

Evaluating Different Agricultural Schemes and Different Income Sources of Farmers in India

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Abstract

Agricultural policies taken by the Government of India post-Independence have primarily focused on raising agricultural productivity. Identifying the need to raise the income of farmers the government has set the goal in 2017 to double farmers' income by 2022-23. This paper briefly discusses about various agricultural schemes introduced by the government in India post-2016 and finds out the effectiveness of the schemes taken by the government over time.

Keywords: Agricultural Economics, Farmers' Income

Introduction

The agricultural sector in India has undergone noteworthy changes in crop production and crop diversification after independence (Kannan & Sundaram, 2011). It has contributed 20.2 percent to the Gross Value Added (GVA) of the country in 2020-21 which has increased from 17.6 percent in the agricultural year 2018-19. However, the agricultural policies have prioritized increasing agricultural productivity and food security in the nation and no distinct measure was undertaken to improve the income level of agricultural households. As a result, a widening and worsening income gap between farmers and non-agricultural workers constituted an important reason for agrarian distress in the country during the 1990s. The 68th round report presented by NSSO in 2011-12 revealed that more than one-fifth of the households who have their primary income from agriculture are still below the poverty line (Chand 2017).

Hence the Government of India, in 2016, set a goal of doubling farmers' income by 2022. They formed the Ashok Dalwai Committee to develop strategies and to review different schemes implemented by the government for this purpose. The committee submitted its final report to the government in 2018, according to which farmers' income will be doubled by



2022-23, compared to 2015-16. It has also mentioned the different sources that could boost income of agricultural households overtime. The issue of raising farmers' income did not get any separate attention in the policy measures of the government in the 2000s which led to agrarian distress and farmers' suicide. One the paper which has focused on this matter is Vaidyanathan (2006). The author in his study identified numerous reasons which led to farmers' suicide. Singh (2019) in his study has mentioned it is not possible for the govt. to double the income if they rely only on return from cultivation. He has analysed different aspects of doubling farmers' income by using the NSS reports on Situation Assessment Survey of Agricultural Households for the year 2003 and 2013. The authors have observed that the average monthly income in real terms has increased in all the states except West Bengal and Bihar.

Gulati et al. (2020), on the contrary, have focused on four areas that can help the government to achieve its goal of doubling farmer's income- shift in policy focus from production per se to farm incomes, moving from subsidies to investments, improving agricultural markets and de-risking agriculture. Similarly, Saxena et al. (2017) have emphasized the role of technology, investment in agricultural research and crop diversification towards high-value crops as important sources of growth in agriculture. Singh (2018) too, in his study has proposed a focus on high-value crop production, shifting towards non-farm occupations and agro-industrialization.

Previous studies have focused on the growth of agricultural income across the country, but, Sharma and Sharma (2019), have identified the challenges faced by the farmers in Himachal Pradesh and the challenges can be addressed by them to improve production, productivity and economic returns.

The objective of the present study has been to find out the effectiveness of various agricultural schemes introduced by the Government post-2016 and changes in income of the farmers overtime.

Methodology and Findings

Agricultural Schemes Introduced by the Government post 2016

Post announcement of doubling farmers' income in 2016, the government has introduced many schemes. We have reviewed some of them based on their objectives and achievements.

- a) **Pradhan Mantri Krishi Sinchai Yojana:** The scheme was launched by the government in 2015-16 to augment physical access to water on farms and increase the cultivable area under assured irrigation, improve on-farm water use efficiency, introduce sustainable water conservation practices, etc. Two major schemes were also implemented under PMKSY which were- HarKhetKoPani (HKKP) and Accelerated Irrigation Benefit Programme (AIBP). During the implementation of these programs, 3.7 lakh hectares of irrigation potential was created under HKKP. Additionally, 49.5 lakh hectares of rainfed/ degraded lands were created under watershed development component of PMKSY.
- b) **Pradhan Mantri Fasal Bima Yojana:** The program was introduced in 2016 to offer farmers insurance against crop loss caused by natural disasters, which could help them to earn a stabilized income. During the five years that the scheme has been in place, roughly 29 crore farmer applications have been approved. This consists of 32% of applications from non-loanee farmers (9.42 Crore) and 68% of applications from loaned farmers (19.74 Crore). However, there was a fall in participation among the farmers in this scheme over the years.
- c) **National Agriculture Market (eNAM):** It is an electric trading portal which was introduced to create a uniform market for farmers to sell their products. Due to the implementation of eNAM, farmers are now receiving higher prices, and additional marketplaces are now connected to eNAM. The quick online payment of sale earnings to the farmer's bank account and decreased likelihood of collusion among dealers are further advantages of eNAM. On the other hand, a lack of swift assaying facilities has prevented remote dealers from participating, which hasn't led to a noticeable rise in competitiveness (Reddy & Mehjabeen, 2019).
- d) **PanditDeenDayalUpadhyayUnnat Krishi Shiksha Yojana:** The scheme was introduced in 2016 for shifting towards organic farming and sustainable agriculture. 108 training programs were conducted under this scheme. 108 training programs were held for farmers during the program's operation to raise their awareness.
- e) **Pradhan Mantri KisanUrja Suraksha EvamUtthanMahabhiyan Scheme:** This scheme was launched in 2019. It has three components, which are- setting up 10,000 mw of decentralized grid connected renewable energy power plants on barren land,

installing 17.50 lakh stand-alone solar agriculture pumps and solarising 10 lakh grid connected agriculture pumps. Under this scheme 36 MW solar capacity, 93488 Standalone Pumps and 1026 Individual Pump Solar (IPS) have been installed. Due to Covid-19 pandemic, this scheme is extended till March 2026.

- f) **Pradhan Mantri Krishi Udan Yojana:** It was started in 2020 by the government to provide a good price for the crops to the farmers through which they can live a good life through farming.

Apart from the above-mentioned schemes government also introduced the Soil Health Card Scheme to improve the accessibility of irrigation facilities and create awareness among the farmers about fertilizers and nutrients.

Comparison between Average Monthly Income of Farmers for AY 2012-13 and AY 2018-19

In table 1 we have calculated the ratio of average monthly income (Rs.) from different sources in 2019 to the average monthly income (Rs.) from different sources in 2013.

Table 1: Ratio of Average Monthly Income (Rs.) from Different Sources in 2019 to the Average Monthly Income (Rs.) from Different Sources in 2013

Average Monthly Income of Agricultural Households from Different Sources (Rs.)	Agricultural year 2012-13	Agricultural year 2018-19	Ratio of Income= (Avg. Monthly Income in Agricultural year 2018-19)/ (Avg. Monthly Income in Agricultural year 2012-13)
Net receipt from cultivation	3081	3798	1.23
Net receipt from livestock farming	763	1582	2.07
Wages and Salaries	2071	4063	2
Net receipt from non-farm business	512	641	1.25
Income from leased out	-	134	-

land (Rs.)			
Total income	6427	10218	1.6

Source: computed from NSS 77th Round and 70th round SAS surveys

The above table shows that income sources from wages and salaries and net receipt from livestock farming have doubled within the time span of six years but there isn't any significant increase in the return from cultivation. Chandrasekhar and Mehrotra (2016) have also found in their study that net income from farming of animals increased by 3.21 times from 2002-03 to 2012-13 and the average monthly net income has not doubled from cultivation. Evidently, shifting to livestock farming and other non-agricultural activities can help agricultural households to raise their income level.

Computed Annual Growth rate of Income from Different Sources

Using the same data, the compound annual growth rate (CAGR) of the average income of the households for all the different sources is calculated, which is represented in the table (Table 2) below.

Table 2: Computed Annual Growth rate of Income from Different Sources (from 2012-13 to 2018-19)

Income from different Sources	Compound Annual Growth Rate (%)
Income from wages/ salary	12
Net receipt from cultivation	4
Income from Wages and Salaries	
Net receipt from farming of animals	13
Net receipt from nonfarm business	4
Income from leased out land	-
Total income	8

Source: Computed by author

Concluding Remarks

The schemes introduced by the government were partially successful to generate awareness among farmers regarding improved techniques for crop production and organic farming. However, the report presented by Ashok Dalwai Committee revealed that farmers' real income level has to grow at a rate of 10.4 percent per year to meet the aim within the timeframe, while the CAGR shows that income is growing at 8.04 % per annum which implies that the government still require time to achieve their goal in 2023-24.

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