

REAPING BENEFITS

Farm sector clocks 4.1% growth in Q4 of FY22

SANJEEB MUKHERJEE
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India's farm sector grew at a healthy 4.1 per cent rate in the fourth quarter of FY22 (at constant prices), up from 2.8 per cent during the corresponding period of the previous year.

For the full year, growth was a tad lower at 3 per cent than the 3.3 per cent in FY21.

Data from the ministry of statistics and programme implementation (MoSPI) shows that at current prices, agriculture and allied activities grew at 15.2 per cent in the fourth quarter. This was 6.2 per cent during the corresponding period of FY21.

This delivered an inflation impact of 11.1 per cent as compared to 3.4 per cent in FY21. The growth in Q4 of FY22, according to experts, was largely due to the performance of the non-crop sector such as horticulture, floriculture and animal husbandry. It was also because of good exports in the January-March 2022 period.

Any growth between 3.5 and 4 per cent for the farm sector is considered above the long-term trend line.

However, for the full year, gross value added (GVA) for agriculture and allied sector is expected to be marginally less than FY21 at 3 per cent due to a drop in wheat production.

"The NSO (National Statistical Office) has incorporated the third advance estimate for crop production, which points towards a drop in wheat output while releasing the GDP numbers," Vivek Kumar, co-head, QuantEco Research, told *Business Standard*.

He said that in the case of the primary sector, it is always better to refer to full-year numbers. This is because it gives a clearer picture of the underlying trend while smoothening the seasonal variations.

Wheat and cotton production, according to the third advance estimate of agriculture output released on May 19, 2022, is estimated to have gone down by 4.4 per cent and 7.4



FROM THE FARM

Agri production estimates (mn tonnes)

Crops	2nd advance estimates*	3rd advance estimates**	% change
Wheat	111.32	106.41	-4.41
Rice	127.93	129.66	1.35
Cotton***	34.86	31.94	-7.40
Pulses	26.96	27.75	2.93
Oilseeds	37.14	38.49	3.63
Coarse cereals	49.86	50.7	1.68
Sugarcane	404.04	430.49	3.97
Jute & Mesta #	9.57	10.22	6.79

Note: *Revised as of Feb 10, 2022; **revised as of May 19, 2022; ***as of May 19, 2022; #Jute & Mesta; Source: Government of India

THE ACTUAL IMPACT OF THE UNFORESEEN WEATHER EVENTS ON CROP OUTPUT AND THEIR CORRESPONDING EFFECT ON AGRICULTURE GDP WILL GET MORE PRONOUNCED IN THE COMING QUARTERS

per cent, respectively. This was in comparison to the second estimate that was released in February 2022. It happened due to the impact of the heat wave in March and preceded by a pest attack on the cotton crop (see chart).

The actual impact of these unforeseen weather events on crop output and their corresponding effect on agriculture GDP will get more pronounced in the coming quarters, that is, the first quarter of FY23.

Moreover, most people

expect that if the monsoon remains healthy, the farm sector may see a healthy growth in FY23. It will be driven by good harvest and steady prices.

The India Meteorological Department (IMD) on Tuesday updated the forecast for 2022 southwest monsoon to 103 per cent of the Long Period Average (LPA) from 99 per cent predicted in April. This is because La Nina conditions are expected to prevail during the entire stretch of the four-month rainy season.