What promises should Budget 2024-25 hold for agriculture sector?

Agriculture

Recent budget hikes proved limited benefits to the farmers, necessitating a review to prioritise sector-wide support

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Prioritising women farmers through targeted financial allocations and tailored interventions is vital towards inclusive agricultural development. Photo: iStock

The Interim Budget for 2024-25 scheduled to be tabled on February 1, 2024 carries significant importance, not only for the ruling government but also for the common citizen, including farmers and rural communities, amid multiple challenges to agriculture and allied sectors. Agriculture persists in navigating through divergent circumstances characterised by a moderate growth trajectory alongside extensively documented obstacles.

Despite achieving an average annual growth rate of more than 4 per cent over the past six years, the sector grapples with significant concerns regarding its sustainability as a livelihood option. There is widespread recognition of the belief that increasing public expenditure in agriculture can rejuvenate the sector, particularly benefiting small and marginal farmers, thereby ensuring its long-term viability.

Efforts to double farmers' income, initiated by the Union government in 2016, led to a significant rise in budget allocations for the agriculture sector, reaching approximately Rs 131,600 crore in 2023-24 (budget estimate), nearly three times higher than in 2017-18. However, this surge in funding hasn't translated into tangible improvements for farmers.

Comparing income data from the National Sample Survey rounds of 2012-13 and 2018-19 reveals a nominal increase of 29.7 per cent, falling far short of the 10 per cent annual growth recommended by the Dalwai Committee. Adjusting for inflation, real income for farmer households actually declined by around 2 per cent during this period. The upcoming budget can provide opportunities to get the priorities right for the sector through a departure from some of the existing budgetary formulations.

Sector-wide support measures

A critical examination of the rising agriculture budgets is essential to ensuring the long-term efficacy of this support. Despite agriculture being a state subject constitutionally, the Union government's expenditures contribute significantly to the sector's budget, emphasising the importance of its composition for overall development.

In recent years, Union government spending has predominantly favoured individual farmer-centric support measures over broader sector-wide improvements. This shift is evident in the allocation of funds, with schemes like Pradhan Mantri Kisan Samman Nidhi Yojana (PM KISAN) and Pradhan Mantri Fasal Bima Yojana (PMFBY) receiving priority. While such direct support is vital given the challenges faced by farmers, it raises concerns if it comes at the expense of broader sectoral enhancements.

The Union Budgets over the past four years have demonstrated a clear preference for individual-centric schemes, which constitute a significant portion of the total agriculture budget. Despite an overall increase in the agriculture budget envelope, the focus on individual-centric measures has intensified. This trend also extends to some state budgets, reflecting a replication of the Union government's approach. To ensure sustainable agricultural development, it is crucial for states to complement the Union government's efforts by prioritising sector-wide support measures.

Robust mechanisms for fund utilisation

According to recent reports by the Union Ministry of Agriculture and Farmers Welfare, the ministry has surrendered more than Rs 1 lakh crore of unutilised funds allocated for various central schemes over the past five years. It indicates that the ministry's actual expenditure was lower than the budgeted amount for significant schemes.

The surrender of funds displays a big concern given that farmers are demanding increased allocations for agriculture, infrastructure development, irrigation expansion, price support mechanisms to ensure fair prices and funding for research and extension services.

The underutilisation of funds under Centrally Sponsored Schemes (CSS) such as Rashtriya Krishi Vikas Yojana (RKVY) displays the resource constraints in terms of matching grants (40 per cent) by states. A number of states that are resource constrained are unable to contribute their share, which makes them ineligible to get the funds under various CSS, resulting in the underutilisation of funds released by the Centre.

The Comptroller and Auditor General of India audit of RKVY identified various reasons that could lead to low levels of fund utilisation, including delays in fund release, inefficiencies in scheme implementation, and inadequate scrutiny of projects.

Improving the utilisation of allocated funds for core schemes like RKVY and National Food Security Mission is imperative. This requires strengthening institutions and enhancing the frontline workforce to address implementation challenges and ensure effective utilisation of funds.

Developing avenues in non-crop segments

Given the high potential of economic growth in rural India, much attention is still required to tap the opportunities in non-crop avenues such as livestock, dairying, fisheries, forestry, and non-farm employment. There is a high time to reduce bottlenecks in skills, education, opportunities, caste and gender to improve the livelihood situation.

The construction sector has emerged as a prominent source of employment in rural regions, especially during the lean seasons in agriculture, and thus enhances households' income levels. But despite progress, challenges persist, requiring sustained focus on rural development initiatives.

Major schemes like the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Pradhan Mantri Awas Yojana-Gramin, Pradhan Mantri Gram Sadak Yojana and Jal Jeevan Mission should be given more priority with increased scope of scheme implementation.

However, challenges such as scheme saturation and declining allocations for MGNREGS necessitate innovative solutions to sustain rural employment momentum. Looking ahead, prioritising rural employment generation and infrastructure development remains paramount for economic recovery and equitable growth.

Put women farmers at centre stage

Despite their significant contributions to agriculture, women lack control over productive assets like land and livestock. The majority of women farmers are categorised as unpaid family workers, engaging in less skilled agricultural tasks without wages. Limited access to essential inputs such as credit, insurance, and institutional support further exacerbates their plight. Women also face barriers to accessing cooperatives and extension services, which often neglect their specific needs and roles in agriculture.

Addressing these challenges requires comprehensive measures to ensure gender equity and empower women farmers in India. To prioritise the Union Budget for women farmers, specific measures must be taken.

Firstly, there should be targeted financial allocations for women-centric agricultural schemes and initiatives, focusing on land ownership rights, access to credit, and technical training. Additionally, enhancing the reach of existing schemes like PM-KISAN and PMFBY to ensure equitable benefits for women farmers is crucial.

Moreover, investments in infrastructure development tailored to women's needs, such as water and sanitation facilities, storage units, and market access, are imperative. Creating awareness and providing support for women's participation in decision-making processes related to agricultural policies is essential.

Lastly, institutions like the Gender Budgeting Cell within the Department of Agriculture and Farmers Welfare and the National Gender Resource Centre in Agriculture should effectively facilitate policy advocacy, gender-specific interventions, and conducts impact analyses to ensure resources are allocated equitably to women farmers in agricultural development initiatives.

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