



Job creation at the farmer's doorstep

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Job creation at the farmer's doorstep-The conversation on raising farmer income needs to embrace non-farm diversification

- The Telangana government's recent announcement of the Rythu Bandhu scheme has spotlighted the policy of utilising cash transfer to assist land-owning farmers with a non-agricultural income — instead of the traditional policy measures of price interventions, trade restrictions and farm loan waivers.
- While the scheme is nominally intended as investment support for inputs such as seeds and pesticides, it implies a transfer of Rs.8,000 per acre for every landowning farmer over two crop seasons.
- As Credit Suisse notes, the scheme has an inbuilt bias for large farmers, allowing 9% of farmers with more than five acres to earn 34% of the total payout.
- Rural India's economic situation continues to worsen.
- A recent survey by the National Bank for Agriculture and Rural Development (All India Rural Financial Inclusion Survey) shows that the average monthly income of rural households is Rs.8,059, with agricultural households deriving only 43% of their income from agriculture; most of it is from providing daily wage labour and government jobs.
- While agricultural households typically had a higher income than non-agricultural households, they had higher debt on average (Rs.1,04,602 and Rs.76,731, respectively).
- This is also reflected in the decoupling of urban Indian incomes from rural India with per capita income in rural India lagging a fair bit.
- The government has sought to double farmer income by raising minimum support prices, but such initiatives would apply directly only to 48% of rural India, with non-agricultural households being left behind.
- Perhaps we need to look at alternative sources of income.

Diversification is the key

- Diversification, away from marginal farming, is typically the answer — as a few papers on the subject show (Adams and He, Lanjouw, Janvry, and Reardon) — helping to overcome land constraint to income growth, while allowing farmers to cope with exogenous shocks through additional income.
- In some cases, it ‘even allows them to reinvest in productivity enhancing agricultural technologies’. Within this, there are two key sectors, where appropriate reforms can lead to significant income support for marginal farmers.

Opportunity in livestock

- The livestock sector can offer significant opportunities for bolstering non-farm income.
- The current breeding policy (based on exotic blood and artificial insemination) needs to be revamped.
- A national breeding policy is also needed to upgrade the best performing indigenous breeds.
- State governments should be encouraged to participate in national breeding policy implementation, creating an environment for competition among alternative suppliers of artificial insemination.
- State governments should sponsor research and assessment of the market, along with highlighting investment potential.

Focus on migrant workers

- We should also embrace the fact that agricultural labourers routinely seek construction-related daily wage labour to bolster their income.
- Improving the conditions of migrant workers in the construction sector requires a multi-pronged approach.
- First, we have to enable migrant workers to get deserved access to various government (Central and State) schemes, despite the lack of identity proof.
- Utilisation of a construction cess has to be improved if we are to make any difference to the lives of our construction workers.
- Workers should also be provided with training and skilling in their areas of interest, as it could lead to higher earnings and credit-worthiness.
- Our policies should help create sustainable, long-term, rural, non-farm employment options which can aid the rural poor in overcoming barriers to economic prosperity.