

# EXAMINING THE FM'S PLAN TO DOUBLE FARMERS' INCOME IN TWO YEARS

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

In her [Budget](#) speech, [Nirmala Sitharaman](#) spelled out sixteen measures to reboot agriculture and re-affirmed the Modi government's resolve to double farmers' incomes by 2022. Agriculture is categorized by her as "Aspirational India". All these sixteen measures are broadly in the right direction, and in line with the tune of the Economic Survey that unequivocally supported the invisible hand of the markets (with trust) for wealth creation. The question for us is to evaluate whether these measures are sufficient to double farmers' incomes by 2022.

In order to respond to this question, we must understand that this would require about 15 per cent per annum growth in real incomes of farmers for the next three years, compared to about 3 per cent growth that was achieved during the five years of Modi 1.0. This five-fold increase in farmers' incomes, from 3 to 15 per cent per annum, is an almost impossible task given the parameters in which farm incomes are determined, and the measures being suggested by her.

Nevertheless, let us look at her key suggestions and see how feasible they are to implement. The FM's sixteen agri-measures range from encouraging states to carry out agri-marketing reforms as per Model Acts for Land Leasing (2016), for Agriculture and Livestock Produce Marketing (2017) and for Contract Farming (2018), to making Indian farmers also producers of solar power, starting 'Kisan Rail' and 'Krishi Udaan' to build efficient value chains for perishable commodities, increasing processing capacity for milk significantly, and so on. It looks like a long laundry list of wishes and intentions, which are good, but will they deliver? How much money and effort is being put to each one of these sixteen measures?

Take the case of agri-marketing reforms. Just "encouraging" states to carry out marketing reforms is not going to deliver. It has been going on since the Model Act of 2003, when Prime Minister [Atal Bihari Vajpayee](#) was at the helm of affairs. And as the late [Arun Jaitley](#) used to say, after GST, the biggest returns are going to come from agriculture marketing reforms and the model and priority for that has to be on the lines of GST Council. But unless a focussed and dedicated effort is made in this direction, this will remain merely a wish, and Indian agriculture will remain at the mercy of controls, restrictive and corrupt marketing practices, with high rents for commission agents and local politicians who are often in the ring of running these APMC markets.

The FM's idea of growing solar power on farmers' fields is an innovative one. She has moved from KUSUM, which was to have solar powered pumpsets, to 'power plants' on the barren fields of farmers. But why restrict it to only barren fields? "Solar trees" can be grown on fertile farm fields at 10-12 feet height, which ensures enough sunlight for photosynthesis of crops below. If these solar trees can sell surplus power to the grid, 'solar trees' become their 'third crop', and can help immensely augment farmers' incomes. I have written about it, based on a global survey, how it can be done ([The Indian Express](#), August 5, 2019, 'In the shade of solar trees'). In one acre, 500 solar trees can be put in a manner that the farmer can keep cultivating two irrigated crops, even run a tractor, and make additional income of Rs 1 lakh an acre if the surplus power is sold to the main grid. Can she convert this innovation into a revolution? This would require mobilizing financiers, investors, start-ups, and above all, the power utilities to pay in time for the power that farmers generate.

The FM's other ideas for agriculture, especially on Zero Budget Natural Farming (ZBNF), which

she repeated this year, need to be tested before it becomes a national policy. Our work at ICRIER, with my colleague Sandip Das, reflects that compared to conventional chemical-based fertilizer farming, ZBNF may suffer a yield loss of 25-50 per cent in case of wheat and paddy, as per ICAR's ongoing experiments. The best way to promote ZBNF will be to give it a level playing field by reforming the regime of subsidy on chemical fertilizers to direct cash transfer to farmers, and freeing up the prices of chemical fertilizers in line with what the Economic Survey's chief architect, [Krishnamurthy Subramanian](#), suggests. But the FM has shied away from biting this bullet.

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