**8. AGRICULTURE**

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| **Highlights**   * The allocations for *Pradhan Mantri Fasal Bima Yojana* (PMFBY) in 2017-18(BE) is Rs. 9,000 crore, an upward revision from Rs.5,500 crore in 2015-16 (RE). The entire allocations for this purpose would be met from the *Krishi Kalyan Cess* * The Long Term Irrigation Fund, which was created with NABARD to boost irrigation facilities, received an additional Rs. 20,000 crore in 2017-18(BE) over the initial corpus of Rs. 20,000 crore announced in the Union Budget 2016-17 * The interest subvention for providing short term credit to farmers did not show any increase in the current budget as compared to previous year’s budget; although the agricultural credit limit has been set at Rs. 10 lakh crore for the current year * There is a decline in the allocations for *Rashtriya Krishi Vikas Yojana* (Rs. 4,750 crore) in the current budget, compared to previous year’s allocation of Rs. 5,400 crore * The total amount met from *Krishi Kalyan* Cess, both for *Fasal Bima Yojana* and *Pradhan Mantri Krishi Sinchai Yojana* (PMKSY) has increased from Rs. 5,000 crore in 2016-17(BE) to Rs. 10,800 crore in 2017-18 (BE) |

**How Well are the Concerns of the Farming Community Addressed in Union Budget 2017-18?**

While presenting the Union Budget for 2017-18, the Finance Minister gave top priority to farmers in his speech. However, the budget documents reveal a contrary picture. . In the aftermath of demonetisation and its adverse impact on the rural economy, the budget allocated for the farming community seems inadequate. It was expected that the agriculture sector in the Union Budget 2017-18 would receive a big push to nullify the negative impact of demonetisation. However, there has been no such big announcement in this budget. There has not been a comprehensive approach to implement the commitment of doubling the income for farmers. It doesn’t corroborate with the announcement of any comprehensive scheme in the current budget. However, there have been a couple of announcements, including the increase of agricultural credit target to Rs. 10 lakh crore, for which the Primary Agriculture Credit Societies will ensure seamless flow of credit to small and marginal farmers, with a special attention to be given to underserved areas.

**Figure 8.1: Share of Expenditure by MoA (With and without interest subvention) in Total Union Government Expenditure (%)**

*Note:* As per Table 8.1.

*Source:* Compiled by CBGA from Union Budget documents, various years.

The allocations for the Ministry of Agriculture and Farmers’ Welfare has increased substantially from Rs. 35,092 crore in 2015-16 (A) to Rs. 51,026 crore in 2017-18 (BE). However, the increase of such allocation in the current budget, 2016-17 (RE) reveals only Rs. 3,053 crore. As a percentage share of Ministry’s total allocation from both total Union Budget and GDP show a decline in the current budget compared to the allocations in 2016-17 (RE). When these shares in the current budget are compared to the allocations made in 2016-17 (BE), they show a clear stagnation (Table 8.1 and Figure 8.1).

The *Pradhan Mantri Fasal Bima Yojana*, launched in 2016-17, would now cover 40 percent of the cropped area in the next fiscal, which is an increase from 30 percent from the current fiscal 2016-17. There has been a sharp decline of Rs. 9,000 crore in 2017-18 (BE) from Rs. 13,240 crore in 2016-17 (RE). The sum insured under this scheme has increased from Rs. 69,000 crore in Kharif 2015 to Rs. 1,41,625 crore in Kharif 2016. The entire premium for the scheme, for the year 2017-18, will be covered from *Krishi Kalyan Cess* (KKC). The additional tax burden (through KKC) that the tax payer contributes with a hope that there would be a comprehensive programme to make farming a viable occupation has not been realised. The government has instead substituted the entire premium for the *Fasal Bima* scheme with the revenue accrued through KKC.

**Table 8.1: Budgetary Resources for Ministry of Agriculture and Farmers’ Welfare (Including Interest Subvention) (Rs. crore)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Ministry of Agriculture and Farmers’ Welfare (MoA)** | **2012-13**  **(A)** | **2013-14**  **(A)** | **2014-15**  **(A)** | **2015-16(A)** | **2016-17 (BE)** | **2016-17 (RE)** | **2017-18 (BE)** |
| Department of Agriculture, Cooperation and Farmers Welfare\* | *23353* | 24923 | 25255 | 28296 | 35984 | 39841 | 41855 |
| Department of Animal Husbandry, Dairying and Fisheries | 1792 | 1826 | 1822 | 1410 | 1882 | 1994 | 2371 |
| Department of Agricultural Research and Education | 4510 | 4731 | 4840 | 5386 | 6620 | 6238 | 6800 |
| **Total Expenditure under MoA with Interest Subvention (Rs. in Crore*)*** | **29655** | **31479** | **31917** | **35092** | **44485** | **48073** | **51026** |
| Interest Subvention for Providing Short Term Credit to Farmers\*\* | *5400* | 6000 | 6000 | 13000 | 15000 | 13619 | 15000 |
| Share of Expenditure by MoA (including Interest Subvention) in Total Union Government Expenditure (%) | 2.10 | 2.02 | 1.92 | 1.96 | 2.25 | 2.39 | 2.38 |
| Share of Expenditure by MoA (including Interest Subvention) in GDP (%) | 0.30 | 0.28 | 0.26 | 0.26 | 0.30 | 0.32 | 0.30 |

*Notes*: \* This include interest subvention for providing short term credit to farmers.

\*\* The allocation for the interest subvention for providing short term credit to farmers were reported under the Department of Financial Services within the Ministry of Finance until 2015-16 and subsequently with the Department of Agriculture, Cooperation and Farmers Welfare.

*Source*: Compiled by CBGA from Union Budget documents, various years.

The Long Term Irrigation Fund (LTIF) which was set up with NABARD received an additional corpus fund of Rs. 40,000 crore in Union Budget 2017-18 from Rs. 20,000 crore in Union Budget 2016-17. However, as on 31 December, 2016 only Rs. 500 crore has been provided to NABARD as equity for leveraging funds from LTIF. Further, there has been an announcement of a dedicated Micro Irrigation Fund in NABARD with an initial corpus of Rs. 5,000 crore. There has also been an announcement in regarding a dairy processing and infrastructure development fund in NABARD with a corpus of Rs. 8,000 crore over 3 years, with an initial funding of Rs. 2,000 crore in Union Budget 2017-18. These corpus funds are expected to generate asset-base for the sector and help achieve increased productivity.

Interest subvention only benefits a few farmers, who have access to formal sources of credit. As tenant farmers and sharecroppers are excluded from bank loans, interest subvention will not help them. In fact, the allocation for the purpose pegged at Rs.15,000 crore in 2017-18 (BE), is the same as 2016-17 (BE). A portion of this allocation (Rs. 1,800 crore) would be met from collections of KKC.

The allocations for RKVY in Union Budget 2017-18 have declined marginally to Rs. 4,750 crore, over the previous year’s allocation of Rs. 5,400 crore. However, due to the change in fund sharing pattern, it is expected that the states’ would contribute a matching share (of 40 percent) towards the programme and the total allocation for this scheme would be close to Rs. 9,000 crore.

The total allocations for PMKSY in the current budget saw a decline to Rs. 7,377 crore from actual spending reported in 2015-16, i.e. Rs. 7,781 crore. There is no increase in allocations for National Food Security Mission (NFSM), National Mission on Oilseeds and Oil Palm (NMMOOP) and *Paramparagat Krishi Vikas Yojana* in the current budget. The National Horticulture Mission received an increased allocation of Rs. 2,320 crore compared to actual expenditure of about Rs. 1,700 crore in 2015-16. In total, a slight increase has been noticed for Green Revolution. However, this would hardly relieve the stress of the farming community.

**Table 8.2: Allocation / Spending for Major Schemes under the Ministry of Agriculture and Farmers’ Welfare (Rs. crore)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Scheme** | **2013-14**  **(A)** | **2014-15**  **(A)** | **2015-16**  **(A)** | **2016-17 (BE)** | **2016-17 (RE)** | **2017-18 (BE)** |
| Pradhan Mantri Fasal Bima Yojana (PMFBY) \* | 2551 | 2598 | 2983 | 5500 | 13240 | 9000 |
| Total Allocations for Pradhan Mantri Krishi Sinchai Yojana (PMKSY) \*\* | 6905 | 5580 | 7781 | 5767 | 5182 | 7377 |
| Rashtriya Krishi Vikas Yojana (RKVY) | 7053 | 8443 | 3940 | 5400 | 3550 | 4750 |
| National Food Security Mission (NFSM) | 2027 | 1873 | 1162 | 1700 | 1280 | 1720 |
| Paramparagat Krishi Vikas Yojana (PKVY) |  | 0 | 219 | 297 | 120 | 350 |
| National Mission on Oil Seed and Oil Palm (NMOOP) | 556 | 316 | 306 | 500 | 376 | 403 |
| National Mission on Horticulture (NMH) | 1809 | 1625 | 1696 | 1620 | 1660 | 2320 |
| White Revolution | 1449 | 1415 | 937 | 1138 | 1312 | 1634 |
| Blue Revolution | 348 | 388 | 200 | 247 | 392 | 401 |

*Notes*: \* Pradhan Mantri Fasal Bima Yojana includes existing National Agriculture Insurance Scheme (NAIS), Weather-based crop insurance scheme, Modified National Agricultural Insurance Scheme (MNAIS) being implemented through Agriculture Insurance Corporation and Coconut Palm Insurance Scheme.

\*\* These are provisioned under Department of Agriculture, Cooperation and Farmers Welfare, Department of Land Resources and Ministry of Water Resources, River Development and Ganga Rejuvenation and Ministry of Finance.

*Source*: Compiled by CBGA from Union Budget documents, various years.

A closer look at the numbers across schemes and programmes meant for the development and welfare of the farming community indicates that the government is falling short of meeting its commitment to double the farmers’ income in the coming years. Further, there is no special provisioning for the small, marginal and tenant farmers in the current budget, which is the need of the hour.