

Dear Readers !

Happy New Year 2018

The Government of India has planned four point action plan that will help in doubling the farmers' income which are remunerative prices for farmers by reforming the existing marketing structure; raising productivity; reforming agriculture land policy; and relief measures. The *Economic Survey of 2015-16* showed that agriculture employed 48.9% of the total workforce though its GDP was 17.4% in 2014-15 at constant (2011-12) prices. Besides Economic Survey projects, the growth rate for the agriculture and allied sector for 2016-17 was projected to be 4.1% on the basis of the first advance estimates of the Central Statistics Office during 2017-18.

The Government of India has made reforms in the field of marketing and minimum support price (MSP). The existing agricultural marketing—under the Agricultural Produce Market Committees acts in various states – has led to policy distortions and fragmentation, largely as a result of a huge number of intermediaries and poor infrastructure because of which farmers are required to sell a large number of commodities in local *mandis* where different layers of intermediaries often manipulate the price, thus depriving them of their fair share. The new marketing reforms empower farmers to sell their produce to whomever they wish and allowing actors other than Agricultural Produce Market Committee's *mandis* to buy produce, are embraced by India's states.

The minimum support price is increasing year-by-year but the major disadvantage of minimum support price regime is that it totally ignores the demand dimension, thereby resulting in not only an inefficient use of resources but also accumulation of unwarranted stocks of cereals. Since resources for agriculture (water and land) are scarce, it is very important to use the resources efficiently, if our aim is to double the income of the farmers. The Government of India has highlighted the distortion in cropping patterns caused by minimum support price regime. Since the minimum support price regime favours cultivation of wheat, rice and sugarcane, it has led to reduction in the area under acreage of other crops like pulses, oilseeds and coarse grains. While the *Economic Survey of 2015-16* pitched for replacement of SP/procurement based Public Distribution System with DBT and freeing the market control on domestic movement and imports; the *Niti Aayog*, on the other hand, has suggested a system of 'price deficiency payments' to cure the distortion caused by the minimum support price regime. Under this system, a subsidy would be provided on targeted produce in case the price falls below minimum support price -linked threshold. One advantage of this, as highlighted by the action plan, is that it would spread price incentives to producers in all the regions and all the crops considered important for providing price support.

Indian agriculture, dominated by marginal farmers, who have small holdings, raising productivity, is likely the single most important factor, if income of this group is to be doubled. There are several constraints namely resources like water and land are limited besides the land-holding is getting fragmented. The rising input costs compounds the

problem further. The Government of India focused on investment in irrigation, seeds and fertilizers and new technology coupled with a shift into high-value commodities such as horticulture, poultry and dairying to double the farmers income. For all this, enhanced public investment is required.

The three major input subsidies are fertilizer, irrigation, and power. A fourth indirect subsidy is the credit subsidy; an interest subsidy on credit obtained from various financial institutions. A major portion of these subsidies is accounted by India's fertilizer subsidy, which has increased by around five-times in the last 10 years from ₹ 12,595 crore in 2001-02 to ₹ 67,971 crore in 2012-14 at current prices. In 2015-16, the government budgeted ₹ 73,000 crore (about 0.5% of GDP) on fertilizer subsidy.

The Government of India has demanded application of soil-cards for customising fertilizer use. The *Economic Survey of 2015-16* pitched for reforms to increase domestic availability via less restrictive imports and to provide benefits directly to farmers using *Jan Dhan*, *Aadhaar*, and mobile. It is evident that subsidies crowd-out public investment in agriculture, this makes a strong case for an expiry date for these subsidies.

The Government of India has also mooted the modernization of farms and adoption of new technologies. The majority of Indian farmers are marginal, hence the almost negligible penetration of tractors prove that it is difficult to mechanise small land holdings. One idea mooted by the *Economic Survey of 2015-16* is to develop a rental market for farm equipments. This is a good suggestion and a method is to be developed to connect the various stakeholders involved in constructing such a market.

Consequently, the Government of India has suggested bringing in far-fetched amendments in Tenancy and Leasing Law so that small farmers do not face any hurdle in leasing their lands. On relief measures, the Government of India has suggested many modifications in the existing *Pradhan Mantri Fasal Bima Yojana*. It was suggested that the scheme should have a capped subsidy amount per farm household and any farmer desiring to insure larger sums should pay full premium for the difference, and extending the time period of coverage under the scheme for three to five years so that coverage extends to both good and bad years. Both the suggestions are adoptable and there does not seem to be any problem to accept the same.

Doubling farmers' income by 2022 is a mammoth task. It is also one that is the need of the hour. The Indian Council of Agricultural Research has implemented several models such as crop-fish integration through land-shaping models, paddy-cum-fish model, rice-fish-poultry system, integrated rice-fish-vegetable model, integration of *makhana-singara* (water chestnut) model, integrated pig/poultry-fish-vegetable farming system model, red gram-based integrated farming system model etc. Innovative works in different fields of agriculture that have the potential to improve the farmers livelihood are brought in one spine of this special issue of the *Indian Farming* on 'Double Farmers' Income by 2022.

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