

■ Lack of funds has hit plans to please farmers

₹50Kcr farm outlay is likely in Budget today

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Given the Narendra Modi government's desperation to address farm distress in an election year, the total outlay of the department of agriculture in its interim Budget for 2019-20 is likely to be more than ₹50,000 crore, a moderate hike over ₹47,800 crore in 2018-19.

While a ₹50,000-plus outlay for agriculture in 2019-20 appears to be a massive 30 per cent jump in allocation as compared to 2017-18, when it was ₹41,855, the hike is a meagre 4.6 per cent when compared to the outlay in 2018-19.

Though willing to dole out sops to farmers at a time when Lok Sabha polls are just round the corner, the Centre is likely to announce a very moderate increase in the politically crucial interest subsidy for short term credit given to them, clearly indicating its tight-fistedness in terms of funds.

The interest subsidy is likely to be in the range of ₹18,000 crore for 2019-20, as compared to ₹15,000 crore in 2018-19, a hike of about 20 per cent. The 2019-20 interest subsidy will still be about 11 per cent less than the ₹20,339 crore subsidy in 2017-18, according to information

available with this newspaper.

It is this interest subsidy component to farmers on which the government is banking in an

election year. There has been speculation that this subsidy is likely to be directly transferred to farmers' bank accounts.

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However the moderate increase underlines the fact that though political willingness is there, a funds crunch has not left it with much legroom to do so.

The component of interest in Union Budget 2016-17 was to the tune of ₹13,619 crore. In the subsequent budget for 2017-18, this amount saw a massive jump of 49 per cent when it went up to ₹20,339 crore in the revised estimates. However as dramatically as the interest subsidy component had seen a jump, it came down by 26 per cent to stand at

₹15,000 crore in 2018-19.

Now though the interest subsidy is likely to be ₹18,000 crore in 2019-20, a hike of 20 per cent from 2018-19, the fact remains that the government has not managed to touch the ₹20,000 crore mark which it had reached just three years back in 2017-18.

The significant drop in the subsidy amount in a span of three years shows that lack of funds in the Centre's coffers which are hampering its political willingness to please farmers, a crucial vote bank in a country which depends largely on agriculture.