

## FIELD OF BROKEN DREAMS

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

Overall budget for agriculture and allied sectors was cut to 1.48 trillion in 2021-22 from 1.55 trillion in 2020-21

The Union budget, presented on Monday against the backdrop of a growing farmer agitation around the national capital, promised to increase funding for agriculture infrastructure projects, including state-regulated wholesale markets. In a bid to placate farmers, finance minister Nirmala Sitharaman also presented data on improving government purchase of grains and pulses at support prices.

However, it slashed funding for several flagship farm schemes. Overall, the budget for agriculture and allied sectors was cut to 1.48 trillion in 2021-22 (budget estimates or BE) from 1.55 trillion in 2020-21.

"The minimum support price (MSP) regime has undergone a sea change to assure a price that is at least 1.5 times the cost of production," the finance minister said in her budget speech. "Procurement has continued to increase at a steady pace. This has resulted in increase in payment to farmers substantially," she said.

The budget promised to add 1,000 more regulated markets to the electronic national agriculture market or eNAM platform, where 17 million farmers are registered. In addition, the finance minister said that regulated wholesale markets (Agriculture Produce Market Committees or APMCs) will be allowed to tap into the 1 trillion agriculture infrastructure fund to strengthen their facilities.

The announcements came even as agitating farmers continue to demand the repeal of three reform laws passed by Parliament in September. Farmers fear that by liberalizing farm markets, the laws will weaken existing APMCs and the MSP regime. Among major agriculture sector schemes, funds for the direct cash support scheme for farmers, PM-KISAN, was slashed to 65,000 crore in 2021-22 (BE) from 75,000 crore in 2020-21 (BE). Under the scheme, farmers receive cash support of 6,000 every year.

The budget raised the agriculture credit target to 16.5 trillion in 2021-22 (from 15 trillion in 2020-21) and promised to increase the credit flow to the animal husbandry, dairy, and fisheries sector. However, interest subsidy on short-term crop loans to farmers was cut to 19,468 crore in 2021-22 (BE) from 21,175 crore in 2020-21 (BE).

The price support scheme of the agriculture ministry under which government agencies purchase oilseeds and pulses from farmers at support prices saw its budget slashed to 1,500 crore (2021-22 BE) from 2,000 crore (2020-21 BE).

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