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AGRICULTURE FOR VIKSIT BHARAT: STRATEGIES FOR SUSTAINABLE GROWTH AND TRANSFORMATION

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EXECUTIVE SUMMARY

India has set an ambitious goal of becoming a developed nation—Viksit Bharat—by 2047. Achieving this vision requires sustained economic growth, rising incomes, productive employment, and inclusive development. Based on current income levels and international benchmarks, India needs to raise its per capita income by more than fivefold over the next two decades, which would require the economy to grow at close to 8 per cent annually. While manufacturing and services will remain important drivers of growth, agriculture must play a central role in this transformation. Agriculture and allied sectors contribute nearly 18 per cent of national income, provide livelihood to about 43 per cent of the workforce, ensure food and nutritional security, support rural demand, and remain the most important sector for achieving inclusive growth.

This paper examines the role agriculture can play in helping India achieve the objectives of Viksit Bharat. It reviews recent performance, structural transformation, drivers of growth, food and nutrition outcomes, employment trends, viability of smallholders, and future opportunities and challenges. The analysis suggests that Indian agriculture is undergoing a significant transformation and is better positioned than ever before to contribute to national development. However, sustaining this momentum will require strategic policy reforms and a shift toward a more diversified, competitive, resilient, and sustainable agri-food system.

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A Decade of Exceptional Agricultural Performance

One of the most important findings of the study is that Indian agriculture has recorded its strongest performance in recent history. During 2015–16 to 2024–25, agriculture and allied sectors achieved an average annual growth rate of about 4.45 per cent in real gross value added (GVA), the highest recorded for any decade since Independence. This marks a clear departure from the slower growth witnessed during the two decades preceding 2004–05.

Equally important is the significant improvement in resilience. Agricultural growth has become much less volatile than in earlier decades. The instability of growth has declined sharply, and the sector did not experience a single year of negative real income growth during the past decade. Agriculture also demonstrated remarkable resilience during the COVID-19 pandemic, continuing to grow when several non-agricultural sectors experienced contraction. These developments indicate that Indian agriculture has moved onto a more stable and sustainable growth trajectory.

The gains in sectoral income have translated into substantial improvements in farmers' earnings. Estimates based on National Accounts Statistics show that net income accruing to agricultural producers increased by about 138 per cent between 2014–15 and 2023–24 at current prices. This growth exceeded that recorded in manufacturing and the overall economy, indicating a significant improvement in the relative economic position of agricultural producers. The increase in farmers' income reflects a combination of better price incentives, wider dissemination of improved technologies, diversification toward high-value enterprises, and supportive government policies.

Structural Transformation Within Agriculture

The structure of Indian agriculture is undergoing a profound transformation. Traditional crop agriculture, particularly cereals and other field crops, is gradually giving way to a more diversified production system dominated by high-value commodities and allied activities.

During the last decade, livestock and fisheries emerged as the fastest-growing components of agriculture. Fisheries recorded growth rates close

to 9 per cent annually, while livestock consistently grew at more than twice the rate of the crop sector. Within crops, horticulture crops fruits, vegetables, spices, condiments, floriculture and fodder crops performed significantly better than cereals and oilseeds. Consequently, the share of crops in total agricultural output declined from 64 per cent to 54 per cent between 2014–15 and 2023–24, while the contribution of livestock and fisheries increased substantially.

These changes reflect evolving consumer preferences, rising incomes, dietary diversification, export opportunities, and technological advancements. The evidence suggests that Indian agriculture is transitioning from a cereal-centric production system toward a more diversified agri-food economy driven by demand for protein-rich foods, horticultural products, processed foods, and value-added commodities.

If current trends continue, the crop sector's share in agricultural income is likely to fall below 50 per cent within the next few years. This transformation presents significant opportunities for enhancing farmers' incomes, improving nutritional outcomes, and strengthening export competitiveness.

Wide Variation Across States

Agricultural growth performance varies considerably across states. States such as Andhra Pradesh, Madhya Pradesh, Bihar, Odisha, Chhattisgarh, and Telangana have emerged as strong performers, recording agricultural growth rates significantly above the national average. In contrast, several traditionally strong agricultural states—including Punjab, Haryana, Kerala, and Uttarakhand—have experienced relatively slow growth.

The analysis reveals in the performance of crops, livestock, fisheries, and forestry across states. For example, fisheries have emerged as a major growth engine in Andhra Pradesh, Madhya Pradesh, Odisha, Chhattisgarh, and Rajasthan, while livestock growth has been particularly strong in Karnataka, Madhya Pradesh, Rajasthan, and Tamil Nadu. Horticulture expansion has been impressive in Uttar Pradesh, Madhya Pradesh, Andhra Pradesh, and Rajasthan.

These variations suggest that there is no single pathway to agricultural transformation. Future growth strategies need to be tailored to state-

specific resource endowments, agro-climatic conditions, market opportunities, and comparative advantages.

Drivers of Recent Growth

The recent acceleration in agricultural growth has been driven by a combination of favourable price incentives and significant improvements in non-price factors.

Agricultural terms of trade improved considerably over the last decade and a half. Relative agricultural prices increased substantially compared to non-agricultural prices, supported by global commodity trends and domestic policy interventions. The adoption of a revised MSP formula providing a margin of at least 50 per cent over production costs strengthened incentives for farmers and improved profitability.

At the same time, non-price factors have also played significant role. Expansion of irrigation has increased water availability and cropping intensity. Gross irrigated area increased substantially during the past decade, enabling greater productivity and diversification toward high-value crops. Institutional credit, crop insurance coverage, and digital technologies have expanded significantly, reducing production risks and improving access to finance and information.

Government initiatives such as PM-KUSUM, PM Fasal Bima Yojana, e-NAM, Agri Infrastructure Fund, Farmer Producer Organisations (FPOs), Rashtriya Gokul Mission, National Livestock Mission, and Pradhan Mantri Matsya Sampada Yojana have strengthened the foundations of agricultural growth. Simultaneously, investments in technology, mechanization, drones, digital agriculture, and market reforms have improved productivity and competitiveness.

The interaction between improved price incentives and stronger non-price support systems has been instrumental in generating the growth acceleration observed over the past decade.

Food Security, Nutrition and Diversification

India has achieved remarkable success in food production. Per capita food availability has increased dramatically during the twenty-first century as

agricultural production has grown much faster than population. Per capita food output has nearly doubled, creating a strong foundation for national food security.

However, improvements in food availability have not been matched by equivalent gains in nutritional outcomes. While undernourishment has generally declined over time, concerns remain regarding dietary diversity, nutritional quality, and the persistence of malnutrition among vulnerable groups.

The analysis suggests that future food policy should move beyond cereal security and focus on nutritional security. This requires greater emphasis on fruits, vegetables, pulses, livestock products, fisheries, and other nutrient-rich foods. Nutrition awareness, behaviour change, and improved access to diversified diets will be as important as increasing food production. Thus, agricultural diversification can contribute simultaneously to higher farm incomes and better nutrition outcomes.

The Challenge of Small and Marginal Holdings

A major structural challenge confronting Indian agriculture is the dominance of very small landholdings. More than 85 per cent of operational holdings are classified as small or marginal, and a large proportion operate less than half a hectare of land.

Evidence from household surveys indicates that marginal farmers derive a majority of their income from non-farm activities rather than agriculture. Crop and livestock enterprises alone are often insufficient to provide a viable livelihood on extremely small holdings. This raises important questions regarding the future of smallholder agriculture.

The study finds limited contemporary evidence supporting the traditional belief that smaller farms are inherently more productive. Increasing mechanization, commercialization, and capital intensity have reduced the labour advantage previously enjoyed by small farms. Consequently, very small holdings face growing economic challenges.

The policy implication is not to abandon smallholders but to adopt a dual strategy. First, small farmers should be supported through aggregation, FPOs,

contract farming, value-chain integration, and promotion of high-value enterprises. Second, rural households should be provided greater access to remunerative non-farm employment opportunities. The long-term objective should be to improve household incomes rather than simply sustain uneconomic farming operations.

Employment and the Feminization of Agriculture

Employment patterns in India are undergoing significant changes. Contrary to conventional development experience, the share of agriculture in total employment has increased in recent years. This increase, however, is not due to a reversal of structural transformation but is largely the result of a sharp rise in female labour force participation.

Between 2017–18 and 2023–24, women's employment in agriculture more than doubled and accounted for the overwhelming majority of growth in agricultural employment. Agriculture has thus emerged as the principal absorber of newly entering female workers, particularly in rural areas.

This trend has important policy implications. Future agricultural strategies must become more gender-responsive by promoting women-friendly technologies, skill development, entrepreneurship, access to credit, collective organizations, and leadership opportunities. Mechanization, digital technologies, and rural value-addition activities should be designed to support the growing role of women in agriculture and the broader rural economy.

Agriculture's Role in Viksit Bharat

Looking ahead, agriculture's contribution to Viksit Bharat will extend well beyond food production. The sector will play a critical role in generating income, creating employment, supporting exports, strengthening rural demand, ensuring environmental sustainability, and promoting balanced regional development.

Future growth will increasingly come from high-value agriculture, livestock, fisheries, food processing, bio-economy, renewable energy, agri-services, and exports. Agriculture will need to become more resource-efficient, climate-resilient, technology-driven, and market-oriented. Sustainable management of land, water, biodiversity, and other natural resources will be essential to maintaining long-term productivity and resilience.

India is well positioned to leverage its growing agricultural surplus to build a globally competitive agri-food system. Sustaining agricultural growth above 4 per cent will require a decisive shift from input-intensive expansion to productivity-led growth, supported by innovation, diversification, value addition, private investment, and institutional reforms.

Conclusion

The evidence presented in this paper demonstrates that Indian agriculture has entered a new phase characterized by higher growth, greater resilience, stronger income performance, and accelerating structural transformation. The sector has emerged as a key pillar of India's development pathway and possesses considerable potential to contribute to the goals of prosperity, inclusion, and sustainability.

Achieving the vision of Viksit Bharat by 2047 will require agriculture to move beyond its traditional role as a supplier of food and raw materials. It must evolve into a diversified, technology-driven, climate-resilient, and globally competitive agri-food system that generates higher incomes, creates quality employment, promotes nutritional security, and supports sustainable use of natural resources. With appropriate policy support and continued innovation, agriculture can become one of the strongest drivers of India's journey toward becoming a developed nation.