

## REDEFINING AGRICULTURAL GROWTH

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The budget has all the ingredients to define the path forward for the Indian economy. Instead of relying on subsidies and loan waiver, it aims to increase farmers' income. The two interrelated sectors agriculture and rural development have got a major boost with increased allocation. The budget has given the agriculture sector the attention and investment it needed. The budget 2017-18 has definitely provided farmer measures meant for their well being highlighting the commitment of the present regime to sincerely work to double the farmers' income within the deadline.

The government policies for the last two years from launching of different farm centric programmes to enhanced allocations under different agriculture related schemes reaffirm the commitment work proactively for the farm sector. The Union Budget 2017-18 presented in the Parliament has pitched for more reforms in the agricultural marketing, increased funding for crop insurance, greater thrust on micro irrigation, dairy infrastructure and credit availability to tackle farm distress in rural India.

Going against the set precedent, the Finance Minister, presented the Union Budget 2017-18 on February 01, 2017 in the parliament. With the demonetization of the Indian currency, the prices had slashed rapidly and the farmers had to go for distress selling of their produce. At that time, the government had also announced certain measures. Farmers were also benefitted from the sixty day interest waiver announced on December 31, 2016 to reduce the aftershocks of demonetization. The

policy makers and analysts were also closely and eagerly waiting for what will come out of the budget for this crucial sector. The Union Budget 2017-18 stressed on rural development through highest ever allocation for the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) to the tune of rupees 48,000 crore, increased spending on social sectors and provision of affordable housing for all.

As agriculture is at the core of Indian economy, so it is interesting that government has shown seriousness through increased allocation in this sector. The Budget has focused on agriculture sector to drive growth in the rural areas. It is expected that the agricultural sector will grow at a rate of 4.1 per cent in the current financial year. Keeping in mind the proposed doubling of farmer's income, the budget has many provisions which aim to fulfilling this target. The total allocation for rural, agricultural and allied sectors for 2017-18 is Rs 1, 87,223 crore which is 24 per cent more than that of last year. The total outlay



**Table 1: Agriculture sector and Union Budget 2017-18**

S. No	Component	Allocation (Rupees in crores)
1	Agriculture	58,663
2	Special support to cooperative banks for reviving PACS	19,000
3	Rashtriya Krishi Vikas Yojana	4,750
4	Micro irrigation fund	5,000
5	Market intervention and Price Support Scheme	200
6	e-National Agriculture Market	0.75 Lakh each
7	Dairy Infrastructure Development fund	8,000
8	Prime Minister Fasal Bima Yojana	9,000
9	Institutional credit	10,00000
10	Agriculture, Rural development and Allied sectors	1,87,223

for the agriculture sector in the budget 2017-18 stands at Rs 58,663 crores and this amount is more than Rs 52,821 crore in the last financial year.

**Enhancing Institutional Credit:** Despite the increase in number and coverage of financial institutions in the country, the truth is that most of the farming community is still outside the framework of these institutions. These institutions are also reluctant to provide credit to the small and marginal farmers. They are unwilling because of the lack of adequate resources and they fear that providing credit would further accumulate their non performing assets. Taking care of this aspect the target for agriculture credit in 2017-18 has been fixed at a record level of rupees ten lakh crores. This is an increase of rupees 1 lakh crore over the last fiscal allocation of rupees 9 lakh crore. It is supposed that now the banks will provide hassle free loans to the farming community and to serve the underserved areas. An adequate availability of credit also has the potential to accelerate developmental activities in rural areas.

**Reviving PACS:** At the grassroots level where banks cannot reach the primary agricultural cooperative societies is the formal source of providing institutional credit to the marginal and small farmers. These societies cater to their requirement of timely availability of credit for purchasing of inputs. These societies are in turn financed by District level Central Cooperative Banks. But over the years, these institutions due to one or the other reason have lost their significance as the source of credit. As a step

to revive them, the government will also support National Agricultural Bank for Agricultural and Rural Development (NABARD) for computerization and integration of all 63,000 functional cooperative societies with core banking system of District Central Cooperative Banks. The process is to be covered within a three years period at an estimated cost of rupees 19,000 crore with financial participation from state governments. The basic objective is to make these as autonomous, self reliant formal sources of credit so that they can ensure seamless flow of agriculture credit to small and marginal farmers. Their computerization and integration with the central cooperative Banks will also bring more transparency in the rural banking sector and encourage a transition towards cashless economy.

**Prime Minister Fasal Bima Yojana (PMFBY):** Prime Minister launched the PMFBY with wider coverage, more crops and a uniform premium rate. The scheme has received an additional impetus with the allocation of Rs 9,000 crore for the scheme. Also, the coverage under ambitious Prime Minister Fasal Bima Yojana (PMFBY) will be increased from present 30 per cent of the cropped area to 40 per cent of the cropped area in 2017-18 and further to 50 per cent of the cropped area in 2018-19.

**Soil Health:** Soil need to be healthy to give good yields. Unfortunately, most of the farmers go on cultivating on the same piece of land caring little that the soil also need nutrition. The result is that after some time, soil becomes deficient in different nutrients and gives poor yields. To let the farmers

know about the status of their soils regarding nutrition, the new budget has made a provision of soil testing mini labs in all Krishi Vigyan Kendras across the country. Farmers will get their soil tested regularly. These will be run by rural entrepreneurs with the assistance of the government.

**Irrigation & more Crops Per Drop:** Availability of irrigation water is also another major issue. For this, a long term irrigation fund set up in NABARD is to be augmented by 100 per cent taking the total corpus to Rs 40,000 crore. This will address the perennial irrigation water crisis effecting rural India. Budgetary allocation of NABARD's long term irrigation fund has also been increased by an additional Rs 20,000 crore to fast track implementation of incomplete major and medium irrigation projects. To cover the unirrigated belts of the country and to promote water conservation measures, another dedicated micro irrigation fund in NABARD to achieve per drop more crop with an initial corpus of Rs 5000 crore has also been set up. The focus on microirrigation with the use of drip irrigation and sprinklers has already led to substantial increase in area from about 4.3 million lakh hectares in 2013-14 to about 12.74 lakh hectares in 2016-17.

**e-NAM:** Coverage of National Agricultural Marketing is to be expanded from present 250 markets to 585 Agricultural Produce Marketing Committees. The Government will also provide rupees 75 lakh to e-NAM to help it to make transactions for a mandi to an integrated e-market. The Central Government will also urge state governments to delist perishables such as vegetables and fruits from APMCs and allow farmers to sell them directly to consumers to get a better price

**Dairy and Infrastructure Development:** The alarming size of the dairy industry in the country can be gauged from the fact that the country stands first in total buffalo population in the world, second in the population of cattles and goats, third in population of sheep, fifth in population of ducks and chicken and tenth in camel population in the world. Just like agriculture, it also provides employment to many and still a source of livelihood for many others. For the development of infrastructure in this sector a 'Dairy and Infrastructure Development Fund' under NABARD worth Rs 8000 crore for the next three years has been set up with an initial corpus of Rs 2000 crore. This is a huge investment

that will create an additional milk processing capacity of 500 lakh litres per day. This is believed to have a cascading effect as it will lead to the creation of an additional income of Rs 50,000 crore per annum for dairy farmers. Under market intervention scheme and price

support scheme the allocation stand increased to Rs 200 crore for the fiscal 2017-18 as against Rs 146 crore in the last fiscal.

**Rashtriya Krishi Vikas Yojana:** The funds for Rashtriya Krishi Vikas Yojana have been reduced to Rs 4750 crore and this amount is down from Rs 54,000 crore in the last financial year. National Food Security Mission has got an increase of rupees twenty crore over the previous year. Allocations for projects like National project on Soil Health and Fertility and climate change stand have been.

**Model Law on Contract Farming:** The government will also soon come with a model law on contract farming. NITI Aayog had also recommended for enacting a model law on contract farming on the pattern of Punjab. The government had made a draft and will send it to various state governments for their opinion before making it a final act.

To sum up, the budget has all the ingredients to define the path forward for the Indian economy. Instead of relying on subsidies and loan waiver, it aims to increase farmers' income. The two interrelated sectors agriculture and rural development have got a major boost with increased allocation. The budget has given the agriculture sector the attention and investment it needed. The budget 2017-18 has definitely provided farmer measures meant for their well being highlighting the commitment of the present regime to sincerely work to double the farmers' income within the deadline.

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