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Budget proposals for agri sector to increase area under irrigation: Nabard chief



To give the rural economy a leg-up, the Union Budget has set a 11 per cent higher agricultural credit target at Rs 10 lakh crore for banks in FY2018 as against Rs 9 lakh crore in the previous year and also announced two new funds – one for micro-irrigation and another for dairy development – under the aegis of the National Bank for Agriculture and Rural Development (NABARD).

Emphasising that for a good crop, adequate credit should be made available to farmers in time, Finance Minister Arun Jaitley said “...We will take special efforts to ensure adequate flow of credit to the under serviced areas, the eastern states and Jammu & Kashmir.”

The farmers will also benefit from 60 days’ interest waiver announced by the Prime Minister in respect of their loans from the cooperative credit structure, he added.

Irrigation Funds

The Minister said a dedicated Micro Irrigation Fund will be set up in NABARD to achieve the goal, ‘per drop more crop’. The Fund will have an initial corpus of Rs 5,000 crore. The Budget also doubled the corpus of Nabard’s Long Term Irrigation Fund to Rs 40,000 crore.

Harsh Kumar Bhanwala, Chairman, Nabard said “Through these two measures (on irrigation), we can increase the area under irrigation and improve the efficiency of irrigation.

“Improving irrigation efficiency is critical for Indian agriculture since we have 2.4 per cent of the world’s total geographical area, 18 per cent of the world’s population, but only 4 per cent of the world’s total fresh water resources.”

Dairy development

Underscoring that dairy is an important source of additional income for the farmers, Jaitley observed that availability of milk processing facilities and other infrastructure will benefit the farmers through value addition.

A large number of milk processing units set up under the Operation Flood Programme (launched in 1970 to usher in the white revolution, whereby the country became the largest milk producer in the world) have since become old and obsolete, he added.

Hence, a Dairy Processing and Infrastructure Development Fund would be set up in Nabard with a corpus of Rs 8,000 crore over three years. Initially, the fund will start with a corpus of Rs 2,000 crores.

Bhanwala said: “The Rs 8,000-crore allocation for dairy development in this Budget is a vindication that agricultural income can be made resilient only when we couple crop and animal husbandry.”

Development of dairy is critical to bringing sustainability to Indian agriculture, said the Nabard chief and added that there are millions of examples where farmers have shown their ability to manage inclement weather and market vagaries by investing in dairy as an alternate mode of income.

Corp insurance

The Finance Minister said at the time of sowing, farmers should feel secure against natural calamities. Hence, the coverage of the Fasal Bima Yojana (crop insurance scheme) will be increased from 30 per cent of cropped area in 2016-17 to 40 per cent in 2017-18 and 50 per cent in 2018-19.

For 2017-18, the Budget has provided a sum of Rs 9,000 crore. The sum insured under this Yojana has more than doubled from Rs 69,000 crore in Kharif 2015 to Rs 1,41,625 crore in Kharif 2016.