

JOB CREATION AT THE FARMER'S DOORSTEP

Relevant for: Indian Economy | Topic: Agriculture Issues and related constraints

The Telangana government's recent announcement of the Rythu Bandhu scheme has spotlighted the policy of utilising cash transfer to assist land-owning farmers with a non-agricultural income — instead of the traditional policy measures of price interventions, trade restrictions and farm loan waivers. While the scheme is nominally intended as investment support for inputs such as seeds and pesticides, it implies a transfer of 8,000 per acre for every landowning farmer over two crop seasons.

As Credit Suisse notes, the scheme has an inbuilt bias for large farmers, allowing 9% of farmers with more than five acres to earn 34% of the total payout. My travels across Telangana and Andhra Pradesh, among other States, over the last few years, have shown how difficult it is for marginal farmers to eke out a living from just agricultural income.

Rural India's economic situation continues to worsen. A recent survey by the National Bank for Agriculture and Rural Development (All India Rural Financial Inclusion Survey) shows that the average monthly income of rural households is 8,059, with agricultural households deriving only 43% of their income from agriculture; most of it is from providing daily wage labour and government jobs. While agricultural households typically had a higher income than non-agricultural households, they had higher debt on average (1,04,602 and 76,731, respectively). This is also reflected in the decoupling of urban Indian incomes from rural India with per capita income in rural India lagging a fair bit. The government has sought to double farmer income by raising minimum support prices, but such initiatives would apply directly only to 48% of rural India, with non-agricultural households being left behind. Perhaps we need to look at alternative sources of income.

The conversation on raising farmer income needs to embrace non-farm diversification, an important pathway for empowering landless labourers and marginal farmers, as development economist Daniel Coppard recommended in a 2001 report.

Diversification, away from marginal farming, is typically the answer — as a few papers on the subject show (Adams and He, Lanjouw, Janvry, and Reardon) — helping to overcome land constraint to income growth, while allowing farmers to cope with exogenous shocks through additional income. In some cases, it 'even allows them to reinvest in productivity enhancing agricultural technologies'. Within this, there are two key sectors, where appropriate reforms can lead to significant income support for marginal farmers.

The livestock sector can offer significant opportunities for bolstering non-farm income. The current breeding policy (based on exotic blood and artificial insemination) needs to be revamped. A national breeding policy is also needed to upgrade the best performing indigenous breeds. Buffalo breeding ought to be given more attention, while poultry breeding should be focussed on conservation. State governments should be encouraged to participate in national breeding policy implementation, creating an environment for competition among alternative suppliers of artificial insemination. Consensus must be built among breeders to develop indigenous breeds. The feed supply (currently inadequate) needs to be mitigated through greater imports, with feed technology packages developed for extension dissemination. Geographical information system-based analysis must be utilised to map production systems. Private investment must also be encouraged. Animal health care should become a priority, with greater investment in preventive health care. The government needs to create better incentive structures for investment in livestock in the States that are lagging while harmonising rules,

regulations and regulatory authorities across States. State governments should sponsor research and assessment of the market, along with highlighting investment potential.

We should also embrace the fact that agricultural labourers routinely seek construction-related daily wage labour to bolster their income. Improving the conditions of migrant workers in the construction sector requires a multi-pronged approach. First, we have to enable migrant workers to get deserved access to various government (Central and State) schemes, despite the lack of identity proof. Access to Anganwadi facilities should be provided regardless of their identity documents. While multiple laws exist for the welfare of construction workers, compliance is abysmal. The penalties for non-compliance have to be increased to a significant fraction of the construction cost, payable by the builder. Registration of workers with the Welfare Board should be made mandatory and be the responsibility of the contractor and the builder. If the contractor is found to engage or employ any worker without a registration card/ID, penalties (monetary and non-monetary) should be imposed, which would then be used for improving awareness and penetration of registration cards and their benefits. The registration cards should be linked to their Jan-Dhan accounts, and transfer of payments on a periodic basis be made directly to their accounts. In order to improve the condition of women, strict anti-harassment laws should be implemented. Creche facilities at construction sites should be provided to also ensure that children are not neglected; they often play with gravel and dust, which can threaten their health. Utilisation of a construction cess has to be improved if we are to make any difference to the lives of our construction workers. Workers should also be provided with training and skilling in their areas of interest, as it could lead to higher earnings and credit-worthiness.

Our policies should help create sustainable, long-term, rural, non-farm employment options which can aid the rural poor in overcoming barriers to economic prosperity. India's rural development policies should increasingly focus on developing markets, infrastructure and institutions that can help sectors such as livestock and construction growth. While India's post-Independence rural policy has primarily been about driving people away from agriculture and towards cities, we must now incentivise job creation at their doorstep.

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