

Impacts and Strategies for Doubling of Farmers Income By 2022

Sumanth Kumar G. V.

Ph.D. Scholar, Department of Agronomy, Navsari Agricultural University, Navsari, Gujarat

SUMMARY

The low level of farmer's income and year-to-year fluctuations in it are a major source of agrarian distress. This distress is spreading and getting severe over time impacting almost half of the population of the country that is dependent on farming for livelihood. Persistent low level of farmer's income can also cause serious adverse effect on the future of agriculture in the country. To secure future of agriculture and to improve livelihood of half of India's population, adequate attention needs to be given to improve the welfare of farmers and raise agricultural income. Achieving this goal will reduce persistent disparity between farm and non-farm income, alleviate agrarian distress, promote inclusive growth and infuse dynamism in the agriculture sector. Respectable income in farm sector will also attract youth towards farming profession and ease the pressure on non-farm jobs, which are not as per expectations.

INTRODUCTION

The vision of doubling farmers' income by 2022 by Honourable Prime Minister Narendra Modi was announced by the Honourable Finance Minister Shri Arun Jaitley during his budget speech on February 29, 2016. The Government has set a target of doubling of farmers' income by the year 2022. The Government has constituted an Inter-Ministerial Committee to examine issues relating to doubling of farmers' income and recommend a strategy to achieve doubling of farmers' income in real terms by the year 2022. The committee has identified seven sources of income growth-

- Improvement in crop and livestock productivity
- Resource use efficiency
- Increase in the cropping intensity
- Diversification towards high-value crops
- Improvement in real prices received by farmers
- Shift from farm to non-farm occupations.
- Savings in the cost of production

Economic Impacts

- Demand for Loan Waivers: Till now, at least 11 States have announced schemes to waive outstanding farm loans. Loan Waivers adversely affect the repayment discipline of farmers, leading to a rise in defaults in future.
- Widening Current Account Deficit – A fall in agricultural output followed by a stagnant output from other sectors of the economy will further widen the CAD.
- Increased NPAs – Due to lack of irrigation facilities and lack of institutional credit, farmers fall in the debt trap and are not able to repay the loan instalments. As a consequence, banks tend to reduce the flow of credit to the small and marginal farmers.
- Hit on other Sectors - A reduced output from agricultural sector will have a direct bearing on the output of other important sectors of the economy. For example Food Processing Sector is directly dependent on Agriculture output.

Social Impacts

- Farmer Suicides: India has witnessed a sharp rise in the number of farmer's suicides during 1995 to 2004. Due to this, the financial burden on other family members increase and they fall below the poverty line.
- Demographic Dividend: More and more young cultivators are leaving farming as a profession because it is not profitable for them. In a scenario, where unemployment rate is at an all time high, it will be difficult to absorb these young cultivators in other jobs.
- Food Insecurity: India has been one of the worst performers in the Global Hunger Index. Due to large scale wastage of food grains due to lack of storage infrastructure, India's food security further falls into threat.

Environmental Impacts

- Excessive groundwater usage: In India, according to the Asian Water Development Outlook, 2016, almost 89 percent of groundwater extracted is for irrigation. As per this trend, by 2050, India will be in the global hot spot for 'water insecurity'.
- Water Pollution: Water pollution from agriculture has a direct negative impacts on human health. Aquatic ecosystems are also affected by agricultural pollution; for example, eutrophication caused by the accumulation of nutrients in lakes and coastal waters.
- Climate Change: Agriculture is directly responsible for 14 per cent of total greenhouse gas emissions, and broader rural land use decisions have an even larger impact.

Strategies for Doubling of Farmer's Income

- Improvement in production
- Resource use efficiency and Saving cost of production
- Increasing in crop intensity
- Diversification towards high value crops
- List of potential technologies that would help in doubling farmer's income. Classify technologies implementation period in to short, medium and long term based on availability
- Soil health improvement programmes to improve soil productivity.
- Priority to water use efficiency
- Promoting IFS and FPO's
- Processing of perishable horticultural crops
- Improvements in marketing system (Avoid middleman)
- Control & prevention of livestock diseases needs to be given priority.
- Supply of feed, fodder & area specific mineral mixtures to farmers is a major challenge which must be streamlined
- Poultry farming/ Fish farming/ Dairy farming must be promoted.
- Value addition and preservation of perishable livestock products need to be given importance
- Government must take up policy & institutional changes to effectively address crop damage due to wild animals
- Construction of threshing yards and storage facilities to avoid post-harvest losses & distress sale
- Use of ICT to predict the pest and diseases attacks so that farmers can minimise loss
- Promotion of inland and ornamental fisheries
- Transfer of technology must be backed by financial institutions
- By adopting better planting material and improved agriculture technology contribute 30% of farmer income
- Through grading, primary processing , value addition 30% and Better marketing - 30%
- To conclude unless farmers share in the consumer rupee increases from the current 22-24% to an expected 55-60% farming will remain an unprofitable proportion

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