

TIME TO DISCONTINUE FREE POWER FOR FARMERS

Relevant for: Indian Economy | Topic: Issues related to direct & indirect Farm Subsidies and MSP

Exactly 15 years after Manmohan Singh, as Congress Prime Minister, openly spoke against the free power supply scheme for farmers, the Bharatiya Janata Party (BJP)-led government at the [Centre is attempting to do away with the much-abused scheme](#), which has been viewed by political parties as a major vote-catching policy measure. This time, the Centre has prescribed that the free power supply scheme should be replaced with the direct benefits transfer (DBT) as a condition to allow States to increase their borrowing limit. It is not the first time that the Union government has recommended DBT with regard to electricity. But what is new is setting the time frame for implementing it. By December this year, the DBT should be introduced at least in one district of a State and from the next financial year, a full roll-out should be made.

Predictably, Tamil Nadu, which was the first State to introduce free power in September 1984, is strongly resisting the Centre's stipulation. Chief Minister [Edappadi K. Palaniswami has taken a categorical stand](#) against the proposal. Though Chief Ministers of Andhra Pradesh, Telangana and Punjab, where free power scheme is in vogue, are yet to express their views, it is not difficult to predict their response. After all, Punjab Chief Minister Amarinder Singh, who had abolished the scheme during his first innings, is now a strong votary of the scheme.

Also read | [DBT in power sector is unworkable, say officials](#)

In the last 15 years, Maharashtra has been the only State that scrapped the scheme within a year of introducing it. Karnataka, which has been implementing it since 2008, may become the first southern State to have DBT in power supply, if the hint dropped by Chief Minister B.S. Yediyurappa in early March is any indication. The power subsidy bills in the four southern States and Punjab are at least 33,000 crore, an amount the State governments will struggle to meet due to resource crunch in the light of the COVID-19 pandemic.

The financial stress apart, the universal application of the scheme has had deleterious consequences. Primarily, the scheme has led to widespread wastage of water and electricity. It is inherently against incentivising even a conscientious farmer to conserve the two precious resources. It may be pertinent to point out that India is the largest user of groundwater at 251 billion cubic meters, exceeding the combined withdrawal by China and the U.S., as pointed out by Bharat Ramaswami of the Indian Statistical Institute last year. Second, be it parts of the Cauvery delta in Tamil Nadu or Sangrur district of Punjab, the story about the groundwater table is the same — a worrying rate of depletion. There is one more attendant problem. To sustain their activity, farmers need to go for submersible or high-capacity pumpsets.

Third, the extension of the scheme to different States over the years has only encouraged installation of more pumpsets. Karnataka is a classic example. The number of irrigation pumpsets, which was around 17 lakh 12 years ago, is now around 30 lakh. Fourth, there is misuse of the scheme for which not just a section of farmers but also field officials have to be blamed. And, fifth, in the absence of meters for these connections or segregation of feeders or metering of distribution transformers, accurate measurement of consumption becomes tricky. Those in charge of power distribution companies find it convenient to reduce their aggregate technical and commercial losses by clubbing a portion of the losses with energy consumption by the farm sector.

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Proponents of the free power scheme have a couple of valid points in their support. Apart from ensuring food security, free power provides livelihood opportunities to landless workers. When farmers dependent on supplies through canals get water almost free of cost, it is but fair that those not covered by canal irrigation should be given free electricity. Though there is substance in the argument, it is not difficult to arrive at a fair pricing mechanism. Small and marginal farmers and those who are outside the canal supply deserve free power, albeit with restrictions, but there is no justification for continuing with the scheme perpetually to other farmers. However, those enjoying free power need to be told about the need for judicious use of groundwater and how to conserve it.

Making use of the situation created by the COVID-19 pandemic, the Centre is trying to make lasting changes in areas where such measures are long overdue. At least in the area of power sector, its attempt can yield meaningful results only if there is a change in the mindset of agriculturists and political parties towards the concept of free power.

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