Agriculture Needs a Separate Budget

What is the issue?

In the light of the repeal of farm reform Bills, there have been widespread debates on whether States have to formulate a separate Budget for agriculture.

What is the current status of the agriculture sector?

- The agriculture sector employs nearly half of the workforce in the country.
- It contributes to 17.5% of the GDP (at current prices in 2015-16).
- India's production of food grains has been increasing every year and India is among the top producers of several crops such as wheat, rice, pulses, sugarcane and cotton.
- India is the highest producer of milk and second highest producer of fruits and vegetables.
- Agriculture is a concurrent subject with the Union government taking care of research, marketing, education, and exports while farming and extension are the responsibilities of the States.

What is the need for a separate Budget for agriculture?

- A separate Budget for the sector at the Centre and State levels is essential because agriculture is not just crop culture
- It includes animal husbandry, bee culture, aquaculture, forestry, hill cultivation and horticulture.
- The farm sector was left out when India initiated wide-ranging reforms in 1991.
- The government's Farm Bills passed in Parliament last year were met with a year-long agitation by farmers.

What are the problems in the agriculture sector?

- High number of small and marginal farmers
- No law governing the produce transfers and resource transfers among the farmers
- Decreasing sizes of agricultural land holdings
- Continued dependence on the monsoon
- Inadequate access to irrigation
- Imbalanced use of soil nutrients resulting in loss of fertility of soil
- Uneven access to modern technology in different parts of the country
- Lack of access to formal agricultural credit
- Limited procurement of food grains by government agencies
- Failure to provide remunerative prices to farmers

How can a separate agri budget be formulated?

- A profile of the State in terms of soil, climate changes, emerging technologies and the pitfalls or inadequacies of the present system has to be prepared by the universities engaged in

Agriculture, Animal Husbandry and Horticulture and Nabard.
- Such profile should be circulated a day ahead of the presentation of agriculture budget to the Legislative Assembly.
- Irrigated farming and rain-fed farming should be separate components as much as livestock, horticulture, apiculture, and aquaculture.
- The Budget should contain only those resources that flow from the governments and not from the credit institutions.
- It must envisage how income security should be provided and how the insurance mechanisms should function.
- Budget for agriculture should not include the crop loan targets and the money lent by the banks.
- When States budget for agriculture, there is scope for the right balance between the resources and expenditures consistent with their respective agro-climatic zones.

What is the need of the hour?

- **Farm Contract Act**- There should be a separate Farm Contract Act that should specify the contracts between farmers, between farmers and traders and between farmers and industry.
- Farmer producer organisations would draw strength from such legal facilitation.
- **Fund allocation** - The tenant farming and contract farming constitutes a substantial portion of crop farming in India and needs proper ways of fund allocation to the sub-sectors of agriculture.
- **Agricultural reforms**- It is time to introduce agricultural income tax and the perverse subsidies in farm sector, like for fertilisers, should also be scrapped.
- Balancing the food system with environment and renewable or alternate energy systems are essential to build resilient food production system.
- It is time to recast the Commodity Boards in India to give them clear agenda to function in a manner that they deliver the right income to the farmer.
- It is imperative to give a helping hand to the farm sector as it played a crucial role during the pandemic.

Telangana's agriculture growth is the highest in the country at 17% at current prices in 2020-21. The Telangana government's integrated approach in the Rythu Bandhu, Rythu Vedika and Rythu Bima Yojana where the State pays the premium stands as a good model.

References

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