

From Plate to Plough: What Gujarat did yesterday

We have been great admirers of Gujarat's "agrarian miracle" when [Narendra Modi](#) was the state's chief minister from October 7, 2001 to May 22, 2014. Gujarat's agri-GDP registered an unprecedented growth of 8 per cent per annum during 2002-03 to 2013-14, way more than the all-India figure of 3.3 per cent per annum (Graph 1). Gujarat's agri-growth was even higher than that achieved by Punjab during the Green Revolution's heydays (5.7 per cent per annum during 1971-85). This gave Modi a big political dividend and he was returned to the CM's office thrice. It was good economics and good politics.

So, when Modi became the prime minister in May 2014, one was expecting that the "Gujarat model" would be extended to many states - of course with the fine-tuning to suit each state's requirements. But the growth of all-India agri-GDP in the first three years of NDA rule has come down to 1.8 per cent. This is less than half of what was achieved during the last three years of the UPA's rule (Graph 2). Deficient rain in 2014-15 and 2015-16 is of course one factor behind this poor performance. But there were bumper harvests in 2016-17, yet farmers suffered due to a collapse in agri-prices. The advance estimates of 2017-18 do not indicate much recovery, and the agri-growth in the first four years under the Modi government may turn out to be around 2 per cent per annum.

Here we focus on how to get Indian agriculture on a path where it can have a growth rate of least 4 per cent - although it has the potential to grow at 5 per cent or even a little more; the productivity levels of Indian agriculture are very low by international standards. The promise of doubling farmers' income by 2022 cannot be fulfilled if agri-growth remains subdued at 2 per cent per annum. So, what can the prime minister do at this juncture? Should he set up another expert committee or just look back at the agrarian miracle achieved under his leadership in Gujarat, learn some important lessons, and fine tune them at the all-India level?

In order to answer these questions, one needs better diagnosis of Gujarat's excellent agri-performance when Modi was the state's chief minister. Our research at ICRIER shows that the state's agri-growth was driven by four factors. First, the [Atal Bihari Vajpayee](#) government's bold decision to allow the commercial use of Bt cotton became a catalyst for change, from which Gujarat benefited the most. From nowhere in 2002, Bt cotton spread to more than 90 per cent of the area under cotton in Gujarat by 2014. Production at the all-India level increased from 14 million bales in 2002-03 to 39.8 million bales by 2013-14, as per the Cotton Corporation of India. India's raw cotton export increased from a meagre \$10 million to \$4,258 million by 2011-12, making the country the world's second largest cotton producer and exporter (Graph 3). A forthcoming study, of which Ashok Gulati is a co-author, shows that the cumulative gain from import saving, extra raw cotton export and extra yarn export - compared to the business-as-usual scenario - between 2003-04 and 2016-17 is estimated to be \$67.4 billion at the all-India level. Cotton from Gujarat had a big share in these exports. If cotton export had been banned, this revolution would not have fructified. Access to the best markets is, therefore, as important as access to the best seeds.