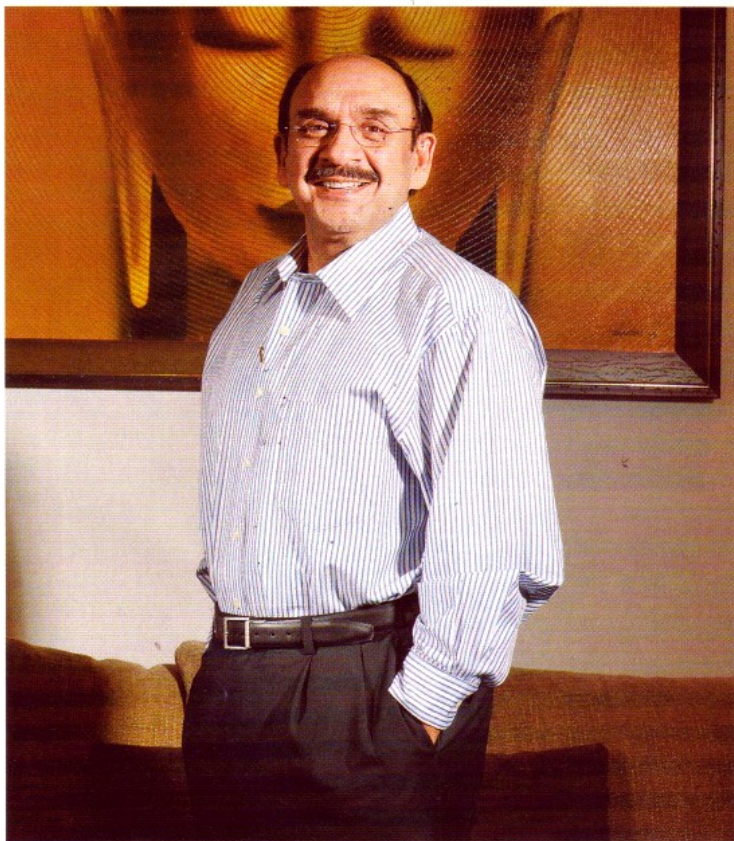




COLUMN *By Ajay S. Shriram*



ZERO-BUDGET FARMING NEEDS ON-GROUND TRIALS

EVERY BUDGET HAS EXPECTATIONS FROM A wide cross section of society from the young to the elderly, from farmers to industrialists, and from investors to consumers. This year, there was an added hype as a new government had been installed with an erudite lady Finance Minister Nirmala Sitharaman. True to her image, she presented a Budget that was balanced, shorn of hype and with a long-term roadmap. The Budget also

reflected that as a country, we have moved on, and many pressing rural issues such as sanitation, financial services, roads, clean energy, farm insurance have been largely dealt with. It was now time to shift gears to the next phase. The fact that she said: "Ease of Doing Business and Ease of Living both should apply to farmers' too" is a change from the past. There is also recognition that farming is a business and therefore the focus is on farmer income, plus there is an effort on improving quality of life.

Before getting into specifics, let's look at the big numbers. The expenditure on agriculture was Rs 52,628 crore in 2017-18, Rs 86,602 crore in 2018-19, and Rs 151,518 crore allocated in 2019-20. It has almost tripled in just two years, the major increase coming from the Rs 6,000-per acre income support. It is difficult to recall such dramatic increase in allocation in the past, and that too with zero leakage, on account of direct benefit transfer (DBT). This has significantly addressed the risks associated with farming. There is a view, and with some merit, that too much government support is in the nature of subsidies and grants, and too little is on capital expenditure and technology upgradation. Given the short-term farm distress, this is probably necessary. However, that should not prevent our public R&D from developing better technologies or our canal irrigation from improving delivery. As it is often said, let us focus on outcomes and not just outlays.

Let's now look at how incomes and lives will be impacted based on the Budget announcements.

1. The finance minister's hope that the farmers will deliver increased oilseed production just as was done in the case of pulses is an important observation, as this is the only segment of agriculture where India's import dependency has been continuously rising. However, one learning that we need to remember from the experience of pulses is to put in place a procurement system, so that prices remain stable.

2. The renewed emphasis on the Prime Minister's Sadak Yojna with special effort to upgrade roads will allow the farmer to deliver their produce to the markets, fresh

and without transit loss. Remember, today a significant part of the farm output consists of perishables such as fruits and vegetables, where losses tend to be the highest. His realisation and therefore the income will increase as logistics become smoother.

3. The creation of Common Facility Centres and incubation for 75,000 skilled entrepreneurs will play an important part in marketing both in agri. and non-agri produce, through better linkages and value addition. Once again, market is the underlying facilitator.

4. The plan to incubate 10,000 farmer producer organisations (FPO) will take farmer collectives to the next level as it will help in reducing inputs costs as well as realising better prices. As India urbanises, more marketable surpluses will move from rural to urban, and FPO can become a critical link between producers and organised retail. This will help in de-layering the several intermediaries that exist today. A governance mechanism to ensure that FPOs are run efficiently and on commercial principles needs to be ensured, so that they don't go down the path that many cooperatives societies followed.

5. The centrality of water scarcity can never be overemphasised and the Budget has made specific mention on where the problem lies. Access to drinking water and support to sanitation will further improve health parameters. The Jal Mission upfront recognises the need for local solutions and sustainable solutions. In addition, the government should gradually and through suitable pricing mechanism encourage water conservation methods and put a cost to excessive usage.

6. The support for zero-budget farming is a well-meaning statement of intent that will require a lot of on-ground trials to measure its impact on incomes. It would, however, be prudent to leave the final decision to the farmer regarding which cultivation methodology they would like to follow within a well-defined regulatory framework.

The Budget is just only one instrument of initiating policy change, especially for agriculture, which is a diverse subject largely

under state governments. Reforms are an ongoing process and even at the expense of being repetitive there are two big challenges to be addressed: Firstly, on-ground implementation is always the state's responsibility and this often becomes a stumbling block. A better constitutional arrangement to ensure a synergic working between the state and the



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central governments needs to be put in place, and there are precedents of such arrangements. So let's hope that can be rolled out. Secondly, the Indian farmer should not be denied technology that is widely accessible to peers all over the world. This is putting the farmer at competitive disadvantage and it does injustice to them. We are looking forward to the policy announcements that will move the needle on these two important aspects. **BW**

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