Good strides in water

Budget FY18 has given priority to raising funds for irrigation. An enhanced corpus of ₹20,000 crore with Nabard is a welcome step.

The first two years of Modi government led to a collapse of agri-GDP growth to 0.5%, but third year (FY17) is likely to register a growth of 4.1%, primarily due to normal rainfall. This, along with falling global prices, brought down food inflation to below 4%, giving much needed relief to consumers. The lesson government learnt is that it needs to focus on providing irrigation to our farmers. Prime minister gave a slogan of 'har khet ko pant' and 'per drop, more crop' to drought-proof agriculture and to ensure water use efficiency. This will also help in augmenting farmers' incomes and contribute to doubling of their incomes in five years, as reiterated by the finance minister.

Accordingly, Budget FY18 has given priority to raising funds for irrigation. An enhanced corpus of ₹20,000 crore with Nabard for irrigation, on top of last year’s ₹20,000 crore, is a very welcome step. Nabard is confident to raise roughly ₹11,500 crore by March-end 2017, and has already sanctioned projects worth about ₹8,000 crore for which, now, funds need to be raised from the market. Add to it the corpus of ₹5,000 crore for micro-irrigation with Nabard, plus ₹7,371 crore for the schemes under Pradhan Mantri Krishi Sinchayee Yojana (PMKSY), one can clearly see that government seems willing to walk the talk on irrigation promises. But one needs transparent monitoring to ensure that these resources don’t disappear as water disappears in sand.

Crop insurance scheme, Pradhan Mantri Fasal Bima Yojana (PMFBY), which was launched last year also finds a special mention in the budget with the FM clearly charting out its course—in the next two years they will cover half of the cropped area under this scheme. The experience of kharif 2016, shows a dramatic improvement in coverage. The Budget provides ₹9,000 crore for subsidising the premium of farmers, but our calculations show that it may fall short by about 25 to 30%, and it may have to be raised in the revised budget estimates. However, the litmus test of the success of this scheme needs to be judged by how fast farmers can be compensated when their crops are damaged due to drought or floods. In this regard, the 2016 kharif floods in Uttar Pradesh, Bihar and Assam, do not give much satisfaction. The government needs a champion within the system to ensure that this scheme wins full confidence of farmers, which is still missing.

A corpus of ₹8,000 crore (₹2,000 crore to start within this year) with Nabard for promoting milk processing plants of 10 lakh litres processing capacity each day (each plant will cost about ₹100 crore), especially in central and eastern India, which can give a big fillip to dairy activities, augmenting farmers’ incomes. Other initiatives like eNAM for linking markets, PMGSY for roads, etc. are all in the right direction and would support farmers in a healthy way.

The only disappointment in the budget is that the government is totally silent on reforming food and fertiliser subsidies.
LONG-TERM irrigation fund a positive move

FC BUREAU
New Delhi

THE decision to double the ‘long-term irrigation fund’ to Rs 40,000 crore is in line with the government commitment to invest over Rs 86,000 crore in five years, starting 2016-17. But the speedy implementation is the key to bring in additional 8.06 million hectares under irrigation.

Finance minister Arun Jaitley said: “A long-term irrigation fund (LTIF) has been set up in Nabard. The prime minister has announced an addition of Rs 20,000 crore to its corpus. This will take this fund’s total corpus to Rs 40,000 crore. 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.”

Financial Chronicle was the first to report the proposal to create the Rs 5,000 crore micro irrigation fund on January 12. Last year, Jaitley had announced creation of the fund to complete 89 pending irrigation projects that have been languishing for long. He had said these projects require Rs 17,000 crore in 2016-17 and Rs 86,500 crore in the next 5 years.

“We will ensure that 23 of these projects are completed before 31 March 2017,” FM said. But when the scheme was rolled out, a committee headed by Chhattisgarh’s water resources minister found that 99 projects for completion by 2019-20, which would ensure irrigation in additional 7.60 mb. Of these 99 projects, 23 priority-I schemes with targeted irrigation potential of 1.45 million hectare are planned to be complete by FY17 and another 31 priority-II projects with targeted irrigation potential of 1.29 million hectares by FY18.

The remaining 45 priority-III projects with targeted irrigation potential of 4.85 million hectares are to be completed by 31 December 2019. On the creation of a fund only for micro irrigation within LTIF, Nabard chairman HK Bhanwala said the agriculture ministry will prepare its details in line with the objective of “per drop, more crop”.