Did the FM Deliver for Farmers?*

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For those with short memories, let's remind ourselves that Arun Jaitley has been promising "top priority to farmers" for a while now. Indeed, this government came to power in 2014 promising to double farmers' incomes in five years. Four years later, that goal post has been shifted, with all official documents now declaring that farmers' incomes will be doubled by 2022, as per a "clarion call" given by Prime Minister Modi supposedly in 2017. In fact, in Budget 2016-17, the Finance Minister had already announced a slew of measures that were supposed to double farmers' incomes in five years, to little avail. Last year he made many more promises, announcing various new schemes and programmes to benefit farmers and rural people, many of which have yet to see the light of day. He also claimed that the Fasal Bima Yojana for crop insurance would be extended to cover at least half of all farmers, and that the government would enable farmers to get better prices for their produce in agricultural markets.

This year was no different in terms of the grandiose promises made to farmers. But perhaps there was more urgency, not just because rural distress continues to grow, but because in this likely election year, such distress can have political implications. So the Budget Speech had lengthy homilies on how the government is devoted to ensuring lower costs of cultivation and higher prices for agricultural produce. But like so much else in this Budget, tall claims and generous promises were made to substitute for real allocations.

Consider total outlay in agriculture and allied activities in the coming Budget. This is slated to go up by only 12 per cent, just barely keeping pace with the projected increase in nominal GDP of 11 per cent. So there is no major thrust for this sector, at least in terms of sufficiently greater spending to make a difference from the past.

This is also true of the declared intention to pay 50 per cent over cost of production in procurement of kharif crops. This would have been attractive, but for the fact that the Finance Minister claimed that the government had already provided this incentive for rabi crops. Over the past few months, farmers across the country have been protesting about low procurement prices in kharif that did not even cover their costs (much less provide 50 per cent above them) and limited, slow and inadequate procurement operations that forced farmers to cope with market prices that were much lower than even the declared MSP. Many farmers' organisations have already declared that the procurement prices announced for rabi also do not cover their actual full costs. So offering this incentive in such a context may well feel like a slap in the face.

In any case, the government's procurement operations cover only a few crops, and farmers who have diversified as the government claims it wants to encourage, have faced major problems. Cotton, oilseed and potato farmers have all suffered from very low post harvest prices that in extreme cases have forced them to simply dump their produce. The only measure proposed for such farmers is a small fund to stabilise prices – nowhere near enough to deal with the problem, especially when the government's own external trade policies have operated to intensify the price volatility farmers face.

Even the procurement operations that do exist for major food grains cover only a small number of states, most of which are more irrigated (like Punjab, Haryana, western UP and Andhra Pradesh). Most of the agrarian crisis, by contrast, is focused around dryland farming – a reality that was also recognised in the Economic Survey – and farmers there have almost no access to public procurement and minimum MSP. This is the known problem: what is the government's proposed solution for this? Apparently nothing beyond upgrading rural haats to Gramin Agricultural Markets! Oh, yes, in addition, "Niti Aayog, in consultation with Central and State Governments, will put in place a fool-proof mechanism so that farmers will get adequate price for their produce."….

The Economic Survey had highlighted climate change as a major concern of Indian farmers, especially in unirrigated areas – but the funds allocated to the Climate Resistant Agriculture Initiative are a paltry Rs 52 crore, 26 per cent less than what was budgeted two years ago! Another issue mentioned in the Economic Survey was the specific problems faced by women farmers – but the Budget remains completely gender-insensitive on this front.

The significance of non-crop activities was stressed by the FM, and there is an increase of around Rs 596 crore for the White Revolution as well as Rs 163 crore for dairy development. But the allocation for the current year is apparently not going to be spent fully, so it remains to be seen whether it will be fully utilised. And in any case, this is scarcely enough to counter the depredations made on the viability of cattle rearing by the violent activities of so-called gau rakshaks, who have increasingly made it difficult if not impossible for farmers to keep cattle.

Conditions in agriculture are intimately tied to the state of the rural economy, in general, and that is why public spending on rural development is also crucial. Here the outlays are hugely disappointing. Total rural development spending is slated to increase by only 3 per cent over the current year – not even keeping pace with inflation! The budgetary allocation of MNREGA has been kept at the same level as the current year, at Rs 55,000 crore, even though there is already around Rs 6,000 crore of unpaid dues of the central government to the states, which is leading to delayed wage payments of workers. The net amount allocated for the Pradhan Mantri Gram Sadak Yojana, about which the FM spoke so proudly, is exactly the same (at Rs 19,000 crore) as was budgeted last year – therefore once again a drop in real terms.

Other areas of public spending that affect rural people have also been affected. The allocation for the National Health Mission is less than it was last year, while spending on the erstwhile ICDS will increase by only 7 per cent. Perhaps the unkindest cut of all is the apparently generous promise of providing publicly funded health insurance for up to Rs 5 lakh per family for 100 million families – a promise made without any financial backing, since the projected increase in the Rashtriya Bima Yojana outlay is only around Rs 670 crore, not even a drop in the ocean of the kind of money that would be required.

No wonder that the initial reaction from farmers' organisations has been of dismay and even disbelief that all they could be made fools of like this. It remains to be seen how this will pan out in the coming months, but such a clever-by-half attitude towards those who provide food for India and account for at least half the work force may well backfire on the government.

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