



General Studies-3; Topic: Issues related to Agriculture

Increasing Farmers Income

Introduction

- After two successive droughts in 2014-15 and 2015-16, the government set out an ambitious target to **double farmers' incomes by 2022-23**.

Doubling Farmers Income

- The Ashok Dalwai Committee was set up to chalk out a strategy to achieve this.
- It stated that a growth rate of 10.4 per cent per annum would be required to double farmers' real income by 2022-23.
- According to an estimate of farmers' income for 2015-16 by NABARD in 2016-17, the average monthly income of farmers for 2015-16 was Rs 8,931.
- A similar survey must be conducted in 2022-23, to know what happened to the target of doubling farmers' real income.
- It is important to consider the indicators of growth in agri-GDP as well as farmers' incomes based on a survey of the specific year to get a clearer picture of the state of affairs at the farmer level.

Present Status

- There is huge gap between agriculture GDP and farmers' income growth in many states.
- Some states experience deficient rainfall than its Long Period Average (LPA).
- The share of income from rearing animals (this includes fish) has gone up dramatically from 4.3 per cent in 2002-03 to 15.7 per cent.
- The share of income from the cultivation of crops has decreased from 45.8 per cent to 37.7 per cent.
- The share of wages and salaries has gone up from 38.7 per cent to 40.3 per cent.

- The share of income coming from non-farm business has come down from 11.2 per cent to 6.4 per cent.

Animal Husbandry

- There is no minimum support price (MSP) for products of animal husbandry or fisheries and no procurement by the government.
- It is demand-driven, and much of its marketing takes place outside APMC mandis.
- This is the trend that will get reinforced in the years to come as incomes rise and diets diversify.
- The food grain stocks with the government are already overflowing and more than double the buffer stocking norms.
- Those who believe that farmers' income can be increased by continuously raising the MSP and government procurement are advocating a very expensive food system.

Way Forward

- Doubling farmers' income requires
 - Improvement in crop productivity
 - Improvement in livestock productivity
 - Resource use efficiency or savings in the cost of production
 - Increase in the cropping intensity
 - Diversification towards high value crops
 - Improvement in real prices received by farmers
 - Shift from farm to non-farm occupations
- **Augmenting farmers' income will require investment in animal husbandry, fisheries and fruit and vegetable cultivation.**
- **Private sector needs to be incentivised to create value chains** based on a cluster approach.