Doubling Farmer Income by 2022

What is the issue?

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- The government has released a seven-point plan to double farmer income by 2022.
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- The package has some glaring deficiencies.
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What are the flaws?

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- **No New Ideas -** The plan is little more than a mere repackaging of the ongoing agricultural development schemes.
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- **Productivity -** It is focused more on raising farm productivity than on improving the profitability of farming.
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- This disregards the fact that higher farm output does not necessarily lead to higher income.
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- Bumper harvests have in fact often caused a slide in prices.
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- **Marginal Farming -** Income from increasing output can at best be only marginal because land holdings of most farmers are too small.
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- Thereby, they can’t produce sizeable marketable surpluses.
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- **Growth Rate -** Doubling of income by 2022, from current levels would require an estimated income growth of over 10% annually.
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- Such acceleration is hard to come by through the productivity route alone.
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What are priority areas?

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- More emphasis on various lucrative farm and not-farm economic activities that find a passing mention in the plan is needed.
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- These can include, among others, high-value farming involving horticulture, floriculture, herbal farming and farm forestry.
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- Allied activities, including novel ventures such as rabbit and quail rearing can also be promoted.
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- Waste reduction and value-addition of farm produce with effective market support could help enhance incomes.
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- Also, the creation of off-farm employment in rural sectors needs to be established.
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What are the policy changes required?

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- A stable policy regime governing agricultural pricing and trade needs to be established.
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- **Trading -** The current pricing policies seem to have a pro-consumer bias, dictated chiefly by the need to keep inflation down.
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- This spurs uncalled for interventions such as frequent opening and shutting of imports and exports of farm goods and imposition of stockholding and other curbs on trade.
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- This needs to change to ensure a balance of produce and consumer interests.
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- **Prices -** As minimum support price (MSP) mechanism has failed to show results, it needs to be supplemented with other measures.
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- One such is the price deficit reimbursement scheme of Madhya Pradesh that seeks to compensate farmers for any shortfall in realising the MSP.
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Source: Business Standard

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