

Farmer lobby groups say proposal to provide income support of ₹6,000 a year to marginal farmers is a progressive measure, but not enough to mitigate the stress in the sector. Interest subsidy on loans to bring respite

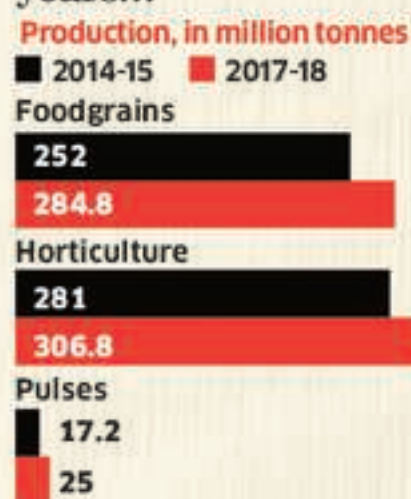
Good Start, But Small Change

TEN ISSUES FACING THE ECONOMY

5/10

Farm Stress

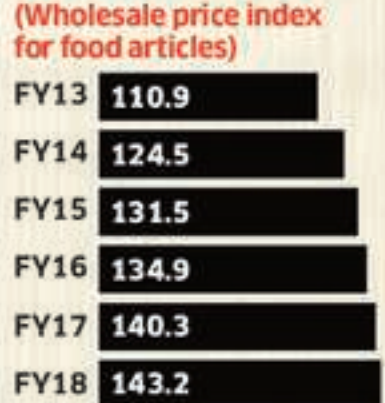
Production has increased over the years...



...Despite multiple challenges
 High cost of farm inputs
 Non-availability of irrigation
 Water disputes among states
 Market imperfections and controls
 Greater risks because of climate change

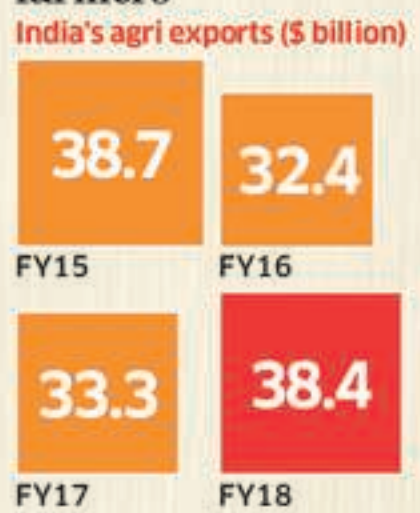


But successful inflation management has become farmer's bane as he is not getting a good price



5.2% CAGR over five years

Frequent curbs on exports to protect consumers end up hurting farmers

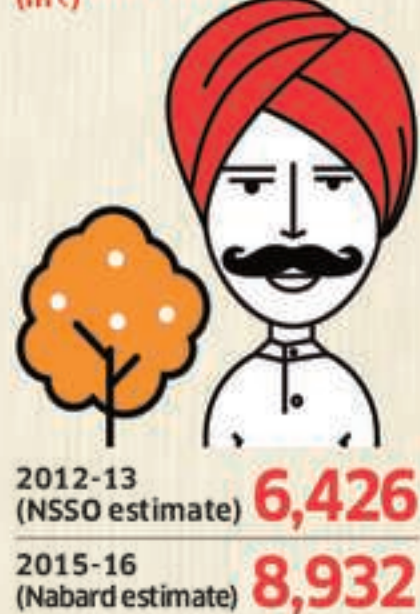


Lack of investments keeping productivity low



Farmers' incomes not rising fast enough

Average monthly income of agricultural household (in ₹)



KEY TAKEAWAYS

Something in Pocket to Weather the Storm

Govt will transfer ₹6,000 per year, or ₹500 per month to farmers. Many farm leaders say the amount is too small for those who have faced three bad monsoons and weak commodity prices in recent years. Many have seen their crops being destroyed by hailstorms and floods.

A Long-Standing Key Demand

Farmers have vociferously demanded relief because many of them have a crippling burden of loan. According to RBI data, total loans to the farm sector at the end of the last fiscal year were ₹1,163,253 crore while NPAs were ₹83,153 crore.

Making Small Concessions to Provide Big Relief

Farmers will be charged lower interest rates if they face a calamity and will get more concessions if they repay on time. Banks lend up to ₹3 lakh to farmers at 7%. Effective rate would be 2% for those hit by calamity and paying on time.



11.5%
 the nominal growth assumed in the budget; given that inflation is around 4% this suggests government expects 7.5% real growth in the next fiscal

BRIEF CASE



Setting Aside Infra Funds for Allied Activities

The budget also has a provision for various infrastructure development funds including ₹5,000 crore for the micro irrigation, ₹10,881 crore for the dairy processing sector, ₹2,000 crore for agri market, ₹7,522.48 crore for fisheries and aquaculture and ₹2,477.52 crore for animal husbandry.

IN FOCUS

Rituraj Tiwari & Madhvi Sally

The government's proposal to transfer ₹6,000 a year to marginal farmers will be a good first step but a lot more needs to be done to make a real difference to the agricultural community that is suffering because of erratic rainfall and low prices in recent years, said farmer leaders.

"The PM Kisan Samman Nidhi scheme is a progressive measure to fight farm distress. An amount of ₹6,000 a year to poor farmers will give stimulus to the rural economy," said Ajay Vir Jakhhar, chairman of Bharat Krishak Samaj, a farmers' forum, even as he expressed disappointment at the non-inclusion of tenant farmers.

Others said the amount fell short of expectations of many farmers since many of them had thought that the government would give a much more generous package ahead of the upcoming general election.

Food and trade policy analyst Devinder Sharma said ₹6,000 would not be enough given the severe stress the farming community was facing. "I don't know how a financial support of ₹500 per month will reduce farmers' suicides and put them out of agrarian distress," he said.

Expressing similar views, Swabhimani Shetkari Sanghatana founder Raju Shetti, said the direct income support of ₹6,000 a year was disappointing. "It's a disappointing budget. They should have waived the farm loan in totality or, if that was not possible, restructured it for defaulter farmers," he said.

Farmers' leaders said the government should ensure that the first instalment of ₹2,000 is deposited by March this year.

"This is just a mirage ahead of elections. If the first instalment is deposited in time, then only people will believe that whatever is promised in budget is delivered also," said Amra Ram, a farmer leader.

Besides, some people said, the PM Kisan Samman Nidhi Scheme has less to offer than other two similar schemes being run in Odisha and Telangana. "In Telangana's Rythu Bandhu scheme, the state government provides ₹4,000 per acre to each farmer in each season while the Odisha government gives an assistance of ₹5,000 each in rabi and kharif crop seasons to a farmer under Kalia scheme, among other benefits. This is nowhere close to those schemes," said Rajendra Chaudhary, secretary of Krishak Kalyan Samiti.

Most people ET spoke to said the measures announced in the interim budget did not address the issue of increase in input costs incurred by farmers in recent years while prices of their output have remained low, often well below the minimum support prices announced by the government.

Paving Road to Recovery by Easing Loan Load

Govt offers 2% interest subvention to those hit by natural calamities and 3% for timely repayments

Rituraj.Tiwari@timesgroup.com

New Delhi: The government's announcement of a 2% interest subvention for farmers hit by natural calamities and another 3% relief for timely repayments will help both afflicted farmers and banks trying to recover loans, experts said.

Presenting the interim budget, interim FM Piyush Goyal said the government had doubled the amount of interest subvention over the past five years and crop loans had surged to ₹11.68 lakh crore in 2018-19. The announcement will help the farming community, said Harsh Kumar Bhanwala, chairman of National Bank for Agriculture and Rural Development.

"Interest subvention of 2% will be provided to farmers pursuing animal husbandry and fisheries who avail of loans through KCC. Further, in case of timely repayment of loan, they will also get an additional 3% interest subvention," an agriculture department official said.

Farm loan defaults are estimated to account for 8.3% of total bank non-performing assets. Banks lend up to ₹3 lakh to farmers at 7%. But the effective rate would be 2% for those hit by calamities and repaying on time. "This is an excellent step by the government to promote timely payment of loans and at the same time helping distressed farmers. This will help banks in recovery," said PK Joshi, director for South Asia at the International Food Policy Research Institute.

Madhvi.Sally@timesgroup.com

New Delhi: The dairy industry hailed the proposals of the 2019-20 interim budget for the sector saying the measures would lead to an increase in farmers' incomes.

Finance Minister Piyush Goyal announced a 2% interest subvention for farmers engaged in animal husbandry and fisheries who take loans through the Kisan Credit Card (KCC) scheme.

Further, in case of timely repayment of loans, the borrowers will get an additional 3% interest subvention.

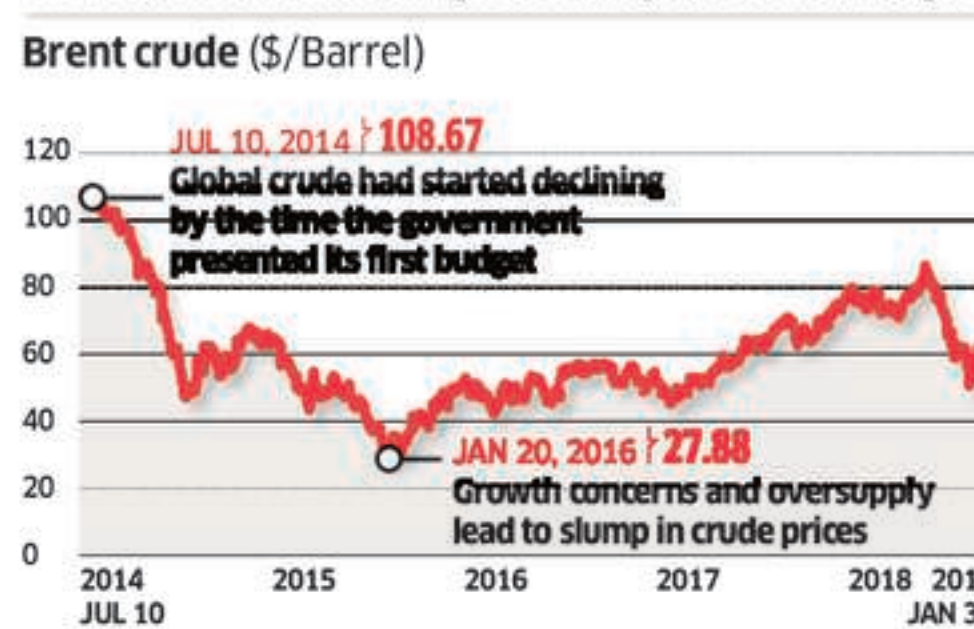
"The increased outlay for Rashtriya Gokul Mission to ₹750 crore will give a further push to milk productivity and production in the country," said RS Sodhi, managing director, Gujarat Cooperative Milk Marketing Federation Ltd. (Amul).

"We expect milk production, which is currently at 176 million tonnes, to grow 6.5% in 2019-20," he said.

Lactalis India CEO Rahul Kumar welcomed the proposal

Budgeting Modi's 5 Years

How economic indicators changed over this gov't's 1st to 6th budget



Proposals Bring Cheer to Dairy Industry

Farmers, especially women, in the sector to gain the most from the interest scheme

Madhvi.Sally@timesgroup.com

New Delhi: The dairy industry hailed the proposals of the 2019-20 interim budget for the sector saying the measures would lead to an increase in farmers' incomes.

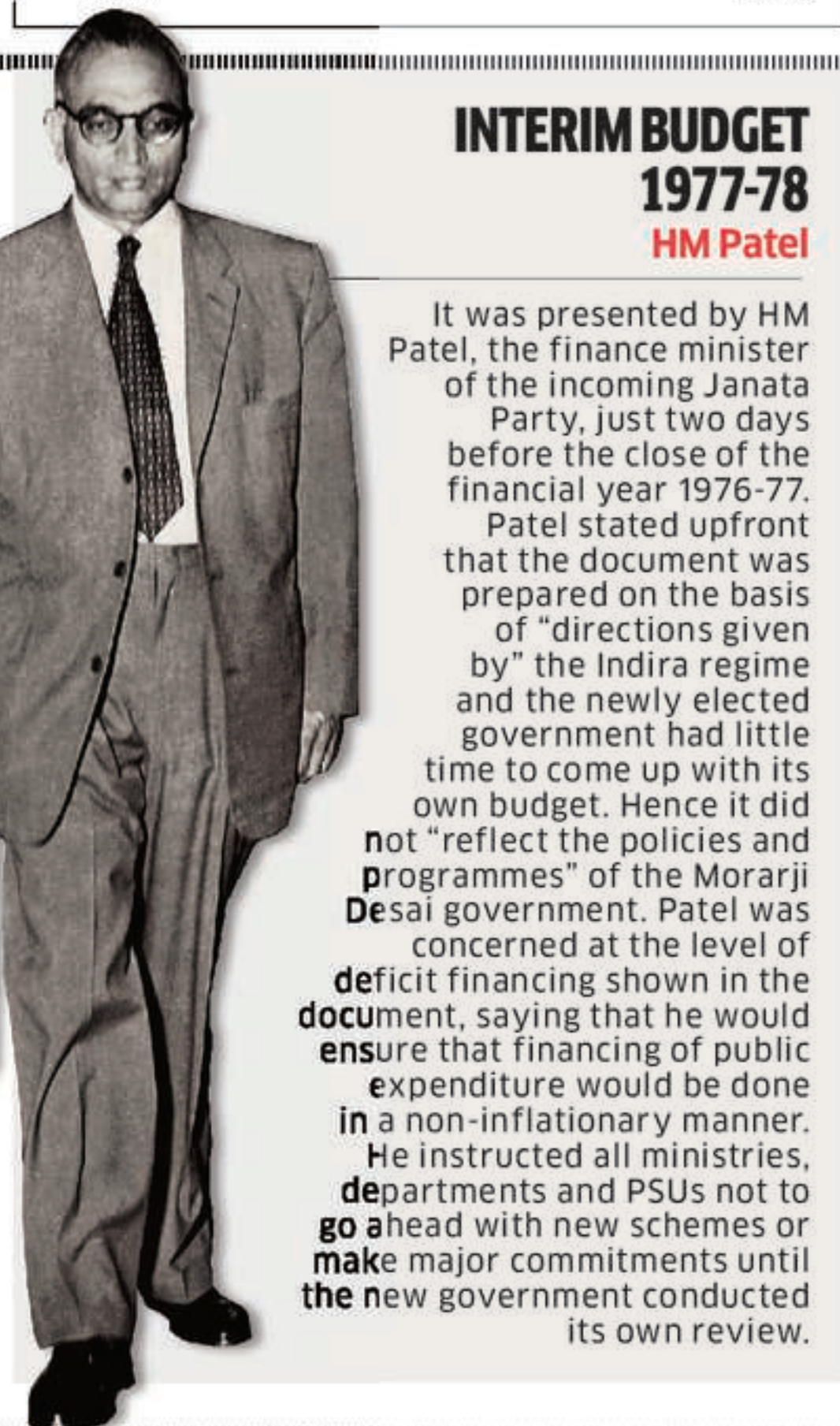
Finance Minister Piyush Goyal announced a 2% interest subvention for farmers engaged in animal husbandry and fisheries who take loans through the Kisan Credit Card (KCC) scheme.

Further, in case of timely repayment of loans, the borrowers will get an additional 3% interest subvention.

"The increased outlay for Rashtriya Gokul Mission to ₹750 crore will give a further push to milk productivity and production in the country," said RS Sodhi, managing director, Gujarat Cooperative Milk Marketing Federation Ltd. (Amul).

"We expect milk production, which is currently at 176 million tonnes, to grow 6.5% in 2019-20," he said.

Lactalis India CEO Rahul Kumar welcomed the proposal



INTERIM BUDGET 1977-78

HM Patel

It was presented by HM Patel, the finance minister of the incoming Janata Party, just two days before the close of the financial year 1976-77. Patel stated upfront that the document was prepared on the basis of "directions given by" the Indira regime and the newly elected government had little time to come up with its own budget. Hence it did not "reflect the policies and programmes" of the Morarji Desai government. Patel was concerned at the level of deficit financing shown in the document, saying that he would ensure that financing of public expenditure would be done in a non-inflationary manner. He instructed all ministries, departments and PSUs not to go ahead with new schemes or make major commitments until the new government conducted its own review.

Direct Income Support for Farmers: An Idea Whose Time Has Come



T NANDA KUMAR
 Former Secretary, Food and Agriculture

PM-KISAN, a scheme to transfer Rs 6,000 a year to small and marginal farmers, is the big-ticket item in this year's budget. Farmers will be happy that their voice is being heard, though late in the day.

Forget the optics and the political compulsions that may have prompted this, they will welcome this, not so much for the amount or the tim-

ing, but for the simple reason that this scheme is for "keeps."

Future governments can only improve upon it—no one will dare withdraw it. From this perspective, it is a path breaker. Will this alleviate the sufferings of the farmer? The answer lies in the budget speech itself: the farmers produced bumper crops, the prices fell and kept inflation low. In effect, they paid the price. This scheme is no compensation, not even a consolation.

The spin is the announcement that the first instalment will be paid during this financial year: political expediency, but administrative nightmare. This pre-supposes that all states have the details (bank account numbers, Aadhaar) of farmers who have "cultivable land up to 2 hectares."

Telangana, the pioneer in this field and a state with a reasonably reliable

land record system, is reported to have taken almost a year to roll out the Rythu Bandhu scheme. Will states like Uttar Pradesh and Bihar be able to deliver on this before elections kick in? Wait and see.

The flipside is that the scheme does not include landless labour or farmers who are in dairy, poultry and fisheries—it is for farmers with cultivable land.

The other announcements in

Landless labour & those in dairy, poultry sectors kept out. Scheme only covers farmers with cultivable land

UPHILL TASK

- Big challenge to transfer first instalment of income support this fiscal
- Key details such as bank a/c nos, Aadhaar needed
- Telangana, a state with a reasonably reliable land record system, took almost a year to roll out a similar scheme



ANIRBAN BORJA

agriculture relate to disaster mitigation, modification of the Kisan Credit Card scheme, fisheries and cows.

Extending interest subvention to the period of rescheduled loans in the event of a natural calamity is logical and long overdue. The interest subvention announced for farmers in the animal husbandry and fisheries sector needs clarity. If it is only for short-term loans meant to buy feed and fodder, there may not be much excitement. If it covers purchase of animals, it will make more sense. Dairy farmers, in particular, have been under stress due to their inability to make economic sense of the various restrictions on transport and sale of livestock.

Setting up a Rashtriya Kamdhenu Mission for sustainable genetic upgrading of cow resources and to look after effective implementation

of laws and welfare schemes for cows and the provision of additional money to the Gokul Mission are not likely to enthrone dairy farmers.

While genetic improvement of some of desi breeds is long overdue from a climate change and sustainability perspective, the results will be long term.

Will this money go into scientific research or to gaushalas? One does not know.

Most probably this will go largely to cow protection and maintenance of gaushalas, in which case, let's not talk about productivity.

Creating a separate department of fisheries is more optics than substance. Did the renaming of the ministry of agriculture do much for farmer welfare?

This budget will be remembered for introducing a direct income support scheme for farmers, a scheme which is here to stay for a long time.