



An Analysis Of Indian Government Spending On Agricultural Schemes: The Paradox Of Rising Exports Amid Increasing Farmers Suicides

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Abstract

Despite substantial government investment in India's agriculture sector, the benefits of spending have primarily supported export growth rather than addressing the wellbeing of the farmers, study conducts a secondary analysis of the past decade to explore the persistent challenges faced by Indian farmers despite extensive government support aimed at boost agricultural productivity and provide financial aid. The rising costs of inputs, crop failures, lack of awareness of schemes and technology, limited market access and price volatility contribute to unsustainable farming practices, pushing many farmers to remain trapped in cycles of poverty and debt. Government investments in agriculture significantly enhance production and promote export, reflects the growth at macroeconomic level. However, these expenditures have limited impact on the economic wellbeing of small and marginal farmers. While government spending often prioritizes large-scale improvements, the benefits fail to trickle down to the grassroot level. Economic struggles of small farmers have been linked to a rise in farmer suicides. Addressing this issue requires holistic policies that focus not only on production but also on farmer welfare, debt relief, and mental health support.

Keywords: Public Expenditure on Agriculture, Agriculture Exports, Debt burden, Farmer Suicide.

Introduction

Agriculture plays a crucial role in the Indian economy and the livelihoods of millions of people in rural areas. In 2024-25, the Ministry of Agriculture has been allocated Rs 1,32,470 crore which is 2.7% of the total budgeted expenditure of the central government. In 2024-25, the Ministry's expenditure is estimated to be 5% higher as compared to the revised estimate of 2023-24 of Rs 1,26,666 crore. The agriculture sector employs the largest share of the workforce in India but contributes the lowest to value addition in the economy. In 2022-23, agriculture employed about 46% of the workforce and accounted for 18% of India's gross value added (GVA) This implies that the sector generated 18% of the country's income by 46% of its workforce. (4) The economic status of farmers is often marked by vulnerability and instability with Economic disparities, seasonal agriculture dependency, and limited access to resources.

I. Review of Literature

1. **Thomas (2002)** Examined the state level analysis of area production and problems in paddy cultivation in Kerala, particularly in Ramankari Village in kuttanad Taluk. Emphasise the interconnected socio economic grapples with a myriad challenges. The survey identified the Shortage of full time dedicated farmers and generational disinterest in farming paradoxically coupled with low wages, abnormal increase in input costs, Lack of proper marketing system, inadequate infrastructure developments, indebtedness to non institutional credit(6).

2. **Behere and Behere (2008)** conducted a study on farmers suicides in Vidarbha province, Maharashtra. The report concludes that Farm suicide should not be viewed as only Mental health problems but also the other major factors , chronic Indebtedness and inability to pay interest , Government schemes and packages were not taken into account their demands and fails to address their needs effectively.(3)
3. **Nusrat Akber, Anjani Kumar and Seema Bathla (2023)** emphasize the public expenditure and Growth dynamics in Indian Agriculture, the authors investigate the relationship between government spending and agricultural growth. The study considers two important categories of public Expenditure for agricultural sector: total public expenditure in agriculture and Irrigation and Agricultural input subsidies, it analyses the trend pattern of public Expenditure over 27 years and the study concludes that public spending on farm sector explicitly and implicitly impacts agricultural Development. (1)

II. Research Problem:

Despite significant Public Expenditure in agriculture and the noticeable increase in agricultural exports over the past decades, farmers suicides continue to rise in India. This paradox presents a critical issue: why have government schemes and export growth not translated into improved livelihoods for farmers, and why do farmer suicides persist, especially in certain states? The research will explore the disconnect between the intended benefits of agricultural policies, the growth in agricultural exports, and the ongoing farming distress, focusing on the factors that contribute to the failure of these policies to address the root causes of farmer suicides and economic hardship.

II. Objectives:

1. To analyse the problems faced by farmers in Indian agriculture
2. To explore the relationship between government agriculture expenditure, increasing agriculture exports, and the persistent issue of farmer suicides in the recent decade.

III. Challenges faced by Farmers in India

India is both a leading producer and exporter of agri-food products as well as the world's sixth largest food and grocery market. Green Revolution took place in India in the late sixties and early seventies, after more than forty years of Green revolution and revolution in agricultural machinery and equipments complete mechanization is a still a distant dream for most of the farmers. Agriculture in general, therefore, and agri-food products, is key to India achieving high inclusive growth as well, generating employment and attracting investment. However, India today faces several challenges related to sustainability across the entire food supply chain – farm-to-fork – ranging from fragmented supply chains, lack of storage facilities, rejection of food products by key importing markets, high use of pesticides, poor quality of inputs and significant food loss and waste.

The economic distress is exacerbated by market fluctuations and limited access to fair pricing. The Minimum Support Price (MSP) is often inadequate to cover production costs, leading to profit margins that are barely sustainable.

FIG:4.1 Challenges faced by Farmers in India



IV.1 Poor Economic Conditions of Farmers: High input costs for seeds, fertilizers, and pesticides often push farmers into debt. The NABARD All India Rural Financial Inclusion Survey revealed that approximately 52% of rural households were in debt, with many borrowing from informal sources charging exorbitant interest rates.

Institutional Credit to Agriculture Sector

([₹] in Crore)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
I. Production (ST) Credit											
Co-operative Banks	102592	113574	130350	143803	131880	136102	142750	148287	179267	229093	164034
RRBs	55957	70697	89326	101579	105001	119790	125654	138069	156369	166782	208058
Commercial Banks	314951	364164	415736	419930	452576	497322	483805	538795	558121	703804	642349
Sub Total (A)	473500	548435	635412	665312	689457	753214	752209	825151	893757	1099679	1014441
II. MT/LT Credit											
Co-operative Banks	8611	6389	8119	9492	10878	14219	9591	9080	11415	14127	11245
RRBs	7724	11956	13157	17681	18215	21426	24013	27257	33643	37398	39599
Commercial Banks	117540	163342	188640	223024	347205	373758	471017	531241	636583	712160	524116
Sub Total (B)	133875	181687	209916	250197	376298	409403	504620	567579	681641	763685	574960
Total Credit (ST + MT/LT)											
Co-operative Banks	111203	119963	138469	153295	142758	150321	152340	157367	190682	243220	175279
RRBs	63681	82653	102483	119260	123216	141216	149667	165326	190012	204180	247657
Commercial Banks	432491	527506	604376	642954	799781	871080	954823	1070036	1194704	1415964	1166465
Grand Total (A+B)	607375	730122	845328	915509	1065755	1162617	1256830	1392729	1575398	1863363	1589400

Source: NABARD, Agricultural statistics at a Glance 2022, pg:167

P: Provisional (as on 31-01-2023)

ST: Short Term MT: Medium Term LT: Long Term

The average amount of outstanding loans per agricultural household in India is Rs. 74,121, and the percentage of indebted agricultural families is 50.2% (NSS Report No. 587)

IV.2. Institutional credit for agriculture sector:

(i) Increased from ₹ 7.3 lakh crore in 2013-14 with a target to reach ₹ 18.5 lakh crore in 2022-23. Benefit of concessional institutional credit through KCC at 4% interest per annum has also now been extended to Animal Husbandry and Fisheries farmers for meeting their short-term working capital needs.

(ii) A special drive has been undertaken since February 2020 to provide concessional institutional credit with focus on covering all PM-KISAN beneficiaries through Kisan Credit Cards (KCC). As on 23.12.2022, 387.87 lakh new KCC applications have been sanctioned with a sanctioned credit limit of ₹ 4,49,443 crore as part of the drive.(pib)

IV.3. Agricultural Mechanization:

Agricultural mechanization is extremely vital to modernize agriculture and reduce drudgery of farming operations. During the period from 2014-15 to March 2022, an amount of ₹5490.82 crores has been allocated for agricultural mechanization. 13,88,314 numbers of machines and equipment have been provided to farmers on subsidy basis. 18,824 custom hiring centers, 403 high-tech hubs and 16,791 farm machinery banks have been established to make available agricultural machines and equipment's to the farmers on rental basis. During the year 2022-23, so far, an amount of ₹ 504.43 crores has been released for distribution of around 65302 machines on subsidy, establishment of 2804 CHCs, 12 Hi-tech hubs and 1260 Village Level Farm Machinery Banks

IV.4. Pricing Issues: The MSP for paddy, set at ₹2183 per quintal for the 2023-24 season, does not always reflect the rising cost of production. This situation creates a wide disparity between input costs and returns, often leading to financial losses.

IV.5. Environmental Challenges: Climate change has adversely affected paddy cultivation. Erratic monsoons, floods, and droughts significantly disrupt production, farmers often face additional costs to mitigate these effects, which in turn further reduce their income. Climate changes also contributes to increased pest and disease outbreaks which negatively impact crop yields. cumulative effects of these environmental challenges reduced crop production leads to lower income.

IV.6. Market Access: Indian farmers face several challenges in accessing markets effectively, which often lead to lower income and financial instability Many farmers lack direct access to markets, compelling them to rely on intermediaries who often exploit the dependency. some government initiatives like **mKisan** SMS portal, **eNAM** and mobile apps aim to provide market data, but adoption is still low in many areas due to low digital literacy.

V. Government Schemes and Initiatives

The Indian government has launched several schemes for agricultural developmentbut many of the small farmers are unaware of the schemes or lack the resources to access due to low literacy levels or limited exposure to digital platforms.

Table:5.1Public Expenditure on key schemes under the Department of Agriculture and Farmers welfare
(Rs Crore)

Scheme	2022-23 Actuals	2023-24 Revised	2024-25 Budgeted	% changes in 2024-25 BE over 2023-24 RE
PM-KISAN	58254	60000	60000	0%
MISS	17998	18500	22600	22%
Crop Insurance scheme	10296	15000	14600	-3%
RKVY	5247	6150	7553	23%
Krishionnati Yojana	4716	6378	7447	17%

Source: Expenditure Budget, Union Budget 2024-25; PRS

V.1. Pradhan Mantri Kisan Samman Nidhi (PM-KISAN): Launched in 2019, this scheme provides ₹6,000 per year to small and marginal farmers. While it has provided some relief, its impact on assuaging poverty and debt is still under scrutiny. PM-KISAN accounts for almost half of the Department's expenditure in 2024-25. The allocation for PM-KISAN is not budgeted to increase as the quantum of cash transfers and the beneficiaries under the scheme are largely unchanged.

V.2. MISS (Modified Interest Subvention Scheme) : In 2024-25 is budgeted to increase by 22% over the revised estimate of 2023-24. Under MISS, concessional short-term loans are provided to farmers engaged in crop husbandry and other allied activities.

V.3. Crop Insurance scheme:

Table:5.2 Insurance claims settled under Crop insurance schemes (in Rs Crores)

Year	Total sum Insured	Total claim Paid	Claim paid as % of sum insured
2020	194689	19385	10%
2021	182952	18264	10%
2022	216643	16791	8%
2023	278420	7128	3%

Source: Pradhan Mantri Fasal Bima Yojana Dashboard; PRS.

Delay by state governments in releasing their share is a major financial constraint in implementing the scheme. Admissible claims under the crop insurance scheme are generally paid by insurance companies within two months of completion of crop cutting experiments/ harvesting period. However, the concerned government must transfer their share of premium subsidy on time (3).

V.4 National Agricultural Market (eNAM): Introduced in 2016, this platform aims to provide farmers with better access to markets and fairer prices. The earnest implementation of eNAM has the potential to reduce the exploitation by middlemen, yet its reach is still limited.

V.5 Soil Health Card Scheme:

To promote sustainable farming practices, this initiative provides farmers with recommendations on the specific nutrients needed for their fields. The impact of this initiative has varied, depending on the awareness and adoption levels among farmers.

VI. Analysis of Public Expenditure in Agriculture

There is no proposal to introduce a separate budget for Agriculture. However, Government of India provides top most priority to the sector which is the backbone of the economy. This is reflected in the fact that budget allocation for the Ministry of Agriculture and Farmers' Welfare is very substantial. It has increased from Rs.27662.67 crore in 2013-14 to Rs. 132513.62 crore in 2022-23. The Union Cabinet has merged all centrally sponsored schemes for the agriculture sector into two umbrella schemes — the Pradhan Mantri Rashtriya Krishi Vikas Yojana (PM-RKVY) and the Krishonnati Yojana (KY). The aim is to avoid duplication and ensure convergence.

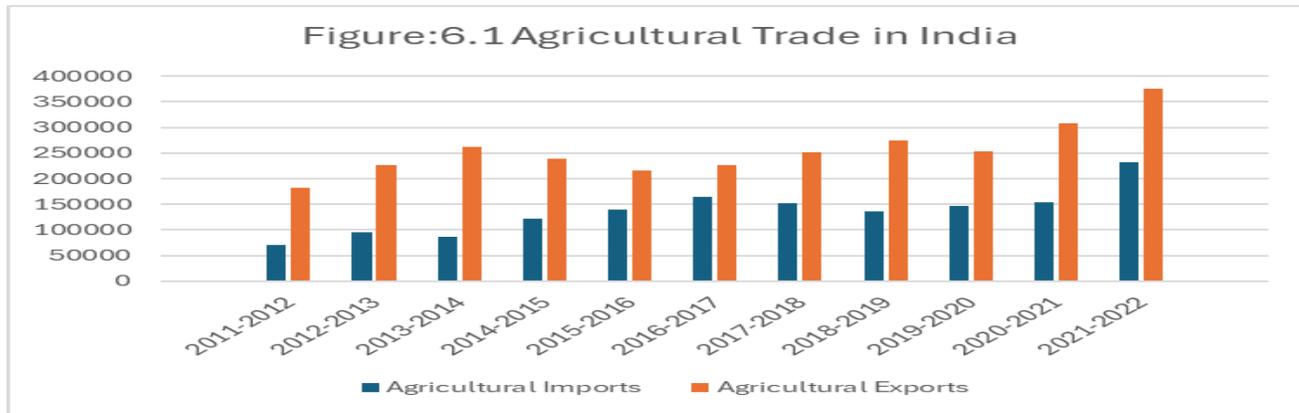
Table 6.1 Agriculture Expenditure in 2024-25(Rs Crore)

Department	2022-23 Actuals	2023-24 Revised	2024-25 Budgeted	% change 2024-25 BE Over 2023-24 RE
Agriculture and Farmers welfare	99877	116789	122529	5%
Agricultural Research and Education	8400	9877	9941	1%
Total	108277	126666	132470	5%

Source: Expenditure budget, Union Budget 2024-25; PRS

According to the Union Budget, the share of agriculture in the total budget has seen fluctuations. For instance, allocations to agriculture and allied services have seen a significant increase from ₹64,000 crores in 2000-01 to approximately ₹1.48 lakh crores in 2020-21.

VI.1 Indias international trade in Agriculture



An Increase in Indias Public Expenditure on Agriculture has been accompanied by a corresponding rise in agricultural exports, The data indicates that the export of major agricultural commodities saw a sharp surge after 2017. While India, as one of the most populous nations, India Imports several agricultural commodities to meet the domestic demand - supply Gap. The import of agricultural commodities possess a significant challenges for small and marginal farmers, who account for the majority of the farming community.

VI.2 Misdirection of government subsidies

As per reports by the central government and NCRB, government farming subsidies from 1993 to 2018 mostly went to producers and dealers of seeds and fertilizers, and not to farmers. In 2017, Rs. 35,000 crores of loans and subsidies were given to entities in the cities of New Delhi and Chandigarh, cities that do not have any farmers. Similarly, in Maharashtra, 60% of government loans and subsidies were given to people and entities residing in Mumbai. This has resulted in money being circulated between the government, banks large and small corporations, and politicians, without any of it reaching farmers, aggravating their woes. Most farmer loans were less than Rs. 50,000.

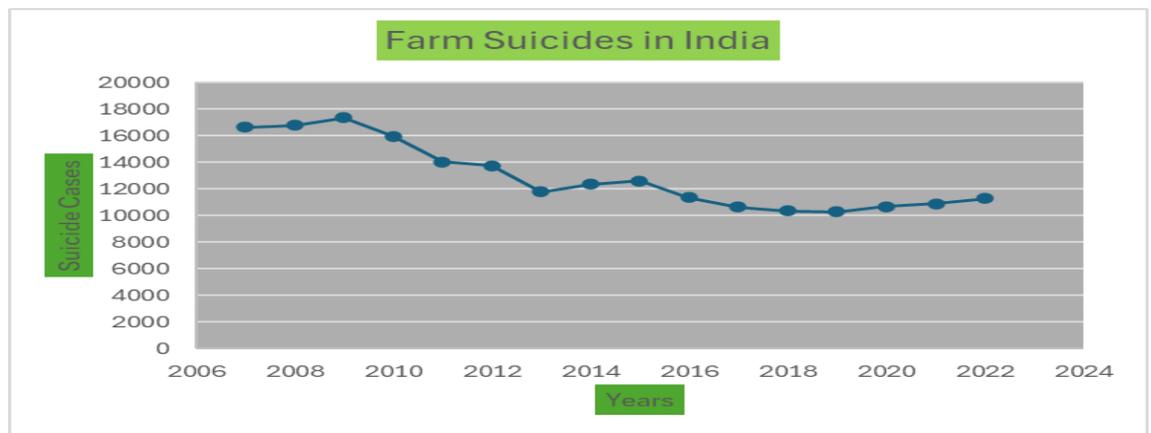
IV. Suicide Rates of Farmers

The issue of farmer suicides has emerged as a grim signal of agrarian distress in India. According to the National Crime Records Bureau (NCRB), between 2001 and 2021, approximately 3,00,000 farmers committed suicide, with a significant proportion attributed to agricultural debt and financial stress. The suicide rate of farmers remains substantially higher than the national average, highlighting the urgency of sustainable solutions.

Several factors contribute to the plight of Indian farmers, including heavy debt, unstable income and lack of access to modern farming resources. Despite government initiatives aimed at offering relief ,such as loan waivers, crop insurance schemes , these measures have not been sufficient to address the complex.

Table:7.1 Farmer suicides in India

Year	Cases
2007	16632
2008	16796
2009	17368
2010	15964
2011	14027
2012	13754
2013	11772
2014	12360
2015	12602
2016	11349
2017	10655
2018	10349
2019	10281
2020	10677
2021	10881
2022	11290



Source: National crime records Bureau (NCRB)

Farmers are among the most at-risk groups in India for death by suicide, accounting for 15.08 per cent of the country's recorded suicides in 2021, according to the National Crime Records Bureau. While an estimated 75.5 per cent of the world's suicides occur in low- and middle-income countries, India alone accounts for 26.6 per cent of all instances globally. The suicide rate in rural areas is almost double that of urban areas in India. According to the National Crime record bureau, the states with the highest incidence of farmer suicides in 2022 were Maharashtra(4248), Karnataka(2392), Andhra Pradesh(917), and Tamilnadu(728) and Madhya Pradesh(641) together these five states recorded about 80% of total suicides in the farming sector.

VIII. Limitation of the study

1. Government policies primarily focus on Macro level Economic Developments, which may not fully capture the micro level challenges faced by small and marginal farmers.
2. The policy framers rely on secondary Data, expert opinions or Government reports, which could lead to disconnect from the actual lived experience of small farmers, limiting the ground level insights.

IX. Suggestions

1. Focus on integrated rural development with investments in Infrastructure, healthcare, and education to enhance agricultural productivity and reduce Migration.
2. Decentralized credit Access and financial Inclusion especially for small and marginal farmers.
3. Promote affordable Farmer-friendly technologies
4. Government address Market inefficiencies and strengthen supply chain transparency for better prices.
5. Expand debt relief Mechanisms and Mental Health initiatives to alleviate financial stress and reduce farmer suicides.
6. Ensure Efficient fund allocation and programme delivery at the Grass root level.

VIII. Conclusion

The economic status of paddy cultivators in India is characterized by significant challenges, compounded by a burdensome debt cycle, inadequate pricing mechanisms, environmental factors, and limited market access. Although government schemes such as PM-KISAN and eNAM aim to support these farmers, their effectiveness can often be limited. As India seeks to stabilize its agrarian economy, a multi-faceted approach emphasizing sustainable practices, fair pricing, and better financial literacy for farmers . Addressing the root causes of agrarian distress is imperative not only for the welfare of farmers but also for the nation's food security and economic stability.

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