

FARM PACKAGE

Govt mulls ₹12,000 annual cash transfer to 12 cr farmers

Premium for crop insurance to go for farmers

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THE MUCH-AWAITED PACKAGE for farmers to be unveiled in the interim Budget on Friday may involve transfer of ₹12,000/year (₹6,000 each for the winter and summer crops) to all 'small and marginal farmer households,' an official source told *FE*. The transfer won't be on a per-acre basis as under Telangana's Rythu Bandhu scheme,

■ Cost of the scheme on lines Odisha's Kalia could be **₹1.44 lakh cr**

■ Waiver of PMFBT premium could cost **₹5,000-₹6,000 cr**

■ Additional interest subsidy on farm loans could entail spending of **₹6,000-₹12,000 cr**

■ Total cost of farm package seen at around **₹1.62 lakh cr**

but a flat amount would be given to all the identified beneficiaries as under Odisha's

recently launched Kalia scheme, the source said, without elaborating on the selection criteria and process.

Given that there are 12 crore small and marginal farmer households in the country, the cost of the scheme could be as high as ₹1.44 lakh crore, or 0.76% of the projected FY19 nominal GDP.

Additionally, the source said, the the crop insurance scheme Pradhan Mantri Fasal Bima Yojana (PMFBY) would be given a leg-up by completely doing away with the requirement of farmers to share the premium amount.

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ALSO, THE interest subvention for agricultural credit will be enhanced by 1-2 percentage points from the current 3% for those who repay the loans in time. While the waiver of PMFBT premium for farmers could cost ₹5,000-₹6,000 crore (the premium paid by farmers in FY18 was ₹4,500 crore), the additional interest subsidy on farm loans could entail government spending to the tune of ₹6,000-₹12,000 crore.

So the total cost of the farm package is seen at around ₹1.62 lakh crore or thereabouts. It is not clear whether the Centre alone will foot the Bill or it expects the states to share the burden.

Of the 12% (of sum insured) premium paid under PMFBY, farmers' share is 2 pps, while the remainder is split equally between the Centre and states. The gross premium paid of ₹25,631 crore for FY18, the claims settled were ₹16,712 crore.

The government's agriculture credit target for 2018-19 was Rs 11 lakh crore, while actual disbursement may exceed this and reach ₹13 lakh crore.

For the same level of support to farmers (Rs 8,000 an acre a year) as under Telangana's scheme, the pan-India cost, given the net sowing area of 140 million hectares, could be over Rs 2.75 lakh crore a year. Odisha's Kalia scheme involves a succour of Rs 10,000/year for its farmers for three years (2019-2021). The scheme's cost is estimated at Rs 10,000 crore over three years.

Under its Mukhya Mantri Krishi Yojana, the Jharkhand government will pay Rs 5,000/acre every year to the state's 22.76 lakh small and marginal farmers, at an estimated annual cost of Rs 2,250-crore, starting April 2019. West Bengal too has a cash transfer scheme for farmers.