

theirview

A new paradigm for agriculture?

A growth-first approach may work in the short-term, but India needs to prioritize sustainability simultaneously

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The Union Budget 2016-17, seeking to "transform India," has been hailed for its emphasis on agricultural growth and sustainability. Symbolically, the finance minister put "agriculture and farmers' welfare" first in his nine-point agenda. The words "agriculture" and "farmer" found 20 and 32 mentions, respectively, in the budget speech, the highest in the last decade.

On the substantive side, the government takes pride in nearly doubling the allocations for the agriculture sector, from ₹22,958 crore in 2015-16 (revised estimate) to ₹44,485 crore in 2016-17 (budget estimate). The increase stems in part from the inclusion of the interest subsidy, traditionally part of the finance ministry's budget, under agriculture. Excluding this, the budget involves a 27% increase in agricultural spending. The increased funding is expected to improve irrigation and crop insurance, create a national e-market for agri-produce, promote production of pulses and subsidize interest on short-term agri-credits.

The finance minister emphasized the need for optimal utilization of water resources, new irrigation infrastructure and balanced use of fertilizers, among other priorities for the agriculture sector. With a provision of ₹12,517 crore, the government seeks to strengthen Pradhan Mantri Krishi Sinchai Yojana to bring 2.89 million hectares under irrigation and create a dedicated long-term irrigation fund under the National Bank for Agriculture and Rural Development (Nabard). In addition, the minister pledged to expedite 89 irrigation projects languishing under the Accelerated Irrigation Benefits Programme, at a cost of ₹17,000 crore next year, with an additional ₹86,500 crore over the next five years to irrigate an additional 8.06 million hectares.

While the budget has commendable emphasis on the creation of agricultural infrastructure, including irrigation, value-chain, marketing and

connectivity, it is more subtle on resource efficiency and management. On this front, the government has prepared a major programme for sustainable groundwater management, with an estimated expenditure of ₹6,000 crore, proposed to be financed by multilateral funding. With a provision of ₹412 crore, the government seeks to promote organic farming in rain-fed areas. In this regard, the Par-amparagat Krishi Vikas Yojana aims to bring half a million acres under organic farming over three years. To promote organic produce in domestic and export markets, the government has launched the Organic Value Chain Development scheme in North-eastern India. Creatively, the government has also pledged to develop half a million farm ponds and dug wells in rain-fed areas for water conservation and one million compost pits by "making productive use of the allocations under MGNREGA".

Does the budget make the right move toward transforming agriculture for sustainable growth? Critics see the emphasis on agriculture as a means of placating rural voters, especially in light of upcoming assembly elections in major agricultural states like West Bengal, Uttar Pradesh and Punjab. The finance minister reiterated the vision pronounced by the prime minister in a political rally of farmers in Bareilly, Uttar Pradesh, a day ahead of the budget, to double the income of farmers by 2022. Though both of them emphasized the need for water management, the budget seem to have a biased focus on irrigation development and missed the big picture around resource utilization, efficiency and sustainability.

The Economic Survey 2015-16, published ahead of the budget session, presents the most commendable analysis of agrarian crisis in India. It claims Indian agriculture to be "a victim of its own success—especially the green revolution," by becoming



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cereal-centric, regionally biased and input-intensive (land, water and fertilizers). The Survey makes the case for "a new paradigm" for agricultural development, aimed to get "more from less"—more productivity from less resources. It specifically points out the need to "economize on the use of water" in agriculture. It also highlights the leakages in the fertilizer subsidy, which is to the tune of 65% of the subsidy. The government spent ₹73,000 crore (about 0.5% of gross domestic product) on fertilizer subsidies in 2015-16. The Survey recommends direct benefit transfers to farmers as a solution to subsidy woes. Similar issues and concerns were raised in an Occasional Paper from the NITI Aayog, titled *Raising Agricultural Productivity and Making Farming Remunerative for Farmers*. The paper claimed that "area under irrigation can be doubled in the country without extra water if we attain water use efficiency level of countries like China, USA and Brazil". Among other important recommendations, the paper made strong suggestions for improving water- and fertilizer-use efficiency.

There are no new findings. Much

of these have already been identified in the 12th Five-Year Plan document. The government clearly knows the problems and the possible solutions to them. What it lacks is an appropriate strategy that values scarcity of resources, interlinkages in their consumption pattern and the big picture around environmental degradation.

The budget, as a manifestation of the government's intent, seems to be restrained on the sustainability dimension, even after adequate emphasis in various policy publications. A "growth-first" approach may work in the short-term, but it will not be able to sustain agricultural activities, productivity and income in long run. Given that, India needs to prioritize agricultural growth and sustainability simultaneously. It needs to reorient and align policies that affect inputs—crop choices, fertilizer use, irrigation practices and energy—as well as outputs—price signals and markets. The latter has already been prioritized by the government and needs to be calibrated to promote better resource use.

Comments are welcome at theirview@livemint.com

drawbridge



By Jayachandran

