



How Modi has paved the way for transformation of Indian agriculture sector

The agriculture sector is the backbone of the Indian economy. Agriculture and its allied sectors are the primary sources of livelihood for more than 50% of the population of the country. After independence, we have witnessed a long series of dedicated discussions on agriculture, formation/reformation of committees and commissions and a number of reports with recommendations on agriculture and farmers' welfare. It seems that earlier discussing the country's agricultural scenario was a part of the routine exercise of the government. Almost every government has given emphasis on providing financial aid to the farmers, a practice which ultimately made farmers' loan waive off a key agenda in the country's elections. But all these activities and deliberations have completely missed a very important element- the income of the farmers, an angle which was needed the most attention got deliberately pushed to the bottom in the list of the previous government's priorities.

For many decades, our farmers strived for arranging the basic necessities of the life but none of the leaders from the previous governments had given a thought of producing a vision to bring some concrete changes in their lives. Gradually the farmers of our country were reduced to the status of a mere tool of fetching votes on election days and the complexities in their lives have grown exponentially, Agrarian and farmers distress has given birth to the other national crisis like poverty, food crisis, migration, job crisis and agitations for reservations in government jobs, etc. and the new generation of rural India lost the motivation to consider farming as a profession.

This was the scenario of Indian agriculture when Prime Minister Narendra Modi took charge in his hands. In 2014, after being elected as Prime Minister of India, Narendra Modi had revived the priorities of the government and he put the farmers' income on the top. In fact, he went one step further and given an ambitious target to all relevant stakeholders to work toward doubling the farmers' income by 2022. The clarion call of Prime Minister Modi to double farmers' income has brought a refreshing change in the working culture and given a fresh perspective to policymakers and executors to the agriculture sector.

The government's decision to take a calibrated shift from traditional 'production centric' approach to a focus on generating 'higher income' for the farmers has the potential to completely turnaround the scenario of the Indian agriculture sector.

In the month of April 2016, the Modi government set up an inter-ministerial DFI (Doubling Farmers' Income) Committee. Since the formation of the National Commission for Farmers in 2004, during the Vajpayee government days, the DFI can be seen as one of the most reformative moves which have set the farmers' income aspect at the core of policymaking. After giving the vision to double farmers' income, PM Modi has further shaped it by articulating a seven-point agenda, which proved a great help for the DFI committee.

A Modi's Model of Agriculture Transformation

Agriculture is one of the largest enterprises in the country. And for the first time, there is a focus on making this enterprise more profitable for the farmers. In his 2018 budget speech, Arun Jaitley had summarized the vision of the government when he said: "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 a lesser cost and simultaneously realize higher prices for their produce."

In the last five years, the aspects of agribusiness on which the government has given an emphasis were not a part of the traditional strategies for Agriculture sector i.e. focus on value addition, efficiency in production/productivity and procurement, providing means for generating additional revenue streams, R&D support, risk management, quality management, providing an ease of market

access to the farmers, etc. All these factors contribute to the Ease of Doing Agri-Business environment in the country.

Financial Support

Earlier even for their small and regular needs like buying fertilizers, seeds, purchase of irrigation equipment, paying electricity bills and for other unplanned requirements our farmers were forced to take loans. According to some official stats, nearly 86 percent of the farm investment in India is undertaken through borrowed money from both institutional and non-institutional sources. The farmers' dependence on the borrowed amount for investment is more than 50 percent across all the states.

Announced in the budget of 2019, PM KISAN scheme has come as a great relief for the farmers. Under Pradhan Mantri Kisan Samman Nidhi initiative 120 million small and marginal farmers who have less than 2 hectares (4.9 acres) of landholding will get up to Rs. 6,000 (US\$86) per year from the government as the minimum income support. In the month of February, on the launch of this scheme from Uttar Pradesh's Gorakhpur PM Modi has transferred the first installment of Rs.2,000 each to over one crore farmers. In the previous budget, the government had announced the extension of the Kisan Credit Card scheme (KCC) to Animal Husbandry and Fisheries farmers too. And from February 2019, the limit of collateral free Agri loans has been extended from Rs. 1 lakh to Rs. 1.6 lakh.

Focus on Production, Productivity and Procurement

The Doubling Farmers' Income committee report has mentioned that they adopted a basic equation of economics in designing their strategies, which says that net return is a function of gross return minus the cost of production thus the focus should be on productivity gains, reduction in the cost of cultivation, and remunerative price. In the last five years, the Modi government has almost doubled the budgetary allocation for agriculture to Rs. 2.11 lakh crore from the UPA government's total allocation of Rs. 1.21 lakh crore. From soil health to irrigation facilities to crop disease control, the Modi government has adopted a holistic approach for reducing the cost of production and for increasing the production efficiency. As on 21 Feb 2019, more than 18.5 crore soil health cards have been dispatched to the farmers which include the crop-specific recommendations for the

use of nutrients and fertilizers to help farmers improve their productivity. Modi government has covered micro-irrigation of 37.49 lakh hectares and PM Krishi Sinchai Yojana has been implemented on a mission mode with 'more crop, per drop' kind of water management techniques.

To reduce the cost of fertilizers 100% Neem coated urea is being provided by the Modi government which is not only more effective but also reduced about 10 percent of expected urea consumption. This resulted in the reduction in the cost of cultivation and improved the health of the soil as well. To ensure fair and remunerative price, the Modi government has not only taken the historic MSP hike decision (a hike of 1.5 times of the cost of production) but it has increased the procurement ratio too. In the last five years, the procurement of oilseeds and pulses has increased by almost 13 times as compared to the UPA days. Modi government has procured Rs. 44,142 crore worth of pulses & oilseeds from the farmers whereas in the UPA government the worth of total farm procurement was Rs. 3,117.38 crore.

Value addition

Value addition and Food processing can play a vital role in achieving the objective of doubling farmers' income. For better implementation of the schemes in the food processing sector, the Modi government has separated the food processing sector from the agriculture ministry and made it a separate ministry. In the year 2017, PM Modi had launched Pradhan Mantri Kisan Sampada (Scheme for Agro-Marine Processing and Development of Agro-Processing Clusters) Yojana, a scheme which aims at supplementing agricultural income, modernizing processing of agricultural produce, enhancing export potential and reducing agri-waste. PM Kisan Sampada yojana has played a crucial role in creating huge direct and indirect employment opportunities and ensuring better prices to farmers. In the last five years, 15 mega food parks (against only 2 in UPA times) and 85 cold chains got operationalized and 286 new proposals for cold chain projects have been approved. The Modi government has also launched 'Operation Greens' to promote Farmer Producers Organizations (FPOs), agri-logistics, processing facilities and professional management which all contribute to value addition in agri-business.

Additional Revenue Streams - Solar Farming

A model of 'Solar Farming' which PM Modi has successfully implemented in his home state Gujarat during his chief minister's days, is now being promoted on a national level with a vision to transform the 'Annadaata' (food provider) into 'Urja-daata' (energy provider). In budget 2018-19 Modi government had announced a Rs. 1.4 lakh crore solar power scheme Kisan Urja Suraksha evam Utthan Maha Abhiyan (KUSUM). The scheme consists of three components: Component-A is 10,000 MW of decentralized ground mounted grid-connected renewable power plants, Component-B is the installation of 17.50 lakh standalone solar-powered agriculture pumps and Component-C is solarisation of 10 lakh grid-connected solar powered agriculture pumps.

Under the scheme, renewable power plants of capacity 500 KW to 2 MW will be set up by individual farmers/cooperatives/panchayats/farmer producer organizations on their barren or cultivable lands. The power generated will be purchased by Discoms at a feed-in-tariff (FiT) determined by respective State Electricity Regulatory Commission (SERC) for which a PPA (Power Purchase Agreement) will be signed by the Discom for a period of 25 years. Additionally, individual farmers will be financially supported to install standalone solar pumps of capacity up to 7.5 HP for replacement of existing diesel pump sets in areas where there is no source of power for irrigation. And individual farmers having grid connected agriculture pump will be supported to solarise their pumps.

These Solar pumps will save the money of the farmers which they invest in diesel for running diesel pump and will also provide them a reliable source of irrigation through solar pumps. Solarisation of the 10 lakh grid connected agriculture pumps will help to create an avenue for extra income to the farmers as they can sell surplus solar power to the electricity grid and Discoms. And Discoms will purchase excess power from the farmer at the rate decided by the respective State or SERC (State Electricity Regulatory Commissions). This scheme will also open a stable and continuous source of income for the rural landowner for a period of 25 years with the utilization of their dry/uncultivable land. The government is going to implement this model on a massive scale and it will prove to be a milestone in the Income revolution of the farmers.

Risk Management

For the first time, there is a focus on the Risk Management aspect of agriculture too. To ensure holistic risk management for farmers, Pradhan Mantri Fasal Bima Yojana was launched which provides insurance at extremely nominal rates. Earlier insurance schemes had an upper limit on government subsidy. However, PMFBY has none. PMFBY also covers risks even in cases of hailstorm in post-harvest losses, besides unseasonal and cyclonic rainfall.

Market Access

Previous governments have taken no steps to provide direct market access to the farmers, a major reason due to which our farmers never received the right price for their produce and despite continuous hard work they were forced to suffer in poverty. Modi government has ended the monopoly of Middlemen with a game-changing initiative - National Agriculture Market or eNAM, a pan-India electronic trading portal which networks the existing APMC Mandis to create a unified national market for agricultural commodities. As of now, the eNAM has enrolled 585 mandis across 16 States and 2 Union Territories, over 1.31 crore farmers and 1.2 lakh traders are registered on eNAM and over 40.8 lakh tonnes have been traded. Its vision is to promote uniformity in agriculture marketing by streamlining of processes across the integrated markets, eliminating information asymmetry between buyers and sellers and promoting real-time price discovery. This year more features have been added in the eNAM by the Ministry of Agriculture and Farmers' Welfare, including the extension of online sale and purchase of agricultural produce even in the agricultural market committees (AMCs) where eNAM is not being implemented.

Envisioning the transformation of one of the most complex sectors of the economy-Agriculture is itself a mammoth task but the trajectory of the last five years of developments reflects that Modi government has taken up it as a challenge. Prime Minister Narendra Modi's goal of doubling farmers' income by 2022 has not only changed the age-old production centric perspective but has also made the whole machinery to work on a mission mode to bring an Income revolution for the farmers.

Government has also promoted agri-tech startups and use of advanced technologies in agriculture on a massive scale through the hackathon, challenges and other creative platforms for the youth. Inspired with the visionary approach of PM Modi, many of our urban youth are now considering agriculture as a promising domain to start their ventures. There is a rise in the new generation of agri entrepreneurs in the country who are developing innovative solutions with the convergence of IoT, data analytics, AI and cloud platforms. And at the same time, the Modi government is encouraging the use of traditional knowledge. The government has come up with Paramparagat Krishi Vikas Yojana in order to boost organic farming, particularly in Northeast India. Women Self Help Groups are also being encouraged by the government to take up organic farming in clusters under National Rural Livelihood Programme.

For making agriculture a profitable enterprise, the branding of Indian agriculture is essential too. PM Modi has invited Indian Industrialists to invest in the marketing and branding of the agriculture sector. Last year, in Mumbai he convened a meeting with top industrialists to discuss the opportunities of corporate investment in the agriculture sector, at present the aggregate corporate investment in the domestic farm sector is only 1% which offers great untapped opportunities for industrialists.

Agriculture sector which has the potential to transform India's prospects drastically is needed a visionary and farmers' welfare centric mindset to bring a real revolution. The Income revolution in Indian agriculture will bring positive changes in almost every sector of the economy.

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