

Agriculture sector grew at a CAGR of 11 per cent during 2015-20: Report

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The agriculture sector has grown by a CAGR of 11 per cent between 2015 and 2020 with the sector witnessing the highest disruption in terms of smartphone and internet penetration," a report on "Innovation in India's Rural Economy" prepared jointly by the Confederation of Indian Industry (CII) and Bain and Company, has said.

Agriculture is the largest sub-sector in the rural economy, contributing nearly 37 per cent of total rural GDP in 2019-20. Its contribution to the nation's GDP was ₹35-lakh crore, said the report by Parijat Jain, partner of Bain and Company.

Stating that the Indian rural sector is large and growing steadily, it said the rural economy contributed nearly half the nation's overall GDP in 2019-20. Besides, it



provided employment for 350 million people, who made up 68 per cent of the total workforce.

10% growth in agri credit

Agriculture credit has grown by 10 per cent in the last five years, from ₹8-lakh crore in 2014-15 to ₹14-lakh crore in 2019-20. Rural microfinance gross loan portfolios also grew, rising from ₹1,32,900 crore in March 2020 to ₹1,46,700 crore in March 2021.

Demand for credit has increased, especially among consumption-driven loan products like those for two-

wheelers and consumer durables. Technology disruption played a key role in this growth by lowering loan servicing costs, which enabled lenders to service lower-value loans.

All these have resulted in the growth of agtech startups, which attracted ₹6,600 crore as private equity investments between 2017 and 2020. "As newer generations of farmers and FPOs become digitally savvy, new business models are emerging across the agriculture value chain, from inputs and harvesting to processing and distribution," the report said.

The Centre's policies such as formulating a Model Contract Farming Act in 2018 and permitting initiatives by private and non-profit organisations have boosted the setting up and development of farmer producer organisations (FPOs), it said.