

# Rethinking KUSUM.

### What is the issue?

- Earlier this year, the Cabinet approved the Kisan Urja Suraksha evam Utthaan Mahabhiyan (KUSUM).
- There is a budgetary allocation of ₹34,000 crore to KUSUM and a similar contribution is expected from the States.

### What is KUSUM about?

- KUSUM aims to provide energy sufficiency and sustainable irrigation access to farmers.
- **Objective** Providing financial and water security to farmers.
- The components of the proposed scheme are
  - 1. **Component-A:** 10,000 MW of Decentralized Ground Mounted Grid Connected Renewable Power Plants.
  - 2. **Component-B:** Installation of 17.50 lakh standalone Solar Powered Agriculture Pumps.
  - 3. **Component-C:** Solarisation of 10 Lakh Grid-connected Solar Powered Agriculture Pumps.

#### What is the current situation?

- Despite growing farm power subsidies, nearly 30 million farmers use expensive diesel for their irrigation needs.
- This is because they have no access to electricity. More than half of India's net sown area remains unirrigated.
- KUSUM could radically transform the irrigation economy if the government chooses an **approach of equity by design and prudence over populism.**

## What does the approach of Equity by design mean?

- To reduce the existing disparity among States with regard to solar pumps deployment and irrigation access should be the first aim.
- This disparity highlights <u>poor State budget allocation</u> towards solar pumps and the <u>lack of initiative</u> by State nodal agencies.
- To encourage equitable deployment, the Centre could <u>incentivise States</u> through target linked financial assistance and <u>create avenues for peer learning</u>.

- KUSUM must address inequity within a State This is addressed by a share of central financial assistance under KUSUM should be appropriated for farmers with small landholdings and belonging to socially disadvantaged groups.
- By providing greater financial assistance to smaller farmers, instead of a onesizefitsall approach.
- KUSUM proposes a 60% subsidy for the pumps, borne equally by the Centre and the States, and the other 40% will be the farmer's contribution.
- This will exacerbate the <u>inter farmer disparity</u> given the inequity in access to credit and repayment capacity between small and large farmers.
- A more economical and equitable alternative A higher capital subsidy support to <u>small and marginal farmers</u> and long-term loans with interest subsidies for <u>large and medium farmers</u>.

## What does the approach of prudence over populism mean?

- Solarising existing grid connected pumps needs a complete rethink. Existing grid connected farmers would receive the same financial support as that received by an off-grid farmer.
- In addition, the farmer would earn regular income from the DISCOM on feeding surplus electricity, furthering the inequitable distribution of taxpayers' resources.
- Instead of this, the scheme should only provide Central government subsidy of up to 30% for solarisation, and use the proposed State support to incentivise DISCOMs to procure energy from the farmers.
- Instead of feeding surplus energy to the grid, solar pump capacity could be used to power post harvesting processes, which complement the seasonal irrigation load.
- The entire feeder could be solarised through a reverse bidding approach, and provide water conservation linked incentives to farmers as direct benefit transfer.

Source: The Hindu, PIB

