

Economic Times, 18-4-16

P-12

Bank Loans Not Sole Cause for Farm Distress: SBI Chief

Saloni.Shukla@timesgroup.com

Mumbai: Indian farming needs a total revamp to free it from the vagaries of monsoon, State Bank of India chairman Arundhati Bhattacharya told ET in an interview, highlighting the need for investment in many areas of agriculture including irrigation.

A major obstacle the farming community faces is the total dependence on agriculture, which does not provide employment throughout the year due to seasonality of crops, she said. "Rural distress is caused because farmers do not have a regular source of income; they receive income in lumps," Bhattacharya said. "There is a need to create other activities that give a farmer a regular income source; only farming is not enough. Farming also is far more subject to the vagaries of weather than other activities such as dairy, poultry etc," she said.

Politicians and lobby groups have blamed rural indebtedness for a spike in suicides among farmers this year after a gap. Farm income has declined sharply in the past two years as the failure of monsoon for two consecutive years has left many parts of the country short of water to irrigate the land.

Moreover, the payout under the government's employment scheme has been hampered due to a shift in the focus of the government to work related activities under its flagship rural jobs scheme MGNREGA instead of just granting dole. As many as 5,650 Indian farmers committed suicide in 2014, or 15 farmers a day, as per the National Crime Records Bureau data.

About half of India's 1.3 billion people are employed in agriculture, which accounts for almost 20% of the nation's \$2 trillion economy. A paper by industry lobby ASSOCHAM suggested that this year's wheat production may drop to 79-80 million tonnes compared to the government estimates of about 93.8 million tonnes. The agriculture ministry estimates production of pulses at 17.33 million

tonnes, marginally higher than the 17.15 mt achieved last year.

Bhattacharya said banks have also been considerate in addressing the distress of farmers. "Bank loan is not the only reason for rural distress; loans are also obtained from informal channels at exorbitant rates. Rural distress needs to be analysed holistically," she said.

A much criticised arrangement is the Agricultural Debt Waiver and Debt Relief Scheme, announced by the UPA government in 2008, under which ₹71,000 crore of farm loans were written off.

One of the ways to bring farmers out of distress could be increased investments in related areas such as food processing, logistics and irrigation, which will reduce the dependence on rains, Bhattacharya said.

"More capital needs to be brought in land, investment has to come in irrigation, cold chain, quality of seeds used," she said.

The government in this year's budget increased allocation to rural areas to wean a bigger chunk of the population away from farm land and to invest in irrigation. Nearly 28.5 lakh hectares will be brought under irrigation under the Pradhan Mantri Krishi Sinchai Yojana and a dedicated Long Term Irrigation Fund will be created in National Bank for Agriculture and Rural Development or Nabard with an initial corpus of about ₹20,000 crore.

Bhattacharya, however, said the way the government looks at farming has to change. In fact, farming should also be treated as industry, she said. "Agriculture has never received 'industry' status, meaning that there has been little focused effort for efficiencies to increase. And if productivity is not improved their (farmers') standard of living is unlikely to go up and they will remain a neglected section," she said.



Bhattacharya says rural distress is because farmers don't have regular source of income

P-1

'Farming Needs Total Revamp'



Indian farming needs a total revamp to free it from the vagaries of monsoon, State Bank of India Chair-

man Arundhati Bhattacharya said highlighting the need for investment in many areas of agriculture including irrigation. A major obstacle the farming community faces is the total dependence on agriculture. >> 12

Corrected 18/4/16
1/c Newspaper Unit