**Union Budget 2020**

**Agriculture**

**Why Agriculture is playing key role in Union Budget 2020?**

Agriculture will play crucial role in India’s economy in Budget 2020. With surging food inflation and economy hitting a minor growth rate, India needs action-oriented policies.

As agriculture supports livelihood of more than 50% population, it is essential to make this sector healthy. Besides, GDP growth rate slowing to 5% and 4.5 % in Q1 and Q2 of 2019-20 depicts an alarming situation. While the country aims to become a 5 trillion-dollar economy, agriculture sector face crisis.

**All-around Development**

The Ministry of Finance must focus on to develop farm production, productivity and farmers income for overall growth. This calls for a fine balance between prices of agricultural materials and inflation. Agriculture and associate sector contributing just 15% to the GDP. This sector showed a low growth of 2.9% in 2018-19 as per Central statistical office report. Rupees 2.83 lakh crore will be allotted to the agriculture sector and irrigation for financial Year 21.

**Agriculture Procurement: -**

Though the government rise MSP for significant crops every year, it needs to procure more. This would ensure a grow in farmer’s income along with checking on inflation. This requires increasing both quality and quantity of warehouses to avoid any wastage. Direct procurement cut middlemen or brokership and provide efficient supply chain in agriculture.

**Forecast for Agriculture: -**

Indian agriculture depends on monsoon and thus requires trusted forecast to prevent losses. For forecasting, Indian Meteorological Department needs technological up-gradations that will assist farmers to take timely decision related to crop sowing. Further, this will help bank to knock the chances of bad debts of farmers.

**Exports and Transportation: -**

To resolve the problem of transportation from the farms to the market and to control the prices of products the government plans on setting up a ‘Kisan Rail’ so that quick transportation can be made and it will be set up through public-private partnership(ppp).

**Infrastructure and Technology**: -

There is a huge scope to develop infrastructure that supports lower cost of transportation. Also, it should back up agricultural startups in processing data that would aid farmers in crop planning. Besides, portals like eNAM must be made more productive to deliver benefits to farmers. In addition, government plans to launch fund of funds to tackle liquidity crisis in MSMEs.

**Impossible to Double Farmers Income in 2 years Specially After Budget 2020**

The finance minister announced 16 measures to uplift or double farmers income in India. This was in line with the objective of ‘Aspirational India’. But it seems impossible to double farmers income in 2 years after the Budget 2020 announcement.

**Budget for Doubling Farmers Income**

It requires 15% growth rate of farmer’s real income P.A. in following three years to double farmers income by 2022. However, India has achieved a growth of 3% P.A. during BJP’s first term. Even though allocating major portion of agriculture budget to PM Kisan Scheme, only 25% of the country’s farmers received all three installments.

**Sixteen Point Action Plan**

The finance ministry allocated a total of Rs 1,34,399.77 crores to the Department of Agriculture, Cooperation and Farmers Welfare for 2020-21 under the sixteen-point action plan. Further, the government proposed complete measures for 100 water-stressed districts. Also, it aimed to make Indian farmers producer of solar power by giving funds to set up solar units on their land. Further, the central government encouraged state governments to check the implementation of the Model Agricultural Land Leasing Act of 2016 and Model Agricultural Produce and Livestock Marketing Act of 2017.

Apart from this, Finance Minister said that the government is strengthening to adopt balanced use of fertilizer and also focus more on manure. Besides, the government will boost FCI and warehousing corporations to build storage facilities on farmers land. In addition, the government declared the launching of the Krishi Udaan scheme by Civil Aviation ministry which will work on removing the barrier of transportation of agricultural commodities. Indian railways will provide Krishi Rail for cold storage transportation of unstable commodities under PPP mode.

The government has increase target for agricultural credit to Rs 15 lakh crore from Rs 12 lakh crore. Further, the government has increased the target of fish production to 200 lakh tones by 2022-23. And also, the central government aims to double milk production by 2025.

**Comparison to Previous Allocations**

Though the government goal is to double framer’s income by 2022, it has raised budgetary allocation by 3%. Allotment to agriculture sector for this year’s budget stands at Rs 1.43 lakh crore as compared to Rs 1,51,518 crore allocation in 2019-20. The budget allocation in 2019-20 was almost double compared to 2018-19. Besides, the government tweaked the quantum of the PM Kisan Scheme.

**PM Kusum Scheme**

Advancement of the PM Kusum Scheme to 20 lakh farmers by giving Rs 22,000 crores for power and renewable energy sec. This would encourage India’s renewable sector. While presenting the budget, the finance minister declared the development of the Pradhan Mantri Kisan Urja Suraksha Utthan Mahabhiyan (PM KUSUM) scheme. In this central government will give financial support to around 20 lakh framers for setup of solar pumps. Also, this scheme will assist in setting up of 15 lakh grid connected solar pumps.

The government has taken the above allotment to increase framer’s income along with providing a reliable and less polluting source of irrigation. The central and state government both will provide a subsidy of 30% each per pump basis. Further, farmers will only need to pay an upfront cost of 10% and rest to the bank in installments. The central government allocated Rs 34,422 crore for this scheme in the previous year’s budget. Moreover, the scheme allows farmers to set up large solar power capacities along railway tracks.

The government has also addressed other problems relating to energy use. It has aimed to change traditional meters with smart, prepaid meters in all states and UTs over the coming years. Beside this, framers have freedom to choose the supplier and this will improve customer satisfaction. In my view, the decision shows the government’s concern for renewable energy generation. And, this move will increase employment and help the agriculture sector too.

**Disappointments**

Agricultural experts have expressed their disappointment with the allocation for 2020. Former union agriculture secretary, Siraj Hussain, stated that there is nothing substantive for farmers in the budget. This shows that the government is not confident in taking major reforms.

In all, the budget 2020 depicted an evident thrust of the Modi government on agriculture.

**Positives for Agriculture Sector**

Budget 2020 includes many big checks for the agriculture sector. The government has focused on irrigational facilities by offering solar power projects in 100 water-stressed districts. Further it will finance around 20 lakh solar pumps. As a result, farmers will be able to use their empty land to increase their income. Also, there are arrangement for providing cold storage facilities to farmers for increasing in their income. Moreover, the budget focused on the inclusion of women SHGs in setting up of these warehouses with FCI and CWC.

Linking warehouses with e-National Agricultural Market (eNAM) is a good measure as it would help local Farmers Producer Organizations (FPO). Besides, the ‘One District-One Product’ scheme will have a positive impact as it will encourage the development of horticulture collectively. Also, Krishi Udaan and Krishi rail schemes for transportation of unstable commodities are well-thought decisions.

**Limitations for Agriculture Sector**

Funding from Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) for food production may seem a good measure. However, dispatch of MGNREGS allocation by 13% has eliminate all its positive impacts. Also, declining FCI’s procurement operations would prevent farmers from availing market assurance benefits to it was reaching. Apart from this, the models are not enough this models are land leasing, contract farming, and APLM. Besides, focus on Zero Budget Natural Framing may bring 20-25% losses to farmers. Further, the boost of 500 fish FPOs is just part of the last year’s budget aim of promoting 10,000 FPOs.

**CONCLUSION**

The government plans on encouraging the agricultural sector and doubling the income of farmers. The government will focus on Zero Budget farming which proposed in previous year budget by the government. As the finance minister announced her 16-point formula to strengthen agriculture, the Agri stocks shot up on stock exchanges. Sitharaman expressed hopes that these initiatives will double farmers’ income by 2022, a target set by Prime Minister Narendra Modi in his public speeches.

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