1996-97	16176	4668	11508	28.9	71.1	1.5	2.3
1997-98	15953	3979	11974	24.9	75.1	1.4	1.7
1998-99	16384	3846	12538	23.5	76.5	1.4	1.4
1999-2000*	18656	4668	13988	25.0	75.0	1.5	1.4

\* Quick Estimates