Production Performance in 1996-97 and 1997-98

Foodgrains Production

5. Foodgrains output in 1996-97 was estimated to have risen to 199 million tonnes. This was 19 million tonnes higher over 1995-96 production representing an increase of 10.5 per cent. Rice production was estimated at 81.3 million tonnes compared to 77 million tonnes in the preceding year. Wheat production was 69.3 million tonnes as against 62.1 million tonnes in the preceding year. Coarse cereals output in 1996-97 was estimated to be about 5 million tonnes more over the preceding year's output of 29 million tonnes. Thus 1996-97 emerged as one of the best years in respect of foodgrain production pushing up the overall growth of agriculture production to a record level of 9.3 per cent. Foodgrains production target of 200 million tonnes in 1997-98 is unlikely to be achieved as there has been a set back in wheat sowing besides the inability to sustain coarse grains output at previous year's level. Production of pulses is likely to fall to 13.1 million tonnes. Foodgrains output in 1997-98 may end up at 194.1 million tonnes with decline in production of wheat, coarse cereals and pulses. Only rice exhibited a robust growth over last year. Foodgrains production performance in the last five years is listed in Table 8.3. Average annual growth in foodgrains production is shown in Table 8.4. Figure 8.1 shows the annual movement of the index of agricultural production.

Commercial Crops

6. Cotton crop has suffered considerable damage in Kharif 1997. Unfavourable climatic conditions in Andhra Pradesh together with widespread

TABLE 8.3

Foodgrains Production

(Million Tonnes)

Crop	1993-94	1994-95	1995-96	1996-97	1997-98	
					Target	Estimated
Rice	80.3	81.8	77.0	81.3	83.0	83.5
Wheat	59.8	65.8	62.1	69.3	68.5	66.4
Coarse Cereals	30.8	29.9	29.0	34.3	33.5	31.1
Pulses	13.3	14.0	12.3	14.5	15.0	13.1
Foodgrains	**184.3**	**191.5**	**180.4**	**199.3**	**200.0**	**194.1**
Kharif	100.4	101.1	95.1	104.4	105.5	103.7
Rabi	83.9	90.4	85.3	94.9	94.5	90.4

TABLE 8.4

Production of Foodgrains—Average Annual Growth

(Million Tonnes)

Year	Rice	Wheat	Coarse Cereals	Pulses	Total Food-grains	Compound Annual Growth (Per cent)
1950-51	20.58	6,46	15.38	8.41	50.82	-
1960-61	34.58	11.00	23.74	12.70	82.02	3.22
1970-71	42.22	23.83	30.55	11.82	108.42	1.72
1980-81	53.63	36.31	29.02	10.63	129.59	2.08
1990-91	74.29	55.14	32.70	14.26	176.39	3.54
1997-98*	83.52	66.38	31.15	13.08	194.13	1.73

*** Estimated**

TABLE 8.5

Commercial Crop Production

(Million Tonnes)

Crop	1993-94	1994-95	1995-96	1996-97	1997-98	
					Target	Likely
Groundnut	7.8	8.1	7.6	9.0	8.9	7.5
Rapeseed/Mustard	5.4	5.7	6.0	7.0	6.7	6.2
Soyabean	4.8	3.9	5.1	5.2	5.9	6.5
Other six oilseeds	3.5	3.6	3.4	3.8	4.0	3.5
Total nine oilseeds	**21.5**	**21.3**	**22.1**	**25.0**	**25.5**	**23.7**
Cotton*	10.7	11.9	12.9	14.3	14.8	11.4
Jute & Mesta**	8.4	9.1	8.8	11.0	9.8	9.8
Sugarcane	229.7	275.5	281.1	277.3	280.0	260.2

*** Million bales of 170 Kgs each** **** Million bales of 180 Kgs each**

infestation of pests and diseases may result in sharp decline in 1997-98 cotton crop to just 11.4 million bales from preceding year's output of 14.3 million bales. India may even have to import raw cotton to meet domestic demand. Except for a significant rise in soyabean production in 1997-98, all other major oilseeds particularly groundnut and rapeseed/mustard have registered a sharp decline. Performance of important commercial crops in the last five years is listed in Table 8.5.

Sugarcane and Sugar

7. Production of sugarcane is expected to be about 260.2 million tonnes during 1997-98 season (October-September) which will be lower than 1996-97 output of 277.3 million tonnes and much lower than the record production of 281 million tonnes in 1995-96.

8. Sugar production is known to follow a three year cycle --production peaks in one year and then declines in the next two years. After a record sugar output of 164.3 lakh tonnes in 1995-96, the following two years have registered a decline in production (Table 8.6). 1997-98 (October-September) sugar output is likely to be about 120 lakh tonnes. One could hope that 1997-98 is the trough in the three year cycle and therefore, next year's production would be higher.

9. The sugar industry continues to function under a regulatory system where licences have to be sought for establishing new capacity or expansion of the existing capacity. There is also a dual price control system under which 40 per cent of output is pre-empted for use of the government for PDS, at an ex-factory price which is fixed for each of the 19 sugar zones. The sugar factories are free to sell the balance 60 per cent of output at the market price, except that the quantity for free sale is regulated by prescribing monthly quantities that each unit can sell as non-levy free sale sugar. Government decided to impose both basic import duty alongwith countervailing duty on imported

TABLE 8.6

Production of Sugarcane and Sugar

Year	Sugarcane			Sugar
	Area (Mill. ha.)	Production (Mill. tonnes)	Yield (Kgs./ ha)	Production (Million Tonnes)
1950-51	1.7	57.1	33422	1.1
1960-61	2.4	110.0	45549	3.0
1970-71	2.6	126.4	48322	3.7
1980-81	2.7	154.3	57844	5.1
1990-91	3.7	241.1	65395	12.1
1995-96	4.1	281.1	67777	16.4
1996-97	4.2	277.3	66523	12.9
1997-98(E)	3.9	260.2	66418	12.0

E: Estimated

TABLE 8.7

Production, Consumption and Export of Tea

(Million Kgs.)

Year	Production	Export	Domestic Consumption
1993	760.8	175.3	560
1994	743.8	150.7	580
1995	753.9	163.7	595
1996	780.0	161.7	618
1997*	810.6*	196.4	640

*** Anticipated**

sugar with effect from April 28, 1998. Imported sugar is now subject to basic customs duty of 5 per cent ad valorem and also subjected to additional customs duty equal to a total of Rs. 850 per tonne including the cess.

Plantation Crops

Tea and Coffee

10. Tea prices rose sharply in 1997 despite higher production. The price rise was ascribed to higher export demand due to failure of Kenya's tea crop and increase in domestic consumption. In 1997, tea production is likely to be 810.6 million Kgs as against 780 million Kgs in 1996. Table 8.7 lists the production, export and domestic consumption of Indian tea.

TABLE 8.8

Production and Export of Coffee

(Lakh Tonnes)

Year	Production	Export	
		Quantity	Value (Rs. Crore)
1990-91	1.70	1.00	279
1991-92	1.80	1.11	349
1992-93	1.69	1.14	381
1993-94	2.08	1.37	587
1994-95	1.80	1.37	1096
1995-96	2.23	1.71	1527
1996-97	2.05	1.81	1467
1997-98#	2.32	1.37	1307

 # Provisional

11. In 1996-97, coffee output was 2.05 lakh tonnes. In 1997-98, output is likely to be higher (Table 8.8). Nearly three fourth of coffee produced is exported. Coffee trade was totally deregulated from September, 1996. Growers are now free to sell their entire production in the domestic or export market without any quantitative restriction or compulsory pooling for sale to Coffee Board. The Government has put import of decaffeinated/ roasted coffee on OGL.

Natural Rubber

12. The country's demand for natural rubber is largely met by indigenous production, with only a small proportion (less than 3 per cent) met through imports. Production of natural rubber has increased from a modest 15,830 tonnes in 1950-51 to 3.67 lakh tonnes in 1991-92 and 5.49 lakh tonnes in 1996-97. Area under rubber has also gone up from 4.75 lakh hectares in 1990-91 to an estimated 5.33 lakh hectares in 1996-97. Kerala, the major rubber producing State, together with Tamil Nadu accounts for 89 per cent of the total area under rubber contributing over 97 per cent of total rubber production. Most rubber plantations are small and the average size of a holding is 0.5 hectare only.

TABLE 8.9

Production and Consumption of Natural Rubber

(Lakh Tonnes)

Year	Consumption	Production	Yield (Kg/ha)
1991-92	3.80	3.67	1130
1992-93	4.14	3.93	1191
1993-94	4.50	4.35	1285
1994-95	4.86	4.75	1362
1995-96	5.25	5.07	1422
1996-97	5.62	5.49	1503
1997-98*	5.79	5.90	1565

*** Estimated**

13. As against production of 5.49 lakh tonnes and consumption of 5.62 lakh tonnes in 1996-97, the estimated production and consumption during 1997-98 is 5.90 lakh tonnes and 5.79 lakh tonnes respectively. The low growth in consumption and consequent accumulation of raw rubber led to depressed raw rubber prices in 1997-98.

14. Table 8.9 lists production, consumption and productivity of natural rubber for the past few years.

Horticulture

15. The diversity of physiographic, climatic and soil characteristics enables India to grow a large variety of horticultural crops- fruits, vegetables, flowers, spices, cashewnut, coconut, cocoa, arecanut, root and tuber crops, medicinal and aromatic plants, etc. India today is the world's

TABLE 8.10

Production of Horticultural Crops

(Million Tonnes)

Crops	1994-95	1995-96	1996-97#
Fruits	38.60	41.51	46.97
Vegetables	67.29	71.59	80.80
Spices	2.46	2.50	2.78
Cashew	0.37	0.42	0.43
Arecanut	0.29	0.30	0.31
Coconut*	13299	13967	15000

 # Provisioal * Million Nuts

TABLE 8.11

Export of Horticultural Products

(Rs. Crore)

Items	1993-94	1994-95	1995-96*	1996-97*
Fruits & Vegetables	414	437	528	579
Processed fruits/ vegetables	156	249	347	326
Cashew	1045	1247	1236	1238
Spices	569	612	794	1210

*** Provisional**

second largest producer of fruits with an annual production of about 47 million tonnes, more than half of which is accounted for by banana and mango. India also ranks first in cashew production. The product-wise position in recent years is shown in Table 8.10.

16. Cultivation of flowers (floriculture) is an upcoming area with potential both in domestic as well as export markets. In 1995-96 export of floriculture products was estimated at Rs. 60 crore. In order to boost production and enhance the quality of cut flowers, a central sector scheme with an outlay of Rs. 3 crore was approved for implementation during 1997-98. Fruits, vegetables and flowers are perishable products and suffer heavy damage or deterioration during post harvest handling. The estimated loss of revenue is about Rs. 3000 crore annually. National Horticulture Board is attempting to help reduce these losses through development of infrastructural support for handling, packaging, storage, transportation, etc. of perishable horticulture products. Export of horticultural products is showing considerable potential (Table 8.11).