

## **The budget and agriculture: Key emphases and way forward**

R Ramakumar

Professor, Tata Institute of Social Sciences, Mumbai and a member of the Kerala State Planning Board)

The revised budget for 2021-22 presented by the Finance Minister K. N. Balagopal is an ideal intervention in the time of the second wave and the economic disruptions that have followed. In this note, I shall dwell on the policy initiatives in agriculture alone.

I will begin with an item in the budget that is not actually included under the department related to agriculture but under the departments of revenue and registration. This pertains the question of land records, which is extremely important in the scientific planning of land as a resource. The money allocated for this purpose is included under many heads, such as land records modernisation, computerisation of revenue department and computerisation of registration department. This was a programme that was initiated under the last Planning Board but executed poorly. For the new government, this will be an important challenge and if executed successfully will be a game changer for the Kerala economy. I wanted to highlight this at the outset both as an important inclusion, as well as an important challenge.

Secondly, an important scheme initiated in the 5th year of the last government was Subhiksha Keralam. This was a major programme that aimed, for the first time, an integration of four departments: agriculture, animal husbandry, fisheries and water resources. It is commendable that the budget named this project and vouched for its continuation. In my view, the task of subsidising agriculture to a large extent has already been achieved by the previous government. Now, the task is to move towards more substantive steps in investment, so that agriculture and agri-entrepreneurship can be founded on a sound economic basis. The key intervention required is in agricultural infrastructure and marketing.

This is where the budget does well to focus on (a) value addition in agriculture on an industrial basis: tapioca, tubers, cashew, mango, jackfruit, banana and spices; (b) expansion

of the capacity of Kerala Bank to intervene in agricultural credit; (c) the use of NABARD's investment credit to rejuvenate investment in Kerala's agriculture at 4% RoI; (d) establishment of five agro-parks; (e) establishment of FPOs and cooperatives.

Thirdly, the budget announced an important new scheme to introduce smart krishi bhavans. Studies show that about 70% of the time of an Agricultural Officer (AO) is now spent on files, meetings and travel to the district headquarters. This must be brought down to 30% so that the AO can spend more time with farmers doing what he/she is supposed to do: agricultural extension. Key measures here include computerisation of Krishi Bhavan administration; introducing an e-filing system and restricting meetings to videoconferencing where required.

Fourthly, in animal husbandry, a key achievement over the last five years was to take the State's dairy sector close to self-sufficiency in production. By 2023 or 2024, Kerala will be producing a surplus in milk, and it needs to be ready with facilities to derive more value-added products in dairy and store excess milk as milk powder. Thus, a powder and evaporation plant has been suggested in the budget, which is important. There are adequate funding possibilities from NABARD's RIDF, which should be tapped for this purpose.

Fifthly, the interventions in the plantation sector are a first. Kerala has always held that plantations are a central subject under the commodity boards. But consistent defunding of commodity boards over the years had led to major demands from plantation growers for more State government interventions. Thus, a plantation policy was announced last year and one announcement there was the establishment of a Plantation Directorate. An allocation of Rs 2 crore has also been made under the Department of Industries. This is welcome.

The budget has also agreed to positively examine the question of changing the cropping pattern of plantations towards more diversification, such as rambutan, avocado, dragon fruit and mangosteen. But it is important to note here that there cannot be complete freedom to the grower to decide on the cropping pattern in the plantations. The basic character of the plantations should be non-negotiable. Only those changes that do not disturb the basic character of plantations will be acceptable in Kerala.

With a series of steps in the plantation sector over the last two years, the government has agreed to most of the demands raised by plantation growers. This should allow us to move into more important concerns, like replanting and value-addition in the sector at an early date.

Finally, I wish to flag two areas of concern.

First, the thinking on coastal erosion and protection in Kerala should not be narrowed down to physical barriers like dropping rocks or tetrapods. There are broader reasonings based on good science, which would argue that physical barriers should form only a small part of our strategy to address coastal erosion. An important strand in this line of thought is to understand oceans and ocean behaviours better, including tuning our strategy to the realities of littoral currents, their direction of flows from north to south and how it can be addressed through measures like artificial nourishment of sand from the deep sea into the shores, erecting biological barriers where possible and rehabilitating the vulnerable population inwards from the shores. Kerala's strategy should be a mix of all these possibilities.

Secondly, we should appreciate that the key challenge in Kerala's agriculture is raising productivity. This challenge requires more of scientific farming, not types of farming that promote unscientific methods in the name of protecting tradition and environment. For instance, a misleading discourse related to presence of poisons in vegetables has been detrimental to the promotion of scientific agriculture in the State. Studies show that there are limited cases (about 5% of all samples) where the pesticide content is higher than scientifically mandated levels in Kerala's vegetables. Yet, we have a disproportionately large-scale discourse on the dangers of poisons in vegetables, and calls for organic farming. In my view, organic farming should be limited to those areas where there are niche markets with premium prices for outputs. It cannot be the rule in crops that are required for domestic consumption among the masses. Here, productivity is the key challenge.

I hope these two concerns would be positively received by the policy makers.