Policy Initiatives - Government of India

Following important announcements have been made in Union Budget 2019-20 for agriculture and farmers' welfare:

1. **Agriculture Production:** Agriculture production in the country during the year 2017-18 achieved a record food grain production of around 285 million tonnes and around 400 million tonnes of fruits and vegetables.

2. **Agriculture Credit:** Government has been steadily increasing the volume of institutional credit for agriculture sector from year-to-year from Rs.8.5 lakh crore in 2014-15 to Rs.11 lakh crore in 2018-19. For the year 2019-20, the target set for agriculture credit is Rs.13.50 lakh crore.

3. **Scheme of Fund for Upgradation and Regeneration of Traditional Industries (SFURTI):** 100 new clusters to be setup during 2019-20 with special focus on Bamboo, Honey and Khadi, enabling 50,000 artisans to join the economic value chain.

4. **Pradhan Mantri Matsya Sampada Yojana (PMMSY):** A robust fisheries management framework through PMMSY to be established by the Department of Fisheries.

5. **Improvement in Agri-marketing facilities:** For better price realization, farmers need to make decisions based on prices likely to be available after its harvest. Government will create an institutional mechanism, with participation of all concerned Ministries, to develop appropriate policies and practices for price and demand forecast, use of futures and options market, expansion of warehouse depository system and to take decisions about specific exports and imports related measures. Last year, GoI had announced strengthening of e-NAM and to expand coverage of e-NAM to 585 APMCs. 470 APMCs have been connected to e-NAM network and rest would be connected by March, 2019.

6. **Setting up of Agri-Market Infrastructure Fund:** More than 86% of our farmers are small and marginal. They are not always in a position to directly transact at APMCs and other wholesale markets. Government will develop and upgrade existing 22,000 rural haats into Gramin Agricultural Markets (GrAMs). In these GrAMs, physical infrastructure will be strengthened using MGNREGA and other Government Schemes. These GrAMs, electronically linked to e-NAM and exempted from regulations of APMCs, will provide farmers facility to make direct sale to consumers and bulk purchasers. An Agri-Market Infrastructure Fund with a corpus of Rs.2000 crore will be set up for developing and upgrading agricultural marketing infrastructure in the Grameen Agricultural Markets (GrAMs) and 22000 585 APMCs.

7. **Long Term Irrigation Fund (LTIF):** A dedicated Long Term Irrigation Fund was established in NABARD in 2016-17. The scope of the Fund has been expanded to cover specified command area development projects.

8. **Setting up of Fisheries and Aquaculture Infrastructure Development Fund (FAIDF) & Animal Husbandry Infrastructure**
Development Fund (AHIDF): GoI will be setting up a Fisheries and Aquaculture Infrastructure Development Fund (FAIDF) for fisheries sector and an Animal Husbandry Infrastructure Development Fund (AHIDF) for financing infrastructure requirement of animal husbandry sector. Total Corpus of these two new Funds would be Rs.10,000 crore.

9. Minimum Support Prices: Government of India has fixed Minimum support price (MSP) for the majority of rabi crops at least at one and a half times the cost involved. It has now decided to implement this as a principle for the rest of crops. Therefore, Government has decided to keep MSP for the all unannounced crops of kharif at least at one and half times of their production cost.

10. Extending benefit of MSP to farmers: Increasing MSP is not adequate and it is more important that farmers should get full benefit of the announced MSP. For this, it is essential that if price of the agriculture produce market is less than MSP, then in that case Government should purchase either at MSP or work in a manner to provide MSP for the farmers through some other mechanism. 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.

11. Horticulture crops in Clusters: Cultivation of horticulture crops in clusters bring advantages of scales of operations and can spur establishment of entire chain from production to marketing, besides giving recognition to the districts for specific crops. The Ministry of Agriculture & Farmers’ Welfare will reorient its ongoing Schemes and promote cluster based development of agri-commodities and regions in partnership with the Ministries of Food Processing, Commerce and other allied Ministries.

12. Organic Farming: Government has promoted organic farming in a big way. Organic farming by Farmer Producer Organizations (FPOs) and Village Producers’ Organizations (VPOs) in large clusters, preferably of 1000 hectares each, will be encouraged. Women Self Help Groups (SHGs) will also be encouraged to take up organic agriculture in clusters under National Rural Livelihood Programme.

13. Launching of “Operation Green”: Tomato, onion and potato are basic vegetables consumed throughout the year. However, seasonal and regional production of these perishable commodities pose a challenge in connecting farmers and consumers in a manner that satisfies both. Government proposes to launch an “Operation Greens” on the lines of “Operation Flood”. “Operation Greens” shall promote Farmer Producers Organizations (FPOs), agri-logistics, processing facilities and professional management.

14. Agri-exports: India’s agri-exports potential is as high as US $ 100 billion against current exports of US $ 30 billion. To realize this potential, export of agri-commodities will be liberalized. Government will also set up state-of-the-art testing facilities in all the forty two Mega Food Parks.

15. Re-structured National Bamboo Mission: GoI will launch a Re-structured National Bamboo Mission with an outlay of Rs.1290 crore to promote bamboo sector in a holistic manner.
16. **Solar Power:** Many farmers are installing solar water pumps to irrigate their fields. Generation of solar electricity is harvesting of Sun by the farmers using their lands. Government of India will take necessary measures and encourage State Governments to put in place a mechanism that their surplus solar power is purchased by the distribution companies or licensees at reasonably remunerative rates.

17. **Access of institutional credit to Lessee cultivators:** Presently, lessee cultivators are not able to avail crop loans. Consequently, a significant proportion of arable land remains fallow and tenant cultivators are forced to secure credit from usurious money lenders. NITI Aayog, in consultation with State Governments, will evolve a suitable mechanism to enable access of lessee cultivators to credit without compromising the rights of the land owners.

18. **Favourable tax treatment to Farmer Producers Organisations (FPOs):** Government has announced a favourable taxation treatment to Farmer Producers Organisations (FPOs) for helping farmers aggregate their needs of inputs, farm services, processing and sale operations. Presently, hundred per cent deduction is allowed in respect of profit of co-operative societies which provide assistance to its members engaged in primary agricultural activities. Over the last few years, a number of Farmer Producer Companies have been set up along the lines of co-operative societies which also provide similar assistance to their members. In order to encourage professionalism in post-harvest value addition in agriculture, GoI has now allowed hundred per cent deduction to these companies registered as Farmer Producer Companies and having annual turnover up to Rs.100 crores in respect of their profit derived from such activities for a period of five years from financial year 2018-19.

19. **Pradhan Mantri Awas Yojana (Rural):** Government of India has fixed a target that every poor of this country may have his own house by 2022. For this purpose Prime Minister Awas Yojana has been launched in rural and urban areas of the country. Under Prime Minister Awas Scheme (Rural), 51 lakhs houses in year 2017-18 and 51 lakh houses during 2018-19 which is more than one crore houses will be constructed exclusively in rural areas.

20. **Loans to Self Help Groups (SHGs):** Loans to Self Help Groups of women increased to about Rs.87000 crore in 2018-19, growing 24% over previous year.

21. **Prime Minister Krishi Sinchai Yojana:** Ground water irrigation scheme under Prime Minister Krishi Sinchai Yojna- Har Khet ko Pani will be taken up in 96 deprived irrigation districts where less than 30% of the land holdings gets assured irrigation presently.

22. **MUDRA:** MUDRA Yojana launched in April, 2015 has led to sanction of Rs.4.6 lakh crore in credit from 10.38 crore MUDRA loans. 76% of loan accounts are of women and more than 50% belong to SCs, STs and OBCs. A target of Rs.3 lakh crore for lending under MUDRA has been fixed for 2018-19.