Enhancing the Farm Incomes

What is the issue?

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Plan to double farm incomes needs to be implemented momentarily for an effective and stabilised economic output.

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How can farm income be enhanced?

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- Farm income is the excess of income from the sale of farmer’s produce over his expenditure incurred on producing the same.
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- Measures to protect remuneration, keep input costs low and open up alternative forms of income must be carried out.
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- It involves three components they are
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1. Maximisation of revenue.
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2. Minimisation of inputs costs.
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3. Promotion of alternative sources of income.
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Maximisation of revenue

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- **Crop selection -**India’s agri-infrastructure is geared towards procurement, storage and movement of wheat and rice.
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- This leads to surplus production, without a direct linkage to the market.
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- National crop planning bureau can be setup to address this issues.
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- Planners need to identify a few more crops – corn, soyabean, potatoes, tomatoes and onions for example, where such capabilities can be developed.
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- **Yield maximisation -** It is duty of the farmer to balance the crop production according to the growing population.
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- The critical component of maximisation of farmer revenue is continued research and development of higher yielding seeds.
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- **Marketing the produce -** FPOs (Farmer Producer Organisations/ Companies) or farm co-operatives (FCs) need to be formed.
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- These FCs and FPOs can be directly linked to the processor, exporter or retailer.
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- This will help in a higher proportion of the revenue going to the farmer.
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Minimisation of costs

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- **Inputs -**Cost of inputs can be minimised by ensuring zero tax on all participants of the value chain of manufacturing the input.
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- Ensuring early release of subsidies to the companies or the farmers, continued priority sector lending rate benefits, rationalised subsidy calculation mechanism will address this issue.
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- **Electricity and water –**Government must ensure that farms shift to solar irrigation pumps, under the National Solar Mission.
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- **Mechanisation -** The effort needs to be scaled up to provide mechanised farm implements and precision agriculture tools, at a fraction of their cost is need of the hour.
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- **Interest rates -**Interest rates on loans to farmers need to be continue being the lowest.
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- **Logistics -**An unseen component of the overall crop economics is the cost of logistics of marketing the produce.
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- The cost of transporting higher volumes leads to lower per tonne cost of transportation.
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Promoting alternate sources of income

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- **Dairy and livestock -**The government should establish formal breeding centres and subsequent sale of such cows and buffaloes to the farmers.
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- The government needs to bring some of the best technologies from Israel for promoting the dairy sector.
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- **Financial literacy -**There is a need to take financial literacy through trusted sources like the LIC to the villages,
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- So that the larger population of the country also becomes a prime participant in economic growth.
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- **Crop insurance -**The current models of crop insurance are factored basis rainfall, temperature and crop loss.
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- However, a more robust model should take into account losses on account of pest attacks, quality deterioration.
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- **Job insurance -**The overall family income of a rural household has a component of a non-farm job income from the informal economy (drivers, office boys, mechanics, salesmen, cleaners).
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- This employment needs to be formalised and job losses prevented through social security programmes.
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Source:Business Line

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