Doubling Farmers Income by 2022: Seeding the Change

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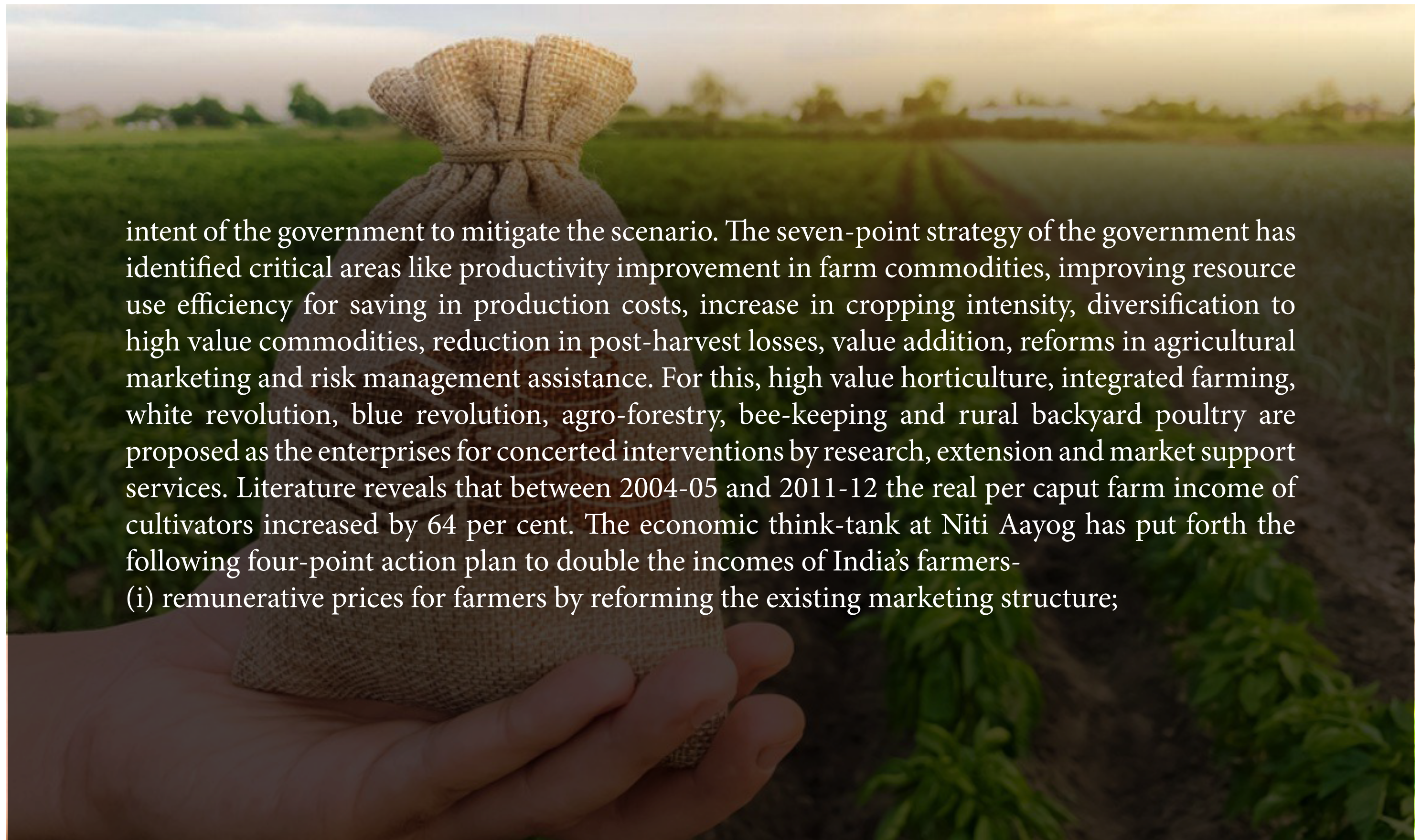
In a transition economy like India, performance of farm sector continues to hold strategic importance. Agriculture is the principal source of livelihood for about 48 per cent of the population of the country. It caters to the food security of the nation besides generating exportable surpluses. It provides the bulk of wage goods required in non-agriculture sector and most of the raw materials for the industrial sector. Agriculture, with its allied sectors, is unquestionably the largest livelihood provider in India, more so, in the vast rural geographies. However, changing weather patterns and market uncertainties, in the recent years, have led to widespread distress among farming communities in India. Improving livelihood security and socio-economic well-being are vital to address vicious issue of farmers' distress.

As per 2011 Agricultural Census, number of agricultural workers in the country were 26.3 crore comprising 11.87 crore of cultivators and 14.43 crore of agricultural labourers. In comparison, the corresponding figures for the year 1951 were 6.99 crore and 9.72 crore respectively. It is evident that there has there been an increase in agricultural workers relatively. The data also explain that the percentage of people depending on agriculture has reduced to 48 from the high of 80 in 1951, while in absolute terms, the dependency on agriculture sector for employment, income and livelihood has increased.

At current prices, the size of the agriculture GDP (including Agriculture, Forestry & logging and Fisheries) stood at ₹19,06,348 crore (Rs.19 trillion) during the year 2013-14. Exclusive of Forestry and logging, the size of agri-GDP (including Field Crops, Horticulture, Animal Husbandry & Dairying and Fisheries alone) worked out to ₹14,95,591 crore (Rs.14.9 trillion). The share of total Gross Value Added (GVA) has declined from 17.8 per cent in 2012-13 to 15.3 per cent in the year 2015-16. Still the agri-GVA of 15.3 per cent has supported nearly 50 per cent of the population revealing that the purchasing power of the farmers is reducing steadily against other sectors. A very high percentage of farmers below poverty line (22.5 per cent in 2011-12) obviously needs amelioration. There exists a wide disparity among states in terms of farmer households below poverty line. The data showed that poverty level among farmers was as low as 0.5, 3.2 and 4.3 in the States of Punjab, Kerala and Haryana respectively and as high as 45.3, 35.1, 33.0 & 32.1 in the states of Jharkhand, Chhattisgarh, Assam and Odisha respectively.

The Government of India in its annual budget of 2016-17 set a policy target of doubling farmer's income by 2022. Thus, Doubling Farmers Income (DFI) has become an explicit policy statement and



intent of the government to mitigate the scenario. The seven-point strategy of the government has identified critical areas like productivity improvement in farm commodities, improving resource use efficiency for saving in production costs, increase in cropping intensity, diversification to high value commodities, reduction in post-harvest losses, value addition, reforms in agricultural marketing and risk management assistance. For this, high value horticulture, integrated farming, white revolution, blue revolution, agro-forestry, bee-keeping and rural backyard poultry are proposed as the enterprises for concerted interventions by research, extension and market support services. Literature reveals that between 2004-05 and 2011-12 the real per caput farm income of cultivators increased by 64 per cent. The economic think-tank at Niti Aayog has put forth the following four-point action plan to double the incomes of India's farmers-

(i) remunerative prices for farmers by reforming the existing marketing structure;

(ii) raising productivity;
(iii) reforming agriculture policy; and
(iv) relief measures.

The latest estimate of the income of agricultural households is based on the Situation Assessment Survey of Agricultural Households conducted by the National Sample Survey Office (NSSO) during the 77th round (January-December 2019) which reveals that the average monthly income per agricultural household, from all sources, was estimated at ₹10,218 when compared to ₹6,426 in 2012-13. In other words, the farm income had risen by 59 per cent till 2019. But, their earnings came more from wages than from the crop production in 2018-19. While the minimum support prices (MSP) and the Central Government's spending on farm mechanisation, insurance, etc., have increased, awareness about the schemes is a hurdle in making schemes reach farmers. In 2012-13, the average monthly income of agricultural households was ₹6,426, of which ₹2,071 came from wages, ₹3,081 came from crop production and cultivation, ₹763 from farming of animals, and ₹512 from a non-farm business. The 77th NSS round data, in 2018-19, showed that the average monthly income has gone up to ₹10,218, of which the highest income comes from wages (₹4,063), followed by income from crop cultivation and production (₹3,798). There is a substantial rise in income from animal farming (₹1,582 from ₹763).

The farmers are also earning comparatively higher income from non-farm businesses and are leasing out land. However, the farmers expressed that the cultivation costs have almost doubled, and their incomes are not commensurate with the rising inflation. Income from wages was 32 per cent in 2012-13. It was recorded to be 40 per cent in 2018-19. This implies that farmers are turning into daily wage labourers.

The Government 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 strategy 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. After acceptance of the DFI Committee recommendations, the Government has constituted an 'Empowered Body' to review and monitor the progress.

Agriculture being a State subject, the State Governments undertake implementation of programs/schemes for the development of the sector. The Government of India supplements the efforts of the State Governments which are meant for the welfare of farmers by increasing production, remunerative returns and income support to farmers. All these policies & programmes of the Government of India are aimed at improving the wellbeing of the farming community and 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 ₹ 1 lakh crore and allocation of ₹ 500 crore for bee keeping initiative.

Agrarian distress manifests itself due to the low income level of farmers which calls for appropriate and timely interventions. The strategy has to be based on the pivot, that aims at growth on one hand and welfare on the other hand. The policies and programmes of Government of India are designed to support growth impulses by facilitating the farmers to make informed decisions at every stage of production and post-production chain and some of the salient programmes launched in the recent times are:

- **Soil Heath Card scheme:** Farmers will be aware of nutrient and physicochemical status of the soil and thereby decide on the nature and optimal quantum of fertilizers and soil amendments. This results in reduced cost of cultivation and also make farming more sustainable.
- **National Agriculture Market (NAM):** This new market initiative aims at integrating the agricultural wholesale markets over space and increase the universe of traders and enable transparent and competitive price discovery on farmers' produce, by making it compulsory for the market to conduct trade on e-auction platform. This also helps the farmers in accessing the real time prices in different markets and make informed decision whether to sell or to postpone marketing of their produce.
- **Pradhan Mantri Fasal Bima Yojana :** A comprehensive crop insurance scheme rolled out from Kharif 2016 aims at increasing the cultivated area under crop insurance coverage by making it possible for the farmers to buy insurance at very low and uniform rates of premium.

Considering multiple constraints and challenges that farmers required to negotiate to improve their net incomes, their coverage under various welfare schemes also becomes imminent. There are large number of schemes run by both central and state governments, that include crop insurance, health insurance, public distribution system, old age pensions, etc. which benefit the needy farmers to a greater extent.

In order to achieve total welfare of the farmer, it is necessary to not only adopt facilitative policy, but more critically to improve delivery through more efficient governance system. An important aspect of governance encompasses effective review and monitoring mechanism at the field level, backed by appropriate Information and Communication Technology (ICT) as a tool. It is in this context, that the Ministry of Agriculture, Government of India has decided to set up integrated committees at the district and state levels to review and monitor all the activities related to farmers at fixed intervals and make necessary interventions for improvement. Hence, all the States & Union Territories have been advised to set up:

i) District Level Review and Monitoring Committee.

ii) State Level Review and Advisory Committee.

The Inter-Ministerial Committee working on the strategy for DFI is holding wide consultations with a cross-section of the society including farmers to recommend an appropriate strategy, that will not only double the income of the farmers', but also put the production system on a sustainable basis.

Income is the apt indicator to assess the farmers' welfare and agriculture transformation. In spite of agriculture offering the highest returns on investment, it lacks in scale which limits the livelihood of farm households. This proves that returns from cultivation alone will not suffice for achieving livelihood security among small holders. Achieving the target of DFI is not possible if not integrated with livestock, processing and other non-farm activities.

Potential strategies to enhance annual farm household income

The following strategies help in realizing DFI by addressing critical issues from different dimensions:

1. Science & Technology

- Adoption of improved varieties/breeds/ strains for additional income
- e-Grid of all weather stations for providing location specific weather information
- Nutrients sale based on Soil health card programme
- Adoption of micro irrigation system to improve the water use efficiency

2. Extension

- Bridging the gaps between achievable (FLD) and potential yields
- More number of effective cluster demonstrations to bridge the information gap
- Village adoption to transfer the technologies developed by the research organizations
- Upscaling and out scaling of technologies through field days, exhibition and other activities

3. Policies

- Rationalizing the subsidy on energy use.
- Enrolling more number of marginal and small holders under crop insurance scheme.
- Integrating all central and state subsidies in agriculture
- Formation of Crop Planning Department at national and state level.
- Additional investment on agricultural R&D to pave path for innovation.
- Setting up more organic food certification agencies
- Policy for setting up of FPO for block level seed production.
- Integrated land-use policy particularly for water
- Breaking of crop monotony and focus on diversification

4. Institutions

- Setting up of Agribusiness Centres at district level
- Transparency and simplified procedures in electronic trading
- Developing comprehensive framework for community / corporate farming.
- More emphasis on e-learning in regional languages.
- Value chain development for primary commodities

Farming is prone to high risks. If the crops fail, farmers incur losses due to low marketable surplus while, on the other hand, if there is a bumper crop, again farmer loses due to price crash in the market, which lead to low net returns. This calls for concerted efforts on production, processing and marketing fronts.

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