

Loan waivers to cash transfers, BJP & Cong dangle agri sops as MP heads into elections

Over 75 percent of the state's farmers are marginal farmers with less than two hectares of land, and about 15 percent are small farmers with less than four hectares. With 72.4 percent of the state's population involved in farming, parties are going all out to dole out sops

PALLAVI SINGHAL | OCTOBER 31, 2023 / 07:00 AM IST



With 72.4 percent of the state's population involved in farming as per Niti Ayog, farmers are an important vote bank in Madhya Pradesh

Madhya Pradesh's agricultural growth has been termed remarkable by many, as the state's agricultural GDP has increased at 7.5 percent per annum during 2005-06 to 2018-19. The three years after that have seen a further boost, with agricultural GDP growing at 11.5 percent per annum, compared to the national average of 4.7 percent.

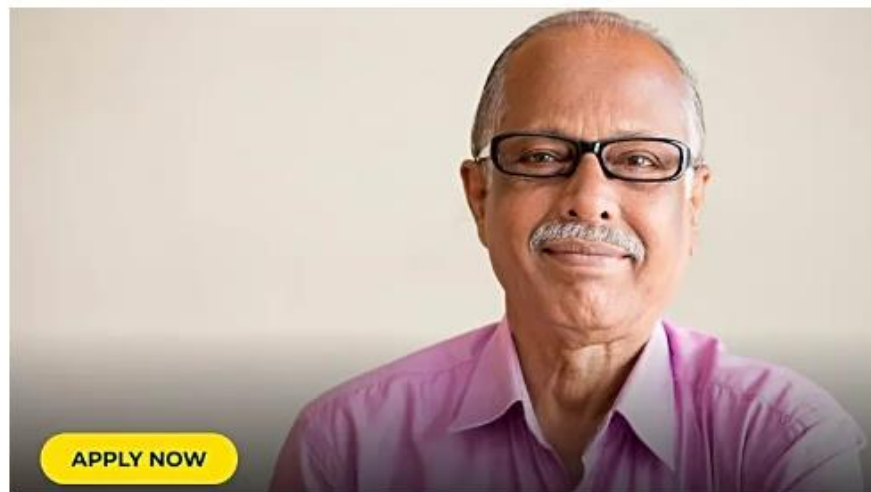
It also stands at number three when it comes to farmer income – about Rs 75,000 per annum – says Anil K Sood, professor and co-founder, The Institute for Advanced Studies in Complex Choices. Leading the incomes table is Haryana at Rs 80,000 per annum.

With 72.4 percent of the state's population involved in farming (the largest among all states) as per Niti Ayog, farmers are an important vote bank here.

The state, which saw the Congress win narrowly in 2018 and lose power in less than two years owing to defections to the BJP, is the top producer of pulses in the country, the second largest producer of wheat and rapeseed-mustard, and the largest producer of soybean. The state has also been able to make a mark as a top player in horticultural products like tomatoes, garlic, and oranges, standing second only to Uttar Pradesh.

However, farmer incomes have always been a matter of discontent among the voters, as this extensive labour force sees low net gains. "With small land holdings, farmer incomes take the biggest hit as production goes down. Given that the average land holding is 1.6 hectares (2015-16 census), a family's net earnings in two seasons per year is just Rs 75,000 per annum. Since more than two-thirds of the farmers hold less than 1.6 hectares, the earnings for them are far less than the average," Sood points out.

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Political parties have been swift to recognize this challenge and have made various promises to woo this key vote bank.

Poll doles

Incumbent BJP chief minister (CM) Shivraj Singh Chouhan has promised the waiver of the interest on farmers' loans under the Chief Minister's Farmer Interest Waiver Scheme, 2023, provision of permanent agricultural pump connections, and increase of Rs 2,000 in direct benefit transfers. The Congress, on the other hand, has promised free power for farmers as well as waiver of their agri loans and pending electricity dues if the party forms the government after the year-end assembly elections.

"Farmers are not only our food-givers but also our life-givers. The government will waive interest amounting to over Rs 2,200 crore, benefitting over 11 lakh farmers who have defaulted on loans," Chouhan said, addressing a rally on September 25.

"The Prime Minister is paying Rs 6,000 to farmers (under the Kisan Samman Nidhi). So, when I became chief minister for the fourth term, I also decided to give Rs 4,000 to farmers, and the total amount increased to Rs 10,000. But now the situation has changed, and your 'mama' (maternal uncle, as Chouhan is popularly called) will give Rs 6,000, which makes it Rs 12,000 annually," Chouhan declared while addressing a public meeting in the state a few days ago.

Chouhan first became the CM in 2005, and retained power till 2018. He once again took oath as the chief minister in 2020, after 22 Congress MLAs resigned, resulting in the collapse of former CM Kamal Nath's government.

Most crops sold below MSP

The state's farmers earned less than the MSP (minimum support price) for seven of the 12 kharif and rabi crops for which the latest Floor Harvest Price data is available. The gap was more than 19 percent for bajra, 16 percent for jowar, more than 12 percent for maize and groundnut, 5.2 percent for tur and 6.6 percent for paddy, as per 2021-22 data from the Ministry of Agriculture (MoA).

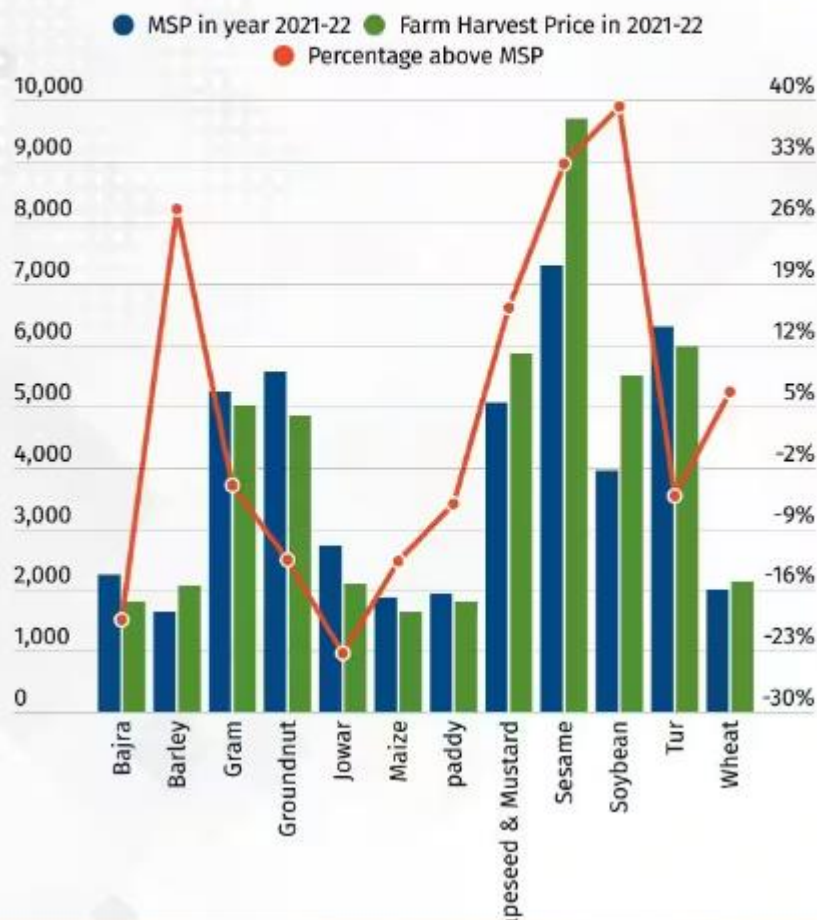
The state, which is the biggest producer of oilseeds, contributing to over 60 percent of country's total production as per MoA data, has witnessed farmers struggle to get fair, remunerative prices.

"The reason is a lack of demand," said Sandeep Sabharwal, CEO, Sohan Lal Commodity Management (SLCM), which has over 13,000 warehouses across the country, including Madhya Pradesh (MP).

“Even though soybean is the largest component of India’s edible oil industry, cheaper inputs of palm from Indonesia have been affecting the Indian market. Furthermore, a consistent rise in the MSP has led to local prices going far above palm, which has led to Indian edible oil makers opting for cheaper imported raw materials rather than the country’s crops,” he points out.

While the state has been procuring paddy and wheat in enough quantities, low demand for all other crops is the prime reason for low procurement, Sabharwal adds.

THE STATE'S FARMERS EARNED LESS THAN MSP FOR 7 OF THE 12 KHARIF AND RABI CROPS



Source: This is the latest FHP data from the Ministry of Agriculture



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Lack of cold storages affecting horticulture

Madhya Pradesh is a top producer of horticultural products like tomato, garlic, and oranges, and has overtaken West Bengal to become second biggest player after Uttar Pradesh.

Its horticulture production has seen a consistent rise, increasing by over 10 percent from 2020-21 to 2022-23, per MoA data. The reason, according to Kedar Sirohi, state president of the Indian National Congress and Member of the Agriculture Advisory Council of MP, is the climate and the soil, which are well-suited for such products.

“The state has done well to promote horticultural crops via various schemes. This has helped farmers as horticulture is far more profitable than cereal production,” he says.

State schemes such as grants of up to 50 percent of the cost of tractor-mounted sprayers, pruning machines, tillers, and seeders, among others, for the plantation of vegetables, fruits, and spices, have been of paramount help.

But despite extensive promotion and growth in the area under cultivation, what plagues horticulture is a severe lack of cold storages.

“Madhya Pradesh has over 280 cold storages, of which only five, or two percent, are government-run,” agri-economist Deepak Pareek says. While the country has an average of 240 cold storages per state, Uttar Pradesh has the highest number of them, with 2,406 cold storages.

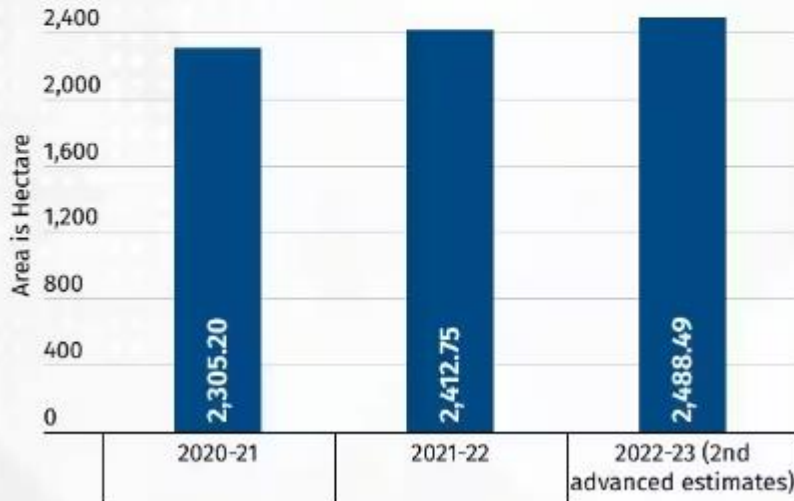
As per Pareek, while government cold storages charge anywhere about Rs 50-80 per month per metric tonne, those governed by private forces change prices dynamically (ranging from Rs 100 to 250), and are unaffordable for small and marginal farmers, which comprise the majority.

“Over 75 percent of the farmers are marginal farmers with less than two hectares of land, and about 15 percent are small farmers with less than four hectares. These seriously poor farmers cannot afford to rent out private storage facilities, and are often forced to destroy their crops of tomato and garlic when prices crash,” Pareek says.

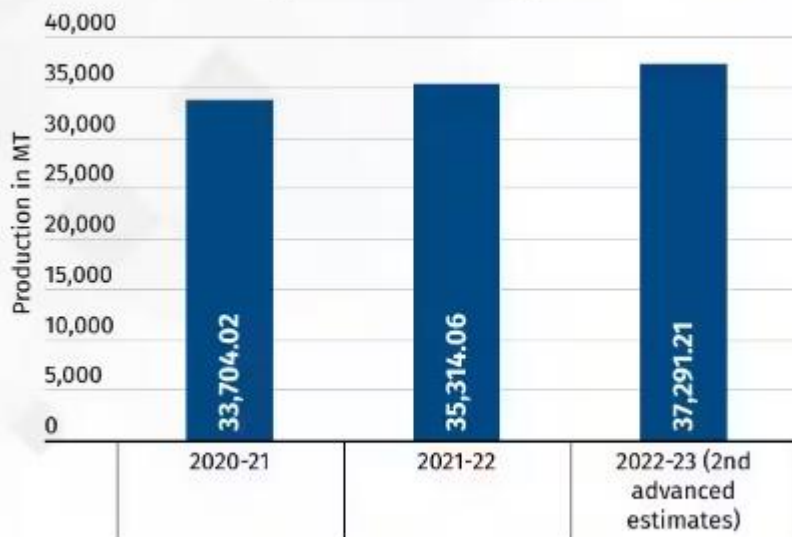
Creation of government led post-production infrastructure is the need of the hour to make farmers benefit from the various schemes put in place by the government, he adds.

HORTICULTURE PRODUCTION IN MP HAS BEEN GROWING EVERY YEAR

Area



Production



Source: Ministry of Agriculture



Agriculture growth due to increasing irrigation cover

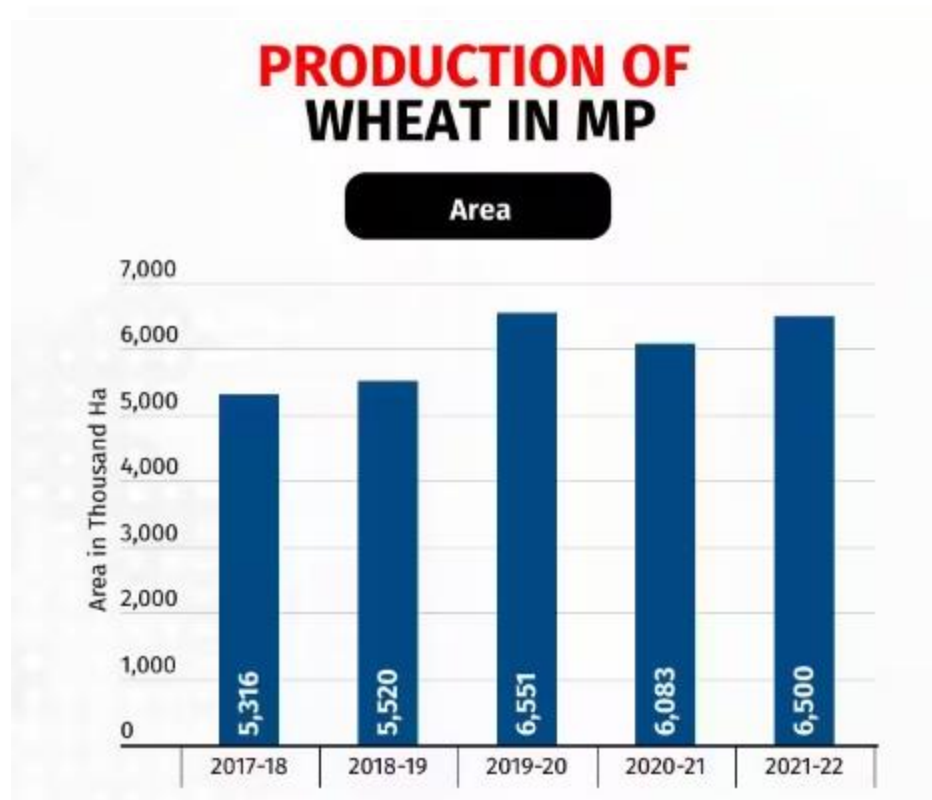
The growth in agriculture in MP has accelerated due to the proper use of irrigation facilities, experts point out. In 2000-01, MP's irrigation ratio was 24 per cent, which was around 17.2 percentage points lower than the all-India average. By 2014-15, MP's irrigation ratio had reached 42.8 per cent, less than 5 percentage points below the national average. The sharpest increase in irrigation cover was via tube-wells, followed by government canals, according to a working paper for the Indian Council for Research on International Economic Relations (ICRIER), by Ashok Gulati.

Irrigation ratio measures the actual area irrigated relative to the total area to be irrigated.

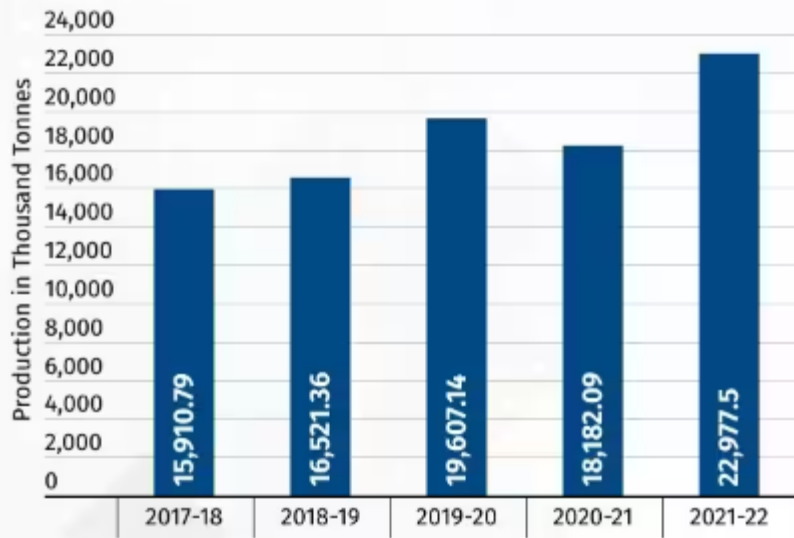
Of the various sources of irrigation, dug wells and tube-wells comprise the maximum share (67 per cent), followed by government canals (17 per cent), other sources (13 per cent), and tanks / ponds (3 per cent), the study adds.

Per state government sources, the total irrigated area in MP stands at about 110.97 lakh hectares.

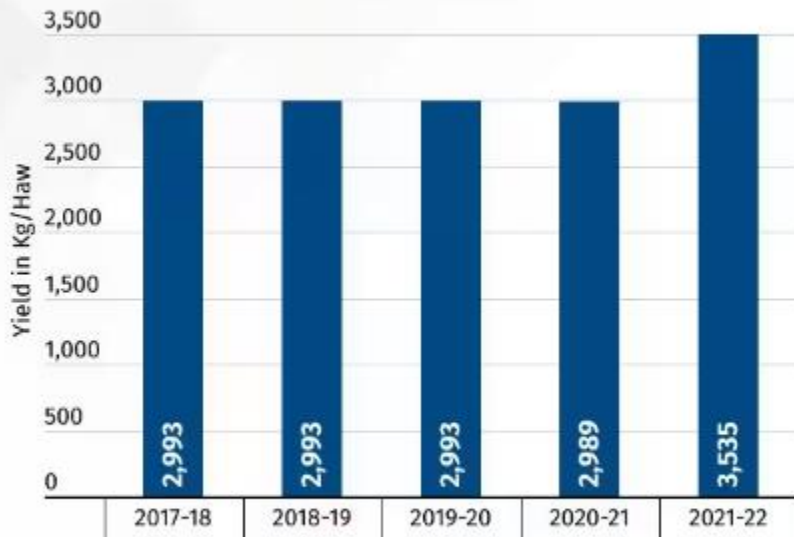
The state economic survey has pointed out that the areas that have benefited from irrigation projects have shown an increase in yields, changed cropping patterns, and an increase in the gross cropped area, and moving away from a mono-crop regime to double cropping; in some regions, farmers have also been encouraged to plant a third crop, like moong, in the summer season.



Production



Yield



Source: Ministry of Agriculture



Betting on MSP

Madhya Pradesh is a big producer of rabi crops, for which the centre announced a hike in the MSP last week.

The MSP of wheat – the main rabi (winter) crop, the sowing for which starts in October, and which is harvested in April – was hiked by Rs 150 per quintal, the highest in over a decade.

Apart from wheat, the MSP has been increased for gram (by Rs 105 per quintal), barley (Rs 115), lentils (masur, by Rs 425), and rapeseed-mustard seed (Rs 200).

Several of these crops, including wheat, gram, barley, lentils and rapeseed-mustard are key products of Madhya Pradesh. The new MSP will be effective next summer, around the same time as the Lok Sabha elections.

It will be interesting to watch how the opposition parties counter the firepower of the double-engine sarkar.



PALLAVI SINGHAL is a Correspondent at Moneycontrol.com covering commerce and agriculture. With a total experience of five years, she has reported on varied subjects covering crime, courts, civic affairs, health & politics. Human interest and feature stories have always piqued her interest.
