



Doubling Farmer's Income: Need, Initiatives and Future Prospects

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Why Double Farmers' Income?

Past strategy for development of the agriculture sector in India has focused primarily on raising agricultural output and improving food security. The net result has been a 45 per cent increase in per person food production, which has made India not only food self-sufficient at aggregate level, but also a net food exporting country. The strategy did not explicitly recognise the need to raise farmers' income and did not mention any direct measure to promote farmers welfare. The net result has been that farmers income remained low, which is evident from the incidence of poverty among farm households. Low level of absolute income as well as large and deteriorating disparity between income of a farmer and non-agricultural worker constitute an important reason for the emergence of agrarian distress in the country during 1990s, which turned quite serious in some years. The country also witnessed a sharp increase in the number of farmers suicides during 1995 to 2004 - losses from farming, shocks in farm income and low farm income are identified as the important factors for this. The low and highly fluctuating farm income is causing detrimental effect on the interest in farming and farm investments, and is also forcing more and more cultivators, particularly younger age group, to leave farming. This can cause serious adverse effect on the future of agriculture in the country.

Agriculture sustains livelihood for more than half of the country's population. Doubling farmers' income in such a short period is a daunting task. With this respect the Government of India in its annual budget of 2016-17 set a policy target of doubling farmer's income by 2022 and constituted an Inter-ministerial Committee in April, 2016 to examine issues relating to "Doubling of Farmers Income" (DFI) and recommend strategies to achieve the same. The Committee submitted its Report to the Government in September, 2018 containing the strategy for doubling of farmers' income by the year 2022. The DFI strategies as recommended by the Committee include seven sources of income growth viz.:

- (i) Improvement in crop productivity;
- (ii) Improvement in livestock productivity;
- (iii) Resource use efficiency or savings in the cost of production;
- (iv) Increase in the cropping intensity;
- (v) diversification towards high value crops;
- (vi) Improvement in real prices received by farmers; and
- (vii) Shift from farm to non-farm occupations.

Further, the Government has adopted several developmental programmes, schemes, reforms and policies that focus on higher incomes for the farmers. All these policies & programmes are being supported by higher budgetary allocations, non-budgetary financial resources by way of creating Corpus Funds, and supplementary income transfers under PM-KISAN. The latest major intervention includes the ‘Atma Nirbhar Bharat – Agriculture’ which includes comprehensive market reforms and creation of ‘Agricultural Infrastructure Fund (AIF)’ worth Rs. 1 lakh crore and allocation of Rs 500 crore for Bee Keeping initiative.

List of Various Interventions and Schemes Launched to Double the Farmer’s Income

- (i) With a view to provide income support to all farmers’ families across the country, to enable them to take care of expenses related to agriculture and allied activities as well as domestic needs, the Central Government started a new Central Sector Scheme, namely, the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN). The scheme aims to provide a payment of Rs. 6000/- per year, in three 4-monthly installments of Rs. 2000/- to the farmers families, subject to certain exclusions relating to higher income groups.
- (ii) Further with a view to provide social security net for Small and Marginal Farmers (SMF) as they have minimal or no savings to provide for old age and to support them in the event of consequent loss of livelihood, the Government has decided to implement another new Central Sector Scheme i.e. Pradhan Mantri Kisan MaanDhan Yojana (PM-KMY) for providing old age pension to these farmers. Under this Scheme, a minimum fixed pension of Rs. 3000/- will be provided to the eligible small and marginal farmers, subject to certain exclusion clauses, on attaining the age of 60 years.
- (iii) With a view to provide better insurance coverage to crops for risk mitigation, a crop insurance scheme namely Pradhan Mantri Fasal Bima Yojana (PMFBY) was launched from Kharif 2016 season. This scheme provides insurance cover for all stages of the crop cycle including post-harvest risks in specified instances, with low premium contribution by farmers.
- (iv) Giving a major boost for the farmer’s income, the Government has approved the increase in the Minimum Support Price (MSPs) for all Kharif & Rabi crops for 2018-19 season at a level of at least 150 percent of the cost of production.
- (v) Implementation of flagship scheme of distribution of Soil Health Cards to farmers so that the use of fertilizers can be rationalized.
- (vi) “Per drop more crop” initiative under which drip/sprinkler irrigation is being encouraged for optimal utilization of water, reducing cost of inputs and increasing productivity.
- (vii) “Paramparagat Krishi Vikas Yojana (PKVY)” for promoting organic farming.
- (viii) Launch of e-NAM initiative to provide farmers an electronic transparent and competitive online trading platform.
- (ix) Under “Har Medh Par Ped”, agro forestry is being promoted for additional income. With the amendment of Indian Forest Act, 1927, Bamboo has been removed from the definition of trees. A restructured National Bamboo Mission has been launched in the year 2018 to promote bamboo plantation on non forest government as well as private land and emphasis on value addition, product development and markets.
- (x) Giving a major boost to the pro-farmer initiatives, the Government has approved a new Umbrella Scheme ‘Pradhan Mantri Annadata Aay Sanrakshan Abhiyan (PM-AASHA)’. The Scheme is aimed at ensuring remunerative prices to the farmers for

their produce as announced in the Union Budget for 2018. This is an unprecedented step taken by Govt. of India to protect the farmers' income which is expected to go a long way towards the welfare of farmers.

- (xi) Bee keeping has been promoted under Mission for Integrated Development of Horticulture (MIDH) to increase the productivity of crops through pollination and increase the honey production as an additional source of income of farmers.
- (xii) To ensure flow of adequate credit, Government sets annual target for the flow of credit to the agriculture sector, Banks have been consistently surpassing the annual target. The agriculture credit flow target was set at Rs. 13.50 lakh crore for the F.Y.2019-20 and Rs.15.00 lakh crore for F.Y. 2020-21.
- (xiii) Extending the reach of institutional credit to more and more farmers is priority area of the Government and to achieve this goal, the Government provides interest subvention of 2% on short-term crop loans up to Rs.3.00 lakh. Presently, loan is available to farmers at an interest rate of 4% per annum on prompt repayment.
- (xiv) Further, under Interest Subvention Scheme 2018-19, in order to provide relief to the farmers on occurrence of natural calamities, the interest subvention of 2% shall continue to be available to banks for the first year on the restructured amount. In order to discourage distress sale by farmers and to encourage them to store their produce in warehouses against negotiable receipts, the benefit of interest subvention will be available to small and marginal farmers having Kisan Credit Card for a further period of upto six months post harvest on the same rate as available to crop loan.
- (xv) The Government has extended the facility of Kisan Credit Card (KCC) to the farmers practicing animal husbandry and fisheries related activities. All processing fee, inspection, ledger folio charges and all other services charges have been waived off for fresh renewal of KCC. Collateral fee loan limit for short term agri-credit has been raised from Rs.1.00 lakh to Rs.1.60 lakh. KCC will be issued within 14 days from the receipt of completed application.
- (xvi) Several market reforms have been rolled out. These include
 - a. Model APLMC (Promotion & Facilitation) Act, 2017
 - b. Establishment of 22,000 number of Gramin Agriculture Markets (GrAMs) as aggregation platforms
 - c. Agri-Export Policy, that targets to double agri-exports by 2022
 - d. The Farmers Produce Trade and Commerce (Promotion & Facilitation) Ordinance, 2020
 - e. The Farmers (Empowerment & Protection) Agreement on Price Assurance and Farm Services Ordinance, 2020
 - f. Amendments to Essential Commodities Act, 1955, that deregulates various agri-commodities
 - g. Promotion of 10,000 FPOs by 2024
- (xvii) Creation of Corpus Funds
 - a. Micro Irrigation Fund – Rs. 5,000 crore
 - b. Agri-marketing Fund to strengthen eNAM and GrAMs – Rs. 2,000 crore
 - c. Agricultural Infrastructure Fund (AIF) to build agri-logistics (backward & forward linkages) – Rs. 1 lakh crore.

Way Forward

- i. Research institutes should come with technological breakthroughs for shifting production frontiers and raising efficiency in use of inputs. Evidence is growing about scope of agronomic practices like precision farming to raise production and income of farmers substantially. Similarly, modern machinery such as laser land leveller,

precision seeder and planter, and practices like SRI (system of rice intensification), direct seeded rice, zero tillage, raised bed plantation and ridge plantation allow technically highly efficient farming. However, these technologies developed by the public sector have very poor marketability. They require strong extension for the adoption by farmers. R&D institutions should also include in their packages grassroots level innovations and traditional practices which are resilient, Sustainable and income enhancing.

- ii. ICAR and SAUs should develop models of farming system for different types of socioeconomic and bio physical settings combining all their technologies in a package with focus on farm income. This would involve combining technology and best practices covering production, protection and post-harvest value addition for each sub systems with other sub systems like crop sequences, crop mix, livestock, horticulture, forestry. Such shift requires interdisciplinary approach to develop on knowledge of all disciplines.
- iii. About one third of the increase in farmers' income is easily attainable through better price realization, efficient post-harvest management, competitive value chains and adoption of allied activities. This requires comprehensive reforms in market, land lease and raising of trees on private land. Agriculture has suffered due to absence of modern capital and modern knowledge. There is a need to liberalize agriculture to attract responsible private investments in production and market. Similarly, FPOs and FPCs can play big role in promoting small farm business. Ensuring MSP alone for farm produce through competitive market or government intervention will result in sizeable increase in farmers' income in many states.
- iv. Most of the development initiatives and policies for agriculture are implemented by the States. States invest much more than the outlay by the Centre on many development activities, like irrigation. Progress of various reforms related to market and land lease are also State subjects. Therefore, it is essential to mobilise States and UTs to own and achieve the goal of doubling farmers' income.

Conclusion

The low level of farmer's income and year to year fluctuations in it are a major source of agrarian distress. This distress is spreading and getting severe over time impacting almost half of the population of the country that is dependent on farming for livelihood. Persistent low level of farmer's income can also cause serious adverse effect on the future of agriculture in the country. To secure future of agriculture and to improve livelihood of half of India's population, adequate attention needs to be given to improve the welfare of farmers and raise agricultural income. Achieving this goal will reduce persistent disparity between farm and non-farm income, alleviate agrarian distress, promote inclusive growth and infuse dynamism in the agriculture sector. Respectable income in farm sector will also attract youth towards farming profession and ease the pressure on non-farm jobs, which are not growing as per the expectations. If concerted and well-coordinated efforts are made by the Centre and all the States and UTs, the Country can achieve the goal of doubling farmers' income by the year 2022.

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