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Doubling the Farmers' Income: Issues, Challenges, Its Necessity and Possibilities in Indian Context

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INTRODUCTION

In February 2016, the central government had set a goal of doubling real incomes of farmers by year 2022, from the baseline income of 2015-16. The time of declaration was considered most appropriate as the farm sector was struggling to recover from a severe drought. Farmer incomes had declined, there was rising indebtedness among farm households, and a sharp increase in farmer suicides. At the macro level, the contribution of agriculture to the country's GDP was only about 18 percent, even as agriculture accounted for 50 percent of employment. The target set by the central government was ambitious—a real growth rate of 10 percent every year from 2016 onward. We have crossed the half way mark to 2022, and it might help to reflect on where we stand today. According to the Economic Survey 2019-20, the average annual real growth rate of agriculture and allied sectors has stagnated at 2.9 percent, in the past five years. To make up for this lag, the farm sector needed to grow at 12-15 percent annually in the next three years, to reach anywhere close to the target. The existing set of policies and actions on the ground have so far proven to be grossly inadequate to stimulate growth in the farm sector. It is in this context that the country had been waiting for the policy and budget declarations this year.

Why Double Farmers' Income?

Past strategy for development of the agriculture sector in India has focused primarily on raising agricultural output and improving food security. The net result has been a 45 per cent increase in per person food production, which has made India not only food self-sufficient at aggregate level, but also a net food exporting country. The strategy did not explicitly recognise the need to raise farmers' income and did not mention any direct measure to promote farmers welfare. The net result has been that farmers income remained low, which is evident from the incidence of poverty among farm households.

Sources of Growth in Farmers' Income

Doubling real income of farmers till 2022-23 over the base year of 2015-16, requires annual growth of 10.41 per cent in farmers income. This implies that the on-going and previously achieved rate of growth in farm income has to be sharply accelerated. Therefore, strong measures will be needed to harness all possible sources of growth in farmers' income within as well as outside agriculture sector.

The major sources of growth operating within agriculture sector are:

1. improvement in productivity
2. resource use efficiency or saving in cost of production
3. increase in cropping intensity
4. diversification towards high value crops

The sources outside agriculture include:

1. shifting cultivators from farm to non-farm occupations, and improvement in terms of trade for farmers or real prices received by farmers.

Strategy for Improving Farmers' Income

The sources of growth in output and income can be put in four categories.

1. Development initiatives including infrastructure
2. Technology
3. Policies and
4. Institutional mechanisms

Roadmap and Action Plan

The quantitative framework for doubling farmers income has identified seven sources of growth. These are:

1. Increase in productivity of crops
2. Increase in production of livestock
3. Improvement in efficiency of input use (cost saving)
4. Increase in crop intensity
5. Diversification towards high value crops
6. Improved price realization by farmers
7. Shift of cultivators to non-farm jobs

CONCLUSION

The low level of farmers income and year to year fluctuations in it are a major source of agrarian distress. This distress is spreading and getting severe over time impacting almost half of the population of the country that is dependent on farming for livelihood. Persistent low level of farmers income can also cause serious adverse effect on the future of agriculture in the country. To secure future of agriculture and to improve livelihood of half of India's population, adequate attention needs to be given to improve the welfare of farmers and raise agricultural income. Achieving this goal will reduce persistent disparity between farm and non-farm income, alleviate agrarian distress, promote inclusive growth and infuse dynamism in the agriculture sector. Respectable income in farm sector will also attract youth towards farming profession and ease the pressure on non-farm jobs, Which are not growing as per the expectations.

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