

Enhancing the Farm Incomes

What is the issue?

\n\n

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

\n\n

How can farm income be enhanced?

\n\n

\n

- Farm income is the excess of income from the sale of farmer's produce over his expenditure incurred on producing the same.

\n

- Measures to protect remuneration, keep input costs low and open up alternative forms of income must be carried out.

\n

- It involves three components they are

\n

\n\n

\n

1. Maximisation of revenue.

\n

2. Minimisation of inputs costs.

\n

3. Promotion of alternative sources of income.

\n

\n\n

Maximisation of revenue

\n\n

\n

- **Crop selection** -India's agri-infrastructure is geared towards procurement, storage and movement of wheat and rice.

\n

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

\n\n

Minimisation of costs

\n\n

- **Inputs** -Cost of inputs can be minimised by ensuring zero tax on all participants of the value chain of manufacturing the input.
\n
- 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.
\n
- **Electricity and water** -Government must ensure that farms shift to solar irrigation pumps, under the National Solar Mission.
\n
- **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.
\n
- **Interest rates** -Interest rates on loans to farmers need to be continue being the lowest.
\n

- **Logistics** -An unseen component of the overall crop economics is the cost of logistics of marketing the produce.
 \n
- The cost of transporting higher volumes leads to lower per tonne cost of transportation.
 \n

\n\n

Promoting alternate sources of income

\n\n

- **Dairy and livestock** -The government should establish formal breeding centres and subsequent sale of such cows and buffaloes to the farmers.
 \n
- The government needs to bring some of the best technologies from Israel for promoting the dairy sector.
 \n
- **Financial literacy** -There is a need to take financial literacy through trusted sources like the LIC to the villages,
 \n
- So that the larger population of the country also becomes a prime participant in economic growth.
 \n
- **Crop insurance** -The current models of crop insurance are factored basis rainfall, temperature and crop loss.
 \n
- However, a more robust model should take into account losses on account of pest attacks, quality deterioration.
 \n
- **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).
 \n
- This employment needs to be formalised and job losses prevented through social security programmes.
 \n

\n\n

\n\n

Source:Business Line

\n



SHANKAR
IAS PARLIAMENT
Information is Empowering