

Doubling of farm income a distant reality, says Yashwant Sinha

OUR BUREAU Updated on February 06, 2018T+ T-



Yashwant Sinha, former Union Minister of Finance, speaking on the sidelines of a post Budget interactive session organised by the Calcutta Chamber of Commerce in Kolkata - Debasish Bhaduri

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KOLKATA, FEBRUARY 6

Former Union Finance Minister Yashwant Sinha said on Tuesday that doubling of farmers' income by 2022, as envisaged by the ruling government, seems a 'distant reality'.

According to him, there is data to prove that farmer's income has declined by 1.38 per cent in the last four years.

“Instead of increasing, farmers’ income has gone down. So, when we are talking of doubling it by 2022, I would say the last four years have been lost,” Sinha told newsmen on the sidelines of a post-Budget interactive session organised by Calcutta Chamber of Commerce here on Tuesday.

According to Sinha, there is ‘tremendous rural distress’. The 2014 election manifesto of the BJP promised to give farmers 50 per cent of the cost of their produce as MSP.

The government in its Union Budget 2018 planned to offer 1.5 times the cost of production as MSP. However, this may not be able to bring about any marked increase in farmers’ income, according to industry experts.

This is because the government may not use comprehensive cost of production or C2 costs as the benchmark for calculating returns. Instead, it will use A2 or the input costs.

C2 takes into account multiple components. This includes A2 costs, which are incurred by farmers on seeds, fertilisers, chemicals, hired labour, fuel, irrigation, etc; the imputed value of unpaid family labour; and the rentals and interest forgone on owned land and fixed capital assets.

“The distress is not only because the agricultural growth rate has declined. The decrease is because the farmer is actually getting one third or 50 per cent of the price of his produce when compared to minimum support price,” Sinha said.

Published on February 06, 2018