State Initiatives for Addressing Agrarian Distress

What is the issue?

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- Farm distress is likely to be a major aspect in the upcoming Union Budget.
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- In this context, schemes piloted by Madhya Pradesh and Telengana government to ease farmer woes is worthy of discussing.
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What is the scenario in the sector?

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- Agri-GDP growth has fallen to around 2% per annum in recent years and the real incomes of farmers have fallen as well.
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- The sector's growth is much below the government's target in production and in doubling farmer incomes by 2022.
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- With assembly elections in 10 states due later this year, the states going to the polls are making attempts to woo farmers.
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- While some have announced loan waivers, others are trying to fix farmers' financial distress emanating from tumbling farm prices.
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What is Madhya Pradesh's Scheme?

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- **Bhavantar Bhugtan Yojana -** BBY is a "price deficiency payment" (PDP) scheme, being undertaken by the government of Madhya Pradesh.
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- BBY assures that farmers at least get the MSP value for their crops.

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- 8 kharif crops namely Soybean, maize, urad, tur, moong, groundnut, til, ramtil are covered under the scheme.
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- **The Structure -** Under the scheme, farmers will have to first register on a portal and their sown area is then verified by government officials.
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- Subsequently, the farmer allocated a time slot to bring his produce to the mandi, where the quantity eligible for deficiency pricing is determined.
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- The quantity is determined based on the average productivity of the particular district and the cropped area of the particular farmer.
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- The farmers receive the difference between “average sale price” (market price) and “minimum support price” (MSP), directly into their bank accounts.
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- It hence provides an alternative to physical procurement of commodities at MSP, which comes with the hassles of storage, transport and marketing.
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- **The Problems -** Only those farmers registered on its portal gets benefited.
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- Financial burden will be more than 90% of the state’s total agri-budget, rendering BBY unfeasible.
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- The Haryana government too has announced a somewhat similar scheme for vegetables but it does not even cover the full cost of production.
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What is Telangana’s Scheme?

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- The government of Telangana is piloting an "Input support scheme" modelled on the line of EU's "single payment scheme".
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- **The Structure** - It involves paying Rs 4,000 per acre to every farmer twice a year for the kharif and rabi seasons.
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- The payment is mainly to cover the cost of major farm inputs such as fertilisers, seeds and pesticides.
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- It is also to relieve farmers from taking loans from moneylenders.
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- This doesn’t require the farmer to register his cultivated area and the farmer isn’t constrained by crop choice or sale timelines.
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- This model is crop-neutral, more equitable, more transparent, and gives farmers the freedom to choose.
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- **The Problems** - It is being linked to land ownership. Thus it automatically leaves out tenant cultivators of such input supports provided.
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- The payments are on a per-acre basis. Thus a sizeable share of the payment will go to undeserving large farmers and absentee landowners.
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- There is no provision to ensure that the financial aid is actually utilised for purchasing farm inputs.
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- Thus the programme needs modification to lend income support to those who are actually engaged in agricultural activities.
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Source: Indian Express

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