

Changing Dimension of Agro Policies : Vulnerability of Small/Marginal Farmers

Bibhu Kaibalya Manik¹ , Dr.Puranjoy Ghosh² and Dr. Amar Kumar Mohanty³

Cultivation has invariably been considered consequential conclusion of human survival to mitigate increasing hungers and thus over the passage of time constrained to pull the plug on traditional desultory cultivation approach. Again, upsurge in demand and unscrupulous practices utilizing the structural frameworks of the food-supply chain consigned with the legacies of human rights, i.e., right to food exhorted the policy-designers across the globe for SDG2⁴ to procure inclusive sustainability of *people, planet, and profit*. Public stockholding to ensure future food-security for the increasing populations, environment-sustainable agriculture for resource sustainability, and providing livelihood to farmers are three competing objectives to agricultural policies across the globe. WTO Agreements⁵ contribute significant role to SDG2 in particular, the strategic trade policy initiatives in 2030 Agenda with precise objective of agriculture reform relating to trade and production-distorting agricultural subsidy entitlements are but augmenting greater agricultural productivity and income-generating capacity to ensure higher living standard. Developing country members, however, are enlarged with the opportunities to continue to benefit '*claim exemption from reduction commitment*'⁶ until the end of 2023, provided they are policy-specific and publicly-funded government programmes. Elimination of subsidies, causing distortions in agricultural markets would ensure fairer competitive markets which would again be beneficial to both the consumers as well as to those producers having negative market price

¹ Faculty Associate/Research Scholar , School of Law KIIT(Deemed to be University),
bibhukaibalya.manik@kls.ac.in

² Assistant Professor(II),School of Law, KIIT(Deemed to be University),puranjyghosh@kls.ac.in

³ Assistant Professor(II),School of Law , KIIT(Deemed to be University),amarmohanty@kls.ac.in

⁴ *Annex Resolution 2. A/RES/66/288 U.N. General Assembly. Sep 11, 2012* ,(Feb 19, 2020 at 12:12 P.M)https://www.un.org/ga/search/view_doc.asp?symbol=A/RES/66/288&Lang=E

⁵ Agreements on Agriculture, SPS and TBT measures

⁶ *10th WTO Ministerial Conference Nairobi 2015 relating to 'Export Competition', commitment was reaffirmed to exercise restraint with regard to any recourse to all forms of export subsidies and all export measures with equivalent effect.(Ministerial Decision of 19 December 2015 :WT/MIN(15)/45 — WT/L/980)* (Feb, 25, 2020 at 10:04 A.M)https://www.wto.org/english/thewto_e/minist_e/mc10_e/1980_e.htm

support regionally⁷. Recently the urge by the CAIRNS Group⁸ in January 2020 at Davos⁹ before the upcoming of the 12th WTO Ministerial Conference in June 2020, to address the ‘disparities in domestic and export supports that distort global agri-food markets’, the reduction of budgetary allocation by Indian Government in two major schemes – PM AASHA¹⁰ and MIS-PSS may be considered as evidentiary reformative steps by Indian government to exhibit at world forum of WTO about the alignment of the domestic agricultural policies with global order. The Department of Expenditure of the Ministry of Finance, India and the Indian Ministry of Agriculture are at loggerhead relating to the use of MSP¹¹. The Standing Committee on Agriculture concluded continuous drastic under utilization of funds allotted under various schemes between 2012-2017¹² like, out of around Rs 5,400 crore allocated in 2016-17, Rs 3,892 crore were released. Further, out of this released amount, only around Rs 3,400 crore was utilized. This is a further shortfall of 24.5%. Therefore, being a member country under utilization may one step to attain the global commitment of trade liberalization however, the commitment to the citizens in pursuant to policy appears to be frustrated.

⁷ OECD/ICRIER (2018), *Agricultural Policies in India, OECD Food and Agricultural Reviews, OECD Publishing, Paris.* (Feb. 24, 2020 at 12:54 P.M) <https://doi.org/10.1787/9789264302334-en>

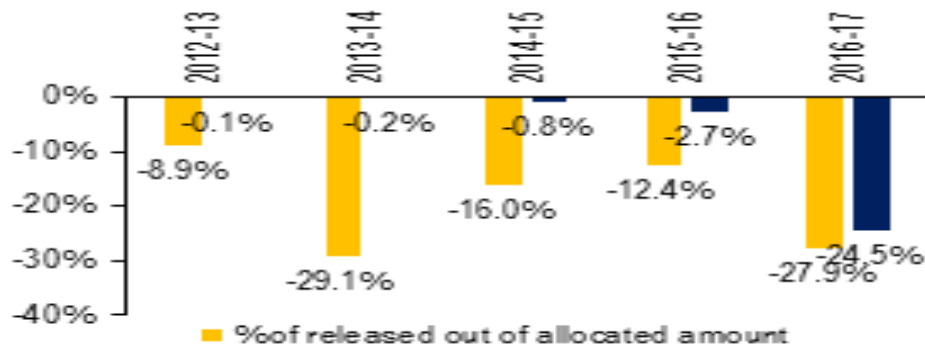
⁸ An interest group of 20 Agricultural Exporting Countries, namely, Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, Peru, the Philippines, South Africa, Thailand, Uruguay, and Vietnam.

⁹ 50th Annual Meeting of the World Economic Forum, Davos, Switzerland, January 21 -24, 2020.

¹⁰ Pradhan Mantri Annadata Aay Sanrakshan Yojna (PM-AASHA - budgetary allocation for the year 2020-21 in PM-AASHA scheme has been made Rs. 500 Crores reducing it from Rs. 1500 Crores in 2019-2020) and Market Intervention Scheme and Price Support Scheme (MIS-PSS - wherein budgetary allocation for the year 2020-21 has been made Rs. 2000 Crores compared to Rs. 3000 Crores in 2019-2020)

¹¹ Mishra, Dheeraj., *Agriculture Ministry Knows Increasing MSP Isn't Directly Linked to Market Distortion*, Feb. 24, 2020 (Feb. 24, 2020 at 3:15 P.M) <https://thewire.in/agriculture/farmers-msp-increase-market-distortion>

¹² Report No. 42, *Standing Committee on Agriculture: 'action taken by the Government on the observations/Recommendations contained in the Thirty Fifth Report (Sixteenth Lok Sabha) of the Standing Committee on Agriculture (2016-17) on 'Demands for Grants (2017-18)'*, Lok Sabha, August 10, 2017, (Feb 18, 2020 at 2:31 P.M) http://164.100.47.193/lssccommittee/Agriculture/16_Agriculture_42.pdf.



[Fig: 1 Funds allocated, released and utilized under RKVY; Source: Rajya Sabha Unstarred Question No 31, February 2, 2018]¹³

The Supreme Court of India relating to the implementation of the National Policy for Farmers, 2007 recently concluded that *'the Government is seized of the matter and will implement its policies'* and not to intervene as *'it is not within our jurisdiction to generally direct the implementation of the National Policy framed by the Government'*¹⁴. The crux appears as to a) whether higher MSP would incentivize the agricultural productivity and safety-net for the farmers and consumer to eschew cob-web cycle in domestic agricultural market, or b) it would have significant impact on export - are the matter of policy that the government is to considered. Designing of schematic approach in determining the economic model has had significant bearing upon the regulatory frameworks as well. The hypotheses (a) i.e., in case of *higher MSP incentivize more productivity ... safety-net to farmers and consumers* delineates the reliance upon cobweb theory of agricultural economics while such *exogenous explanations* could better be addressed through *insurance schemes* and *expansion of markets* (in the present context indicative of export) while in case of (b) i.e., the *endogenous explanations*, may be addressed by virtue of *national supply management schemes*¹⁵. Hence, determination of *reasonable expectation hypothesis* or *adaptive expectation* in policy framework would induce the compatible structural and institutional

¹³ Rajya Sabha Unstarred Question No 31, Ministry of Agriculture and Farmers Welfare, February 2, 2018; (Feb 18, 2020 at 2:31 P.M) <https://prsindia.org/parliamenttrack/budgets/demand-grants-2018-19-analysis-agriculture-and-farmers%E2%80%99-welfare#edn11>

¹⁴ *CONSORTIUM OF INDIAN FARMERS ASSOCIATIONS v. UNION OF INDIA*, Writ Petition(s)(Civil) No(s).376/2011 disposed of on Oct.5, 2017 (Feb. 24, 2020, 3:32 P.M) https://main.sci.gov.in/supremecourt/2011/25063/25063_2011_Order_05-Oct-2017.pdf

¹⁵ Boussard, J-M., 2006, Price Risk Management Instruments in Agricultural and Other Unstable Markets, The ICAFI Journal of Risk and Insurance 3, 6-19.

frameworks to attain the sustainable economic growth. Be it the mainstream trade policies of WTO, or the SDG2¹⁶, or the OECD Food and Agricultural Reviews on Agricultural Policies in India¹⁷ for the sustaining economic growth with the legacies of human rights, i.e., right to food reforms in the normative framework of India to provide access to the private-players in conformity with liberalization model. The key recommendations of the OECD Reviews are regulatory institutional reforms, infrastructural reforms for sustainable use of resources, and domestic policy reforms in effectuating global trade like, market-structure, value-supply chains, financing and insurance, etc. however, the success of *circular economic model* has, recently, set succeeding footprints in agricultural economics. The correlation between *sustainable development* and economic development could be sustained into and out of *circular economic model*¹⁸ with reduced adverse effect upon natural environment and society, provided that the system of sustainability keeps pace thereof. Considering the complex and multivariate phenomenon of agriculture sustainable development especially in agro-sector necessitates i) conscientious and comprehensive time-bound policy goals; ii) sustainable management of resources with 3Rs [Reduce, Reuse, and Recycle]¹⁹; iii) strategic-designing of inter-sectoral synergies; iv) sustainable structures with sustainable system of operationalization - i.e., effective enforcement mechanisms. To accomplish the objectives of diverse spheres like, environmental (global-ecological imbalance, climate change, deforestation, etc.); operational (irrigation, erosion of soil fertility, land-use-change, high-yielding seeds, appreciation of per-capita resources to strengthen capital base of the farmers, particularly small and marginal ones, etc.); and structural (agro-market, agro-value chains amongst farms - processors - consumers - waste-managers, advanced technologies, insurance, financing, etc.) besides, trade aspects, creation of an institutional framework with the system of sustainability is inevitable.

Infrastructure development is perceived to be the elementary factor for sustainable development and since subsuming the process of liberalization India has been gradually

¹⁶ *Supra* Note 4.

¹⁷ *Supra* Note 7.

¹⁸ Schaltegger, S., Hansen, E.G., Ludeke-Freund, F. *Business models for sustainability: origins, present research, and future avenues*. *Organ. Environ.* 29(1), 3-10(2016).:Bocken, N.M.P., Short, S.W., Rana, P., Evans, S. *A literature and practice review to develop sustainable business model archetypes*. *J. Clean. Prod.* 65, 42-56.(2014)

¹⁹ Xuan, L.I., Baotong, DENG., Hua, Y.E., *3-R Principle of Agro-circular Economy Model-The Erhai Lake Basin as an Example*. *Energy Procedia* 5 1399–1404 1876–6102 (2011) doi:10.1016/j.egypro.2011.03.242 IACEED2010.

moving from public capital investments to private economic activity by designing policy frameworks and economic regulations. To aggregate the various measures and accounting classification of existing infrastructure and the resource efficiency thereof in contributing sustaining growth and productivity in agricultural sector is neither simple nor infallible due to constraint in procuring and analyzing exact data, hence, the present study confines the issues that are having direct and proximate relations to revive rural economy in particular those address the poverty of small and marginal farmers in India since economic-liberalization. Keeping in mind the challenges of climate-change, declining landholding size, hunger and poverty, productivity, market price volatility, etc. to attain sustainable and ecological agriculture in the context of rural India. As per available data 140 million hectare area of Indian territory is used for agricultural purpose²⁰ and over the years fragmentation of such land has been from 36 million hectares in 1971 to 93 million in 2011²¹ thus, awareness programmes for the small and marginal farmer relating to use of agriculture machinery and irrigation for efficient use of natural resource to escalate agricultural productivity.

The budgetary allocation of subsidies programmes of Central Government in India are enforced through State by way of transfer as agriculture is a state subject under the Constitution of India thus the issue of effective and efficient enforcement depends upon the State. Absence of a common mandatory constitutional platform for discussion and designing a comprehensive policy between Union and State governments prioritizing thereof for efficient, effective frameworks for meaningful development in agricultural productivity and to address the related issues for sustaining economic growth, besides, the differences in political objectives, patronizing and skirmishes often underplay the successful implementation of the policies.

²⁰Table 13.1: *Agricultural Land by use in India, Agricultural Statistics at a Glance 2015*, (Feb 18, 2020 at 12:00 P.M) http://eands.dacnet.nic.in/PDF/Agricultural_Statistics_At_Glance-2015.pdf.

²¹ *Agriculture Census 2010-11*, (Feb 18, 2020 at 12:00 P.M) <http://agcensus.nic.in/document/agcensus2010/completereport.pdf>.

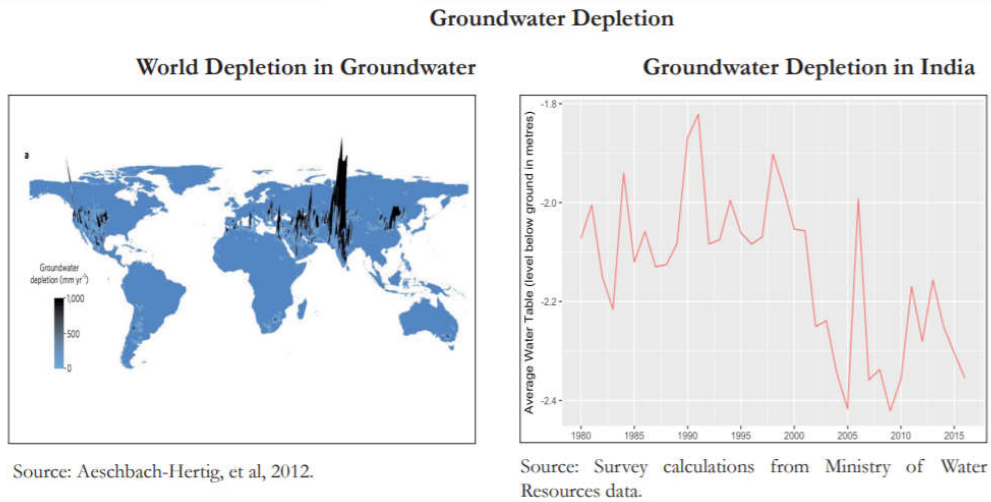
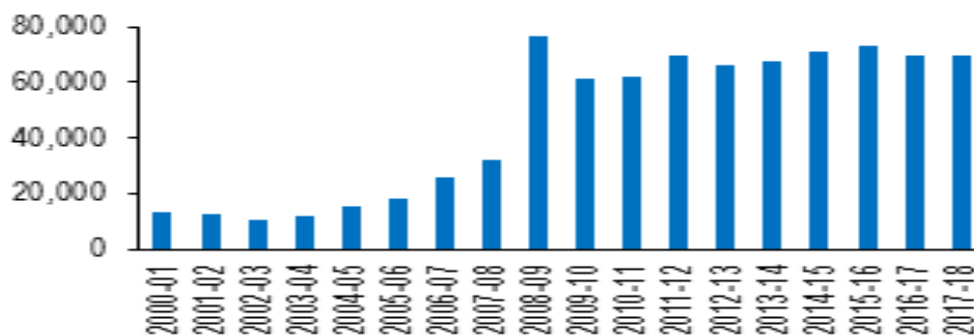


Fig - 1: [Economic Survey 2017 - 2018, Vol. 1]²²

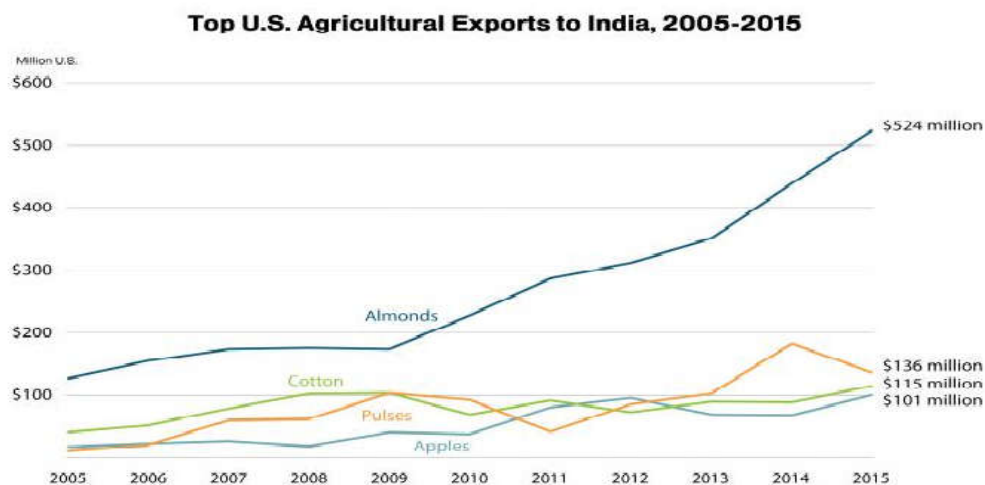
Fig: 1 describes the limitation of irrigation facilities for the purpose of agriculture in India in the context of uncertain monsoon-rain in spite of long planned investment for enlarging irrigation-facilities and increased depletion of underground water level is perceived to provide potable water insecurity in India in near future as well. Alteration in Crop-pattern on rotation may proportionally address the appreciation of productivity of both land and water provided dissemination of such awareness programmes is at regular intervals before, during and after of each crop-seasons are conducted by each State through its local authorities. Micro-irrigation facilities have potential to contribute economic-use of natural resources with least effect to groundwater and what could better be administered by concerned state.



²² *Climate, Climate Change, and Agriculture*, (Feb, 17, 2020 at 2:23 P.M) http://mofapp.nic.in:8080/economicsurvey/pdf/082-101_Chapter_06_ENGLISH_Vol_01_2017-18.pdf, at 98

[Fig:2 Sources: Expenditure Budget, Union Budgets 2000-01 to 2017-18; Fertilizer Subsidies (in Rs. Crores)]²³

Fig: 2 describes the economic burden of Government to provide subsidies on fertilizer to protect farmers' interest, exploitation and control over unscrupulous elements in the market as well as to promote the growth of agricultural productivity. In addition, it also exhibits the growing demand on chemical fertilizers for high production and pest control for high yielding of crops to ensure food-security as under National Food Security Act, 2013 however, long-term use of chemical fertilizers has become another contributory to cause ecological imbalance, groundwater contamination, and human health. Research has established that use of organic fertilizers not only maintains the symbiotic relations rather interactive tree-crop combinations restores reactive nitrogen through biological nitrogen fixation²⁴, almost the equivalent extent of chemical one, and thus it would also be conducive to promote sustainable ecological agriculture if organic fertilizers are given predominance in use. Therefore pro-active role of state in promoting awareness programme over a regular periodic manner throughout every crop-seasons for using organic fertilizers in farming and proper training on *modus operandi* thereof would lessen the economic burden in subsidy regime and would also further sustainable ecological agriculture with high valued yielding of crops and financially affordable to the farmers to reduce the cost of cultivation as well.



²³ State of Agriculture in India, (Feb 18, 2020 at 11:15 A.M) <https://prsindia.org/policy/discussion-papers/state-agriculture-india>

²⁴ Ram, A., Dev, I., et al., *Reactive Nitrogen in Agroforestry Systems of India, SOURCES OF REACTIVE NITROGEN, ENVIRONMENTAL AND CLIMATE EFFECTS, MANAGEMENT OPTIONS, AND POLICIES*, 207-218 (2017); (Jan 30, 2020 , 3:17 P.M), <https://doi.org/10.1016/B978-0-12-811836-8.00014-8>

[Fig: 3: Source: United States Department of Agriculture, Foreign Agriculture Service]²⁵



[Fig: 4 U.S. Agricultural Trade with India, 2006 - 2016]²⁶

Figures 3 and 4 denote not only trade relations between US and India regarding agricultural produces during the specified time-period rather contributory role of the diplomatic relations between the nations as well. Indian administration on Sanitary and Phytosanitary barriers refused to import additional \$ 5 - 6 billion worth of U.S. agriculture farm goods US administration removed India on June 2019 from Generalised System of Preferences²⁷ as US failed to deal its trade deficit thus assembled voice against India to put pressure in the upcoming 12th Ministerial Conference²⁸ at the global trade forum WTO stating high tariff

²⁵(Feb 20, 2020 at 1:02 P.M)

<https://www.fas.usda.gov/data/india-agricultural-trade-expanding-export-opportunities-amid-persistent-limitations>

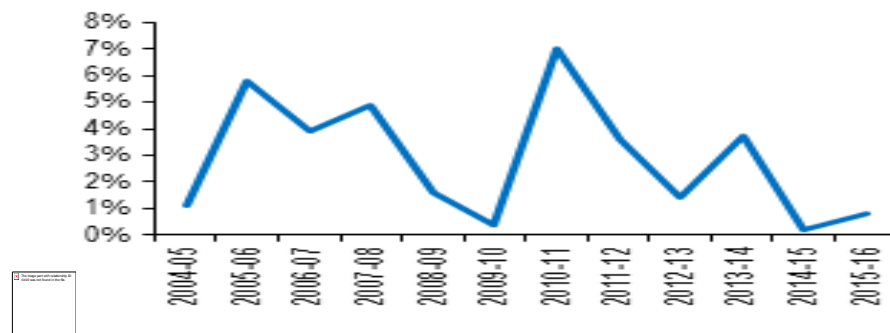
²⁶ (Feb 20, 2020 at 1:03 P.M)

<https://www.fas.usda.gov/data/us-agricultural-trade-india-2006-2016>

²⁷ US wants India to buy \$6 billion worth of farm goods to seal trade deal,(Jan 31, 2020 , 11:32 AM) , <https://www.businesstoday.in/current/economy-politics/us-wants-india-to-buy-6-billion-worth-of-farm-goods-to-seal-trade-deal/story/394678>. (Feb 18, 2020 at 13:15 A.M) html ;<https://fas.org/sgp/crs/row/IF10384.pdf>

²⁸ 50th Annual Meeting ,*Supra* Note 9.

rates especially in agriculture. On losing its U S trade preference programme India has started rejigging its structural frameworks²⁹ compatible for global trade before the year 2023³⁰.



[Fig; 5: Growth in Agricultural Sector (%); Sources: Agricultural Statistics at a Glance 2015, Ministry of Agriculture.]³¹

To take the edge of global commitment relating to trade on agro-products³² the Union government conducted 'agri-summit'³³ welcoming thereof the presence and opinions of FPOs to achieve the goals of doubling farmers' income by 2022-23 upon the issues regarding a) market access, b) finance, c) insurance and risk management, and d) farm inputs by reducing cost of cultivation and technology like, micro-irrigation, soil health cards as regards agricultural sectors. Such approach implicates the inclination towards encouraging private-players in agriculture sector however, those issues may be addressed through interconnected-linked-ring amongst infrastructural and institutional frameworks, ecological agricultural frameworks, and market risk absorbing mechanism with economic regulations.

The credo of *mercantile capitalism* of the Britishers during colonial era, in particular during American Civil War influenced Indian agro-sector towards harvesting of cash-crops that ensued the expansion of transportation system with opportunities of international trade on agricultural products and access to new markets. Identification of regional specialization of

²⁹ *Infra* Note 30.

³⁰ *Supra* Note 6.

³¹ *State of Agriculture in India*, (Feb 18, 2020 at 11:13 A.M), <https://prsindia.org/policy/discussion-papers/state-agriculture-india>

³² *Supra* Note 6.

³³ (Feb 28, 2020 at 7:43 P.M)

https://www.thehindubusinessline.com/economy/agribusiness/how-to-fast-track-effort-to-double-farmer-income-in-3-years/article30924504.ece?utm_canoaugb=amp_article_share&utm_medium=referral&utm_source=whatsapp

crop production based upon climatic conditions was another development of colonial commercialization of agriculture in India³⁴ however, the political superiority and integrity of the then Imperial powers paid piecemeal attention to address the growing imbalances of domestic market conditions that ended in decline of ‘*self-sustained village economy*’, mass pauperization and oppression of peasants at the hands of Europeans with the end-result of series of famines. Fact that Britishers developed and expanded the transportation and scope to Indian agro-products to the new markets across the globe however, fundamental characteristic was that all infrastructure related services were owned and managed by private entities accompanying by authoritarian monarchical governance hence, social welfare, public interests, legacies of human rights, etc as upheld in today’s value-laden democratic governance-pattern had little significance at the then social context. Regulatory controls thus, were but the attributes of *laissez faire* of varying degrees at different regions and confined to the privileged-classes of the society. On achievement of Independence all those infrastructure reverted to the State preserve preceded by influx of refugees, severe food shortage and mounting inflation initiatives. Post-Independence policy-goals were directed much towards the attributes of *Fabian Socialist*, led towards industrialization, pro-public sector and central government bias, while economic policy was designed based upon *fiscal conservatism* following the Harrod-Domar model to focus on agriculture, price stability, power and transport during first Five-Year Plan that ultimately brought about the success. Legislative programmes, as contributory to enhance productivity as well as to discharge the constitutional obligations unto formulation of state policies, had been actuated to follow succeeding five-years’ plans to bring changes in the socio-economic conditions like, abolition of the intermediaries, tenancy reforms to rationalize the agrarian structure, ceiling of land holdings for redistribution of agricultural land, consolidation of fragmented land-holdings, co-operative joint-farming societies on voluntary basis, and laws relating to Gramdan and Bhoodan, etc. Next five-year plan was articulated upon Feldman–Mahalanobis model which expounds neo-marxian model of economic development thus *State-capitalism* with the ‘*command-control*’ frameworks resource allocations were made, besides agriculture, upon the development of rapid and heavy industrialization for economic growth of the country. That such *fiscal conservatism* continued till the period of 1990 with the objectives of food-security³⁵, anti-private sector philosophy³⁶, and import-substitution³⁷. Post-independent

³⁴ Like Bombay Presidency for cotton, Bengal for Jute and Indigo, Bihar for Opium, Assam for Tea, Punjab for Wheat, etc.

³⁵ ‘Green Revolution’ was the consequential phenomenon

infrastructure policy has surfaced remarkable developments and services thereof, however, progressive diminishing return since 1985 onwards, i.e., on and from 8th Five-Year-Plan and incremental predicament relating to agriculture sector emerges significant challenges that desperately needs to take along the private capital to strengthen the interactive combination of infrastructural deficiencies and market regulations to address the price depressing effect in agricultural market. The foreign-exchange crisis as well as political upheaval the coalition based government set out its directions towards globalization and gradual structural economic reforms in various sectors with participatory model (Public-Private Partnership) of governance for the sustaining economic growth of the country. Therefore the transition from *State-capitalism* has achieved *State-sponsored capitalism*.

What is most important to attain the incremental revenue (say earning of small and marginal farmers) from agriculture are finance, market structure and agro-value-chain and a strategic interconnected-organic-link ring amongst them. Formulation of a comprehensive policy regarding both structural and institutional (including regulatory) frameworks accompanying both Centre and States through a constitutionally established platform treating ‘agriculture sector’ to be of national interest becomes cry of the hour. Food security, employment generation, appreciate the capital formation base, reduction of debt burden of both the governments and farmers, sustainable development and in case of surplus the country may become worthy for international trade on agricultural produces. *Circular economic model* has come forward with comprehensive ecosystem in integrated utilization pattern of natural resources with the consequential eventuality of evolving out a value chain and market structure. Operationalization of the normative mechanism with effective enforcement in such structure if be given priority most of the aforesaid challenges could remarkably be addressed.

As the present discussion is focused much upon the small and marginal farmers and most governmental beneficial subsidy schemes are meant for them hence, it is presumed that almost all small and marginal farmer of the country eke out their livelihood by personal cultivation. For the purpose clarity in understanding the proposed model the number of dependents, other sources of incomes, education, and the like variables are kept aloof of the present context.

³⁶ Development of ‘Licence Raj’ regarding industrial development being made through private - capital.

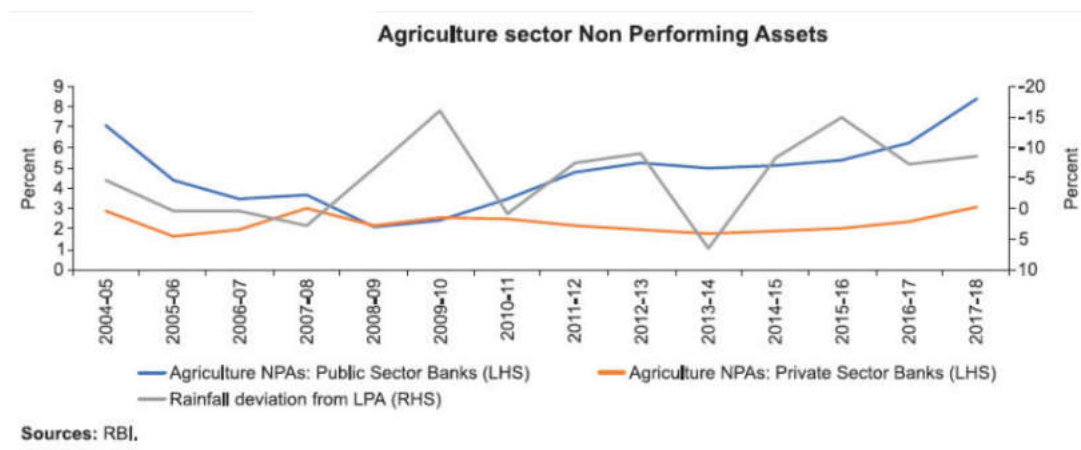
³⁷ Self-sufficiency for sustainability of growth and huge investment of public capital in heavy industries and infrastructure development.

Central government's recent planning on "*cluster promotion*" in agriculture sector with "One District One Product" implicates colonial policy of commercial agriculture. Therefore for effective administration if some 100 service centres, (by way of contracting out) are established in each districts to provide (i) technological supports, (ii) dissemination of information regarding daily update market-price and climate conditions; (iii) conduct of periodic awareness programmes throughout the agriculture-year relating to crop-pattern, interactive combination of tree-plantation and crops-cultivation, water-management like use of micro-irrigation, use of advanced cost-effective scientific technologies, organic fertilizers, renewable and bio-mass energy, and the benefits of supplying the agriculture-wastes to the Agro-waste management enterprises. These centres are to incentivized with the licence of either as (a) collecting centres of agricultural produce of the locality, or collecting centres of agro-wastes to supply those onwards to the concerned waste-treatment enterprises, or with the opportunities to generate limited extent of renewable solar energy or bio-mass energy for onward distribution to the farmers or to the locality at predetermined rate. Provided low-rate of interest with long-term basis should be enlarged to such centre(s) where any such centre would be in need of any financial help. This would help out in changing the mindset of the cultivators towards ecologically sustainable agriculture as well as the obligations on the part of such licensee-centres (such licence should be made renewable) to furnish daily update of transactions to the nodal agency of the state would enable to accumulate actual accountability of the agricultural produces in each particular area would be more feasible. In addition, those centres would function both as service providers to the farmers, disburse the *support-prices (MSP)* to farmers (even if at reduced rate, in terms of Agreements on Agriculture of WTO) as well as suppliers to either the Food Processing Units, or Warehouses or Storage, Agro-wastes treatment enterprises. It seems to be regulated one but opening of more centres would encourage the competitive ambience and it is the choice of the farmers of the locality to correspond and transact of any of such centres appears to each individual farmer to be convenient, profitable and cooperative. No food-processing unit, or agriculture-waste management enterprises or warehouse and storage would be allowed from any other locality or from any particular individual except cooperative farm societies. Thus, unscrupulous element in unorganized market structure could be addressed as well and as dissemination of food-market prices of each such agriculture produces would be available to farmers on daily basis hence, symmetric information from all such centres would reduce the abusive practices by any market intermediaries as well. And again a valued supply chain may be triggered to evolve out with transparency of food market-prices. Disbursement of MSP through local

authorities are often subject to non-disclosure of actual information to the farmers, favouritism, abuse of the opportunities, intervention of local political groups etc. Hence what is essentially required is that the nodal agency of the State should have an efficient and effective monitoring mechanism to ensure the effective performance of those centres. It would not only reduce the economic burden of the State's exchequer rather would generate more opportunities to generate employment in each such locality.

Next comes the issues of insurance as categorized by central government as PMFBY (Prime Minister Fasal Bima Yojana) and RWBCIS (Restructured Weather Based Crop Insurance) where in the first category 90% of the premium is being provided by the government to the Insurance company while out of 10% only those farmers taken loan are to pay the balanced premium as insurance in PMFBY is a voluntary one while RWBCIS is a type of social insurance. The disburse of claims regarding PMFBY should be made more elastic, i.e., to made more flexible to address the grievances of individuals. As in practice unless a survey is conducted by the State to the effect of loss of crop to a large scale due to locus or pests or natural calamities, etc., disbursement of claim becomes very cumbersome. And RWBCIS should also be made mandatory for the Cooperative Farming Societies as it deals with large quantity of agricultural produces in any season.

The following figure [Fig:6] represents the trends of loan-waiver policy milestones on agricultural credit and its performance to give rise to fiscal deficit budget constraint as well.



[Fig: 6 Source: Handbook of Statistics on Indian Economy 2018. Data of amount outstanding of SCBs and RRBs for 2018

has been taken from RBI.]³⁸

Expansion of Regional Rural Banks and Kishan Credit Card has manifolded the opportunities of agricultural credit. What appears from the above figure is that introduction of KCC enhanced the agriculture credit. However, first subvention came in the year 1990 and from the time of liberalization for addressing the farmers' distress. However, subsequently it becomes a political agenda at the time of election and the 'moral hazards' in case of recovery of loan repayment. Hence, to change the mindset of the farmers having respectable amount of agriculture loan for example, amounting to more than 5 lakhs or more the applicability of 'future contract' provisions should be allowed in the market so that the trend of accounting political consideration of the ruling political group in the administration and writing off the NPA would only worsen the taxpayers' burden and the ambience of doubts to the financial institutions while enlarging agricultural loans.

³⁸*Report of the Internal Working Group to Review Agricultural Credit*, (Feb 29, 2020 at 5:47 P.M)

<https://www.rbi.org.in/Scripts/PublicationReportDetails.aspx?UrlPage=&ID=942#CHII31>