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Agricultural Production and **Market Outlook**

The Rising Agriculture....

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Budget 2018-19

The Union Minister for Finance and Corporate Affairs, Shri Arun Jaitley, while announcing the General Budget 2018-19 in Parliament said that Prime Minister, Shri Narendra Modi gave a clarion call to double farmers' income by 2022 when India celebrates its 75th year of Independence. "Our emphasis is on generating higher incomes for farmers. We consider agriculture as an enterprise and want to help farmers produce more from the same land parcel at lesser cost and simultaneously realize higher prices for their produce", the Minister added while announcing a slew of new initiatives for the farm sector in Budget 2018-19.



BUDGET 18

THE FARMER'S BUDGET



Minimum Support Price (MSP)

The Government has decided to keep Minimum Support Price (MSP) for all hitherto unannounced crops of Kharif at least at one and half times of their production cost. “This historic decision would prove an important step towards doubling the income of our farmers and NITI Ayog 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”

Linking MSP to production cost – Finance Minister (FM) announced 1.5x input cost MSP (Minimum Support Prices) prices for Kharif crop to farmers. Given that many product prices have been forced below MSP in recent times, the budget reiterates the need for effective implementation of MSP and directed Niti Aayog to introduce a mechanism to ensure farmers get adequate price for their produce.

Upgrade for agricultural markets

The government will develop and upgrade the existing 22,000 rural haats into Gramin Agricultural Markets (GrAMs). The physical infrastructure in these GrAMs will be strengthened using MGNREGA and other government schemes. The GrAMs, electronically linked to e-NAM and exempted from regulations of APMCs, will provide farmers with a facility to make direct sales to consumers and bulk purchasers.

Focus on linking habitations with rural markets

The deadline for connecting all eligible habitations with an all-weather road has been brought forward to

March 2019, from March 2022. The focus now will be on strengthening and widening its ambit further to include major link routes which connect habitations to agricultural and rural markets (GrAMs), higher secondary schools and hospitals.

Big push for organic farming

Organic farming by Farmer Producer Organisations (FPOs) and Village Producers’ Organisations (VPOs) in large clusters, preferably of 1,000 hectares each, will be promoted. Women’s Self Help Groups (SHGs) will also be encouraged to take up organic agriculture in clusters under the National Rural Livelihood Programme.

Govt to support cultivation of medicinal, aromatic plants

The government will allocate Rs 2 billion to support a large number of small and cottage industries that manufacture perfumes, essential oils and other associated products. This is because the ecology of the country supports cultivation of highly specialised medicinal and aromatic plants.

Allocation for food processing doubled

With the food processing sector growing at an average rate of eight per cent per year, the government has decided to double the allocation to this sector, from Rs 7.15 billion in 2017-18 (revised estimates) to Rs 14 billion in 2018-19. The Pradhan Mantri Krishi Sampada Yojana is the flagship programme for

boosting investment in food processing.

‘Operation Green’ to be launched

The government has allocated Rs 5 billion to launch Operation Green on the lines of Operation Flood. Operation Green will promote Farmer Producers Organisations (FPOs), agri-logistics, processing facilities and professional management. Also, the government will set up state-of-the-art testing facilities in all the 42 Mega Food Parks to realise the potential of exports of agri commodities.

Kisan Credit Cards extended to newer areas

The government has proposed to extend the facility of Kisan Credit Cards to fisheries and animal husbandry farmers to help them meet their working capital needs. Small and marginal farmers will get more benefits.

A big push for bamboo in mission mode

The government will launch a re-structured National Bamboo Mission with an outlay of Rs 12.90 billion to promote the bamboo sector in a holistic manner. It had earlier removed bamboo grown outside forest areas from the definition of trees, giving a major fillip to its cultivation and usage.

Govt to buy surplus solar power generated by farmers

The Union government will encourage state governments to put in place a mechanism to ensure that the surplus solar power generated by farmers on their lands is purchased by distribution companies or licensees at reasonably remunerative rates. Many farmers are installing solar water pumps to irrigate their fields.

New funds to push fisheries and animal husbandry

Rs 100 billion has been allocated to set up a Fisheries and Aquaculture Infrastructure Development Fund (FAIDF) for the fisheries sector and an Animal Husbandry Infrastructure Development Fund (AHIDF) for financing the infrastructure requirement of the animal husbandry sector. A Dairy Processing Infrastructure Development Fund (DPIDF) to help finance investment in dairying infrastructure had been announced last year.

Credit for lessee cultivators who do not get crop loans

NITI Aayog, in consultation with state governments, will evolve a mechanism that gives lessee cultivators access to credit without compromising the rights of the land owners. Presently, lessee cultivators are not able to avail of crop loans. Consequently, a significant proportion of arable land remains fallow and tenant cultivators are forced to secure credit from money lenders.

Big targets for various schemes for women, electricity for all and Swachh Bharat

The PM’s Ujjwala Scheme, under which free LPG connections were given to 50 million poor women, will now be targeted at 80 million poor women. Under the Prime Minister’s Saubhagya Yojana for providing electricity to all households, the government is spending Rs 160 billion. This financial year the Swachh Bharat Mission has a target of constructing around 20 million toilets.

Irrigation in deprived districts

Rs 26 billion has been allocated for ground water irrigation under the Prime Minister Krishi Sinchai Yojna -- Har Khet ko Pani, which will be taken up in 96 deprived irrigation districts where less than 30 per cent of the land holdings presently get assured irrigation.

Scheme to make villages open defecation free

In order to making villages open defecation free, the government has proposed the launching of a scheme called Galvanizing Organic Bio-Agro Resources Dhan (GOBAR-DHAN) for management and conversion of cattle dung and solid waste in farms to compost, fertiliser, bio-gas and bio-CNG.

115 model districts to be developed

To achieve the vision of an inclusive society, the government has identified 115 aspirational districts, taking various indices of development into consideration. The aim is to improve the quality of life in these districts by investing in social services such as health, education, nutrition, skill upgradation, financial inclusion and infrastructure (irrigation, rural electrification, potable drinking water and access to toilets) at an accelerated pace.



Govt Increase Import Duty on Sugar and Chana

The government doubled the import duty on sugar to 100 per cent and also increased it for chana (chickpeas) to 40 per cent from 30 per cent. This comes days after the government lifted the minimum export price (MEP) of onions. Prices of sugar and chana have crashed in the past few months, making the situation of farmers even more precarious.

It has removed its MEP and allowed domestic traders to ship all its varieties. In November last year, the government had imposed an MEP of \$850 or Rs 54,000 a tonne on onions. In the case of sugar, wholesale prices have fallen below the cost of production because of production increasing by an estimated 6 million tonnes in the 2017-18 season (October-September). In retail markets, sugar is being sold at Rs 40-42 a kg.

The National Federation of Cooperative Sugar Factories and the Indian Sugar Mills Association have sought government intervention because ex-factory prices of sugar have fallen below the cost of production to Rs 29.50 -30 a kg. India's sugar production estimate has been revised to 26.1 million tonnes in the current 2017-18 marketing year (October-September) as against 20.3 million tonnes in 2016 -17, according to the industry data. Consumption has been pegged at 25 million tonnes for this year. As regards chana, the wholesale price is ruling at Rs 3,700-3,800 per quintal, much below the MSP of Rs 4,400 per quintal due to a bumper harvest. The output of pulses increased sharply to an all-time high of 22.95 million tonnes in the 2016-17 crop year (July-June) from 16.35 million tonnes in the previous year, according to the agriculture ministry data. In 2017-18, too, production is expected to be more than 21 million tonnes.

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