Expanding Income support schemes

What is the issue?

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Despite challenges, agricultural investment support scheme could be implemented as an alternate for the farm loan waiver at an all-India level.

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What is the income support model of Telangana?

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- Telangana's Rythu Bandhu Scheme (RBS) has a grant component of Rs 4,000 per acre per farmer for one season (kharif/rabi).
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- In a year, an eligible farmer will receive Rs 8,000 of grant for crop production that includes purchasing of critical inputs, irrigation and hiring of farm labour.
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- The scheme covers 1.42 crore acres in the 31 districts of the state, and every farmer owning land is eligible.
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- The objective is to help the farmer meet a major part of his expenses on seed, fertiliser, pesticide, and field preparation. (farm inputs)
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- The Telangana government has allocated about Rs 120 billion to target 5.83 million farmers under RBS in 2018-19.
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- The fiscal burden of the scheme, if implemented by the Centre at an all-India level, will cost around Rs 600-700 billion per year.
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What are the challenges in rolling out at an all-India level?

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- **Identification** - Identification of the right beneficiary could be a daunting

task to roll out the scheme, as 90-110 million smallholder farmers in India have joint land records.
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- Also, these smallholder farmers are yet to digitise their land records on a centralised land revenue management information system.
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- So, land record modernisation across India, especially in eastern and north-east regions, entails a huge spending on account of state governments.
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- **Monitoring** - Since agriculture is a state subject, implementing states for RBS need to come out with an execution plan.
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- Checks and balances should plug the loopholes on whether the beneficiaries actually use the grant amount for cultivation or divert the funds to other activities.
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- Although RBS is viewed as quasi-universal basic income (QUBI) support to farmers, the grant support provided is specifically targeted for investment support in agriculture.
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- Thus, apart from supporting farm inputs, the government still needs to ensure reasonable market price for those produce or else the produce should be covered under the price support scheme.
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- **Fiscal Burden** - Cost-sharing between the Centre and states should be in place before rolling out RBS.
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- It is estimated that the cost to cover only small and marginal farmers would be to the tune of 1.4 trillion per year based on net sown area in India.
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- The average cost of production and cropping intensity across the implementing states will give a clearer picture of budget estimate for RBS.
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- **Coverage** - Since the scheme covers only farmers who have land records, it leaves out tenant cultivators, who grow crops on land they don't own and is taken on lease.
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- Therefore, there should be some alternative mechanism to cover tenant farmers across the country.
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What should be done?

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- The NITI Aayog needs to execute RBS effectively, wherein it needs to devise a mechanism on how can RBS tie-up the existing market infrastructures and eventually function in unison.
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- Measures like eNAM, NABARD promoted grant-cum-loan based agri-business, electronic procurement system and Direct Benefits Transfer, revamped crop and weather insurance schemes can be linked with RBS.
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- Also, farmer producer companies (FPCs) can be an effective channel of implementing RBS.
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- The objective of FPC is to organize farmers into a collective to improve their bargaining strength in the market.
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- RBS implementation can be effective if FPCs can be targeted to identify the beneficiaries and channelise the stipulated grant support to farmers via FPCs.
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- Improved technology support can also augment the identification process with the help of domain expert and supporting resource institutions.
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- Thus, execution of RBS at the national level should be a concerted effort and converge existing government programmes, schemes and infrastructures essential to mitigate agrarian distress.
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- Else, it won’t be a one-stop solution either to farmer distress or to the burden of farm loan waivers.
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Source: Financial Express

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