

Big sops unlikely for farmers in budget

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In the interim budget presented in February 2019, ahead of the last general elections, the Centre announced the flagship PM-Kisan scheme which promised a direct cash transfer of ₹6,000 every year for every farm household. The scheme, which now accounts for a lion's share of the agriculture budget, came on the back of falling crop prices and losses for the ruling Bharatiya Janata Party in crucial state elections.

Things have changed this time around. Crop prices are higher due to repeated climate-induced crop losses, despite export curbs on cereals and sugar. After a thumping win in recent state elections, the ruling party has less reason to woo rural voters with extravagant sops.

Yet, farmers could expect a higher cash transfer under PM-Kisan and a reallocation targeted at female members of farm families. Other than that, the budget is likely to increase funding for procurement of non-cereal crops like pulses where inflation is painfully high (21% higher year-on-year



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BLOOMBERG

in December 2023).

With uneven and unseasonal rains and heatwaves leading to recurrent crop damage in the past few years, farmers can also expect a tweaking or higher allocation for the federal crop insurance scheme, Pradhan Mantri Fasal Bima Yojana (PMFBY).

"Ideally, the budget should announce some cash handout for landless farm workers who are among the poorest. On the fertilizer front, a tweaking of subsidies away from urea to

other fertilizers (like di-ammonium phosphate or DAP) can help counter imbalanced use," said Ajay Vir Jakhar, chairman of the Bharat Kri-shak Samaj, a farm policy and advocacy body.

J a k h a r added that the main crisis in farm households

is that agricultural income from tiny plots of land—the average landholding is just over a hectare—is insufficient to meet even daily expenses.

"A policy to increase minimum support prices will not help farmers with rising living

costs. Instead, the government should focus on affordable healthcare, education, and public transport services in rural areas," Jakhar said.

As export curbs on rice, wheat and onions to lower retail prices have hurt earnings, farmers can expect to recover some of the losses from new schemes targeted at expanding the government's procurement basket. Earlier in January, the government launched a portal to procure pulses from farmers with a target to become self-sufficient by 2027.

On the crop insurance front, government data shows that in the Kharif season of 2023, about 29 million hectares were covered. This is less than a third of the total Kharif crop area of 110 million hectares. The budget could provide additional funds to drive enrolment under the scheme to shield farmers from weather related risks.

Most budget speeches in the last few years emphasized natural farming practices that can improve the soil and food quality by reducing use of chemical fertilizers and pesticides. However, the financial allocation has been minuscule—₹459 crore in 2023-24.

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