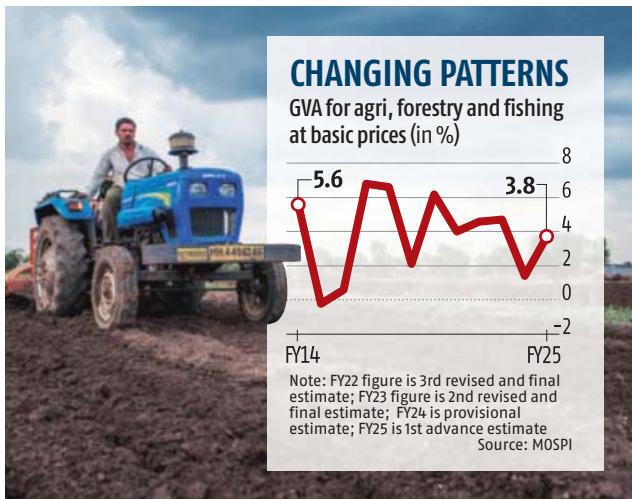


Farm sector holds out amid headwinds

Strong monsoon, robust kharif output drive growth, boosting agri GVA



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Amid slackness in other sectors, agriculture and allied activities might once again be among the few that could provide some silver lining in 2024-25.

Gross value added (GVA) at constant prices in agriculture and allied activities is projected to grow 3.8 per cent as against 1.4 per cent in FY24, the first advance estimates (FAE) of gross domestic product (GDP) for FY25, released on Tuesday, showed. At current prices, GVA growth is estimated to be even better at 10 per cent as against 5.4 per cent in FY24. Such growth is likely to come against the backdrop of a strong monsoon, which has spurred a good kharif harvest and strong rabi sowing.

Some impact of a lower base is also making the growth numbers good, experts said.

Farm-sector growth in FY24 dropped due to a weak monsoon and prolonged hot weather in several parts of India.

“Healthy agricultural growth and likely moderation in food inflation should help boost consumption in the months to come,” Rajani Sinha, chief economist, CareEdge, said in a note.

However, Madan Sabnavis, chief economist, Bank of Baroda, said the overall FAE were conservative, given that the Union Budget was round the corner and the government did not want its revenues and other projections to go wrong. “For agriculture, I feel that the estimates for FY25 are highly conservative, given that the 2024 monsoon has been good and so has rabi sowing so far,”

Sabnavis said. He added this usually happened when six months’ data was used to extrapolate and project full-year growth.

The monsoon ended last September with surplus rain of almost 8 per cent, the best in the last three years.

Rain in the country during June to September was estimated to be 935 mm, which was 8 per cent more than the normal of 870 mm. As a result, kharif rice production (July to June) was projected at around 120 million tonnes, which was 5.9 per cent more than in the same season last year. The data showed the production of maize, another prominent kharif cereal, was expected to jump to around 24.54 million tonnes, up almost 10.3 per cent from last season.

However, the production of pulses was expected to be down at around 6.95 million tonnes largely due to a drop in urad output. Overall, foodgrain production in the 2024 kharif season is projected to touch an all-time high of 164.7 million tonnes, 5.7 per cent more than in the previous kharif. The good monsoon and favourable prices for cereals have also spurred positive rabi sowing.

Till January 3, the sowing of wheat, a prominent rabi crop, has been completed in around 32 million hectares, which is 1.74 per cent more than in 2024 and 2.4 per cent more than the normal acreage. Among other crops, mustard sowing has concluded with more than a 5 per cent drop in area as compared to 2024 and the acreage of gram is higher than last year but lower than the five-year average.