



Government of Odisha



BUDGET

2017-18



Agriculture Part - I

Presented by

Sri Pradip Kumar Amat
Minister, Finance

27th February, 2017

Hon'ble Speaker Sir,

I rise to present the Budget for the year 2017-18. In the current year 2016-17, which is the Birth Centenary Year of the legendary leader Biju Patnaik and the 80th Year of formation of Odisha as a separate State, we have celebrated the achievements of our people and deliberated upon the future challenges facing us. Under the leadership of our beloved chief Minister Shri Naveen Patnaik we move forward with our collective commitment for the all-round development of our State.

2. I take this opportunity to thank Honourable Speaker, Honourable Chief Minister, the Leader of Opposition and the leaders of all political parties for the decision to present the State Budget after the presentation of the Union Budget and to complete the process of approval of the Budget as a whole by 31st March 2017. I am also grateful for all party decision to accept our proposal to do away with the distinction between Plan and Non-Plan for 2017-18 Budget Estimates. The Estimates of Expenditure are now grouped into four broad categories such as Administrative Expenditure, Programme Expenditure, Expenditure out of Disaster Response Fund and Transfers from the State

Government. Revenue and Capital account will continue as before within these broad categories.

3. We have held pre-budget consultations with a cross section of experts, civil society and representatives of the trade & industry and farmers, to make the Budget more inclusive. This year, people could also send their suggestions through Whatsapp and Telegram mobile application; 1780 suggestions were received across a range of subjects. We have carefully considered the suggestions and factored them while preparing the Budget, making it truly a participative process.

4. Like previous years this Budget is in two parts. The first part is the Agriculture Budget, which not only covers the outlay and programmes relating to Agriculture and allied activities, but also presents the macro-economic outlook as well as the economic context in which this Budget is being presented. The second part is the General Budget.

Macro-Economic Outlook

5. The global economic outlook for 2017 presents mixed prospects. As per the forecast of the International Monetary Fund (IMF), the growth in World GDP is expected to pick up modestly in advanced as well as emerging

economies. However, there are considerable uncertainties associated with commodity prices, monetary stance of US Federal Reserve and protectionist policies that may impede exports from and capital inflows to emerging economies. At the national level, the GDP forecast for the current year has been revised downwards mainly due to effects of demonetisation, which has also adversely affected Odisha's economy in post- November period. However, despite this downside pressure, the State's economy is expected to grow at the rate of 7.94 per cent in real terms and 10.85 per cent in nominal terms during the current fiscal year, especially due to higher growth in agriculture sector. This is above the national level growth estimates. Going by the trends in the external and domestic economic environment the State economy can be expected to grow in the range of 8 per cent to 8.5 per cent during 2017-18.

In the above context, I now proceed to present Agriculture Budget.

Agriculture Budget – Background

6. Although Agriculture, including livestock and fisheries, contributes around 17.5 per cent to the GSDP, it provides employment and livelihood to around 62 per

cent of the population. Higher growth in agriculture will, therefore, result in faster reduction of poverty and rise in the income level of our people living in rural areas who largely depend on agriculture and allied activities for their livelihood. As a pioneering initiative of our Hon'ble Chief Minister Shri Naveen Patnaik for holistic, focused and accelerated development of agriculture, a separate Agriculture Budget has been prepared since 2013-14. The outcome of this step has been positive. The productivity gain in agriculture in our State has been recognised at the National level with conferment of '**Krishi Karman Award**' for four times during last five years. The food grain production is likely to reach a level of 115 lakh metric ton during 2016-17.

Farmers at the Centre of Agricultural Cycle

Hon'ble Speaker Sir,

7. I have tried to align this year's Agriculture Budget with the farming life cycle which covers major activities performed by a farmer for raising crops and taking up horticulture, floriculture, fisheries, animal husbandry and other allied activities. Soil health management, Seed selection, improved farm implements, assured irrigation,

affordable and timely credit, effective extension, proper risk coverage, post-harvest management and marketing as well as farmer welfare measures are important facets for raising income and well-being of farmers and production and productivity of agriculture.

Soil Health and Conservation

8. The most important step for soil management is to know the soil health to ascertain the productivity level of a soil for a given crop. We have established 27 static and 14 mobile Soil Testing Laboratories to test around 3.35 lakh soil samples and issue 10 lakh Health Cards annually with recommendations for balanced fertiliser use. The **Integrated Watershed Management Programme** will have an enhanced outlay of about **Rs.155 crore**. Besides, the State Government will provide **Rs.6.50 crore** for programme management. It will help restore degraded natural resources such as soil, vegetative cover and water. The outlay for soil conservation organisation to carry out these activities has been enhanced from about **Rs.397 crore** to **Rs.549 crore** registering a growth of 38 per cent.

Seed, Fertilizer, Farm mechanisation and Modern Farming practices

9. **Rs.100 crore** is proposed for continuation of the Corpus Fund with **Odisha State Seeds Corporation, Odisha Agro Industries Corporation** and **Odisha Cashew Development Corporation** for procurement and distribution of quality seeds to the farmers. In order to ensure availability of fertilizer for the farmers during the cropping season, a revolving fund with a corpus of Rs.100 crore would be placed with Odisha State Co-operative Marketing Federation Ltd.

10. Adoption of modern machineries like precision seeders and planters practices like System of Rice Intensification (SRI), direct seeded rice, zero tillage, etc. would lead to efficient farming and productivity gains. It will make agriculture viable and lucrative and attract the young generation to farming. A strong agricultural extension system will enable delivery of appropriate technology and improved agronomic practices to the farmers. **National Mission on Agriculture Extension and Technology** with an outlay of **Rs.192 crore** and the **Farm Mechanisation Programme** of the State Government with an outlay of **Rs.335 crore** will cater to these objectives. To

promote horticulture, floriculture and spices, an outlay of **Rs.102 crore** has been proposed under **National Horticulture Mission**.

11. To prevent leakages in transfer of input subsidies to farmers, **Direct Benefit Transfer** (DBT) is being implemented for farm mechanisation, **Jalnidhi** Scheme and need-based inputs and about 18 lakh farmers have been registered for this purpose. Odisha has been recognised as the first State in the country to implement such a programme for farmers. The scope of DBT will be progressively extended to other farmer-oriented schemes.

Irrigation and Water Use efficiency

Hon'ble Speaker Sir,

12. Our beloved Chief Minister's vision is to give topmost priority to harnessing water resources for providing irrigation. We are on course to create additional irrigation potential of 10 lakh hectares. During the end of current financial year, it is expected that additional 2 lakh hectares will be brought under irrigation which would add to the irrigation potential of about 3 lakh hectares created during the last two years. We commit ourselves to achieve the target in the next two years. Our target for 2017-18 is

creation of additional irrigation facilities for **2.95 lakh hectares**.

13. Our strategy is to complete the on-going major, medium and minor irrigation projects and also take up short gestation projects. An outlay of **Rs.2,377 crore** has been provided in 2017-18 for 8 ongoing AIBP Projects for which funding has been tied up from Long Term Irrigation Fund (LTIF) under NABARD. A sum of **Rs.1,546 crore** has been allocated for **Parbati Giri Mega Lift Irrigation Scheme**.

14. Construction of about 4000 check dams will be taken up under **Mukhya Mantri Adibandha Tiyaari Yojana - MATY** with an outlay of **Rs.556 crore**.

15. Hon'ble Members have always raised their concern about revival of defunct lift irrigation projects in the State. During the last two years we have revived 2600 defunct L. I. points. I propose to provide **Rs.120 crore** to revive additional 1220 defunct L. I. points.

16. Ongoing **Jalnidhi** scheme has been allocated **Rs.160 crore** in 2017-18. Under **Biju Krushak Vikas Yojana**, a sum of **Rs.620 crore** is being provided for creating irrigation through deep bore wells. An ambitious programme has

been drawn up for construction of 5 lakh dug wells in coming five years in a convergence mode. A sum of **Rs.250 crore** has also been proposed for Agriculture Department to take up **micro-irrigation under PMKSY** with a State Share of 40 per cent.

17. Through the Command Area Development programme, it is proposed to improve water use efficiency and to provide last mile irrigation through field channels and pipes to 60,000 hectares with an outlay of **Rs.268 crore**. To minimize conveyance loss in canals, a sum of **Rs.270 crore** is being proposed under **Canal Lining and System Rehabilitation Programme (CLSRP)** to complete about 150 km of canal lining work.

18. The **Dam Rehabilitation and Improvement Programme (DRIP)** is being implemented with assistance from the World Bank. It is proposed to take up construction of an additional spillway of Hirakud Dam for enhanced safety. An outlay of **Rs.887 crore** has been proposed for flood control and drainage work.

19. The commitment of our Government is reflected in the fact that the budget estimates for Irrigation and flood control sector for Water Resources Department alone

have been increased from Rs.7,242 crore in 2016-17 to **Rs.9,200 crore** in 2017-18 which is a steep increase of 27 per cent. In addition, substantial resources will be deployed by other Departments in a convergence mode.

Credit

20. Co-operatives provide around 65 per cent of crop loans dispensed in the State.

21. We have kept our promise to provide interest subvention on crop loans so that credit is available at an effective interest rate of 1 per cent to the farmers for loans up to Rs. 50,000 and 2 per cent for loans above Rs. 50,000. I propose to provide a sum of **Rs.435 crore** in 2017-18 as **Interest Subvention to Co-operative** as well as Commercial Banks.

22. In accordance with RBI regulations, Odisha State Cooperative Bank (OSCB) and the 17 Central Cooperative Banks (CCBS) are required to achieve the Capital to Risk Weighted Assets Ratio (CRAR) of 9 per cent. Keeping in view this requirement, I propose to provide **Rs.35 crore** to **Odisha State Cooperative Bank and CCBS** and an additional **Rs.7 crore** to selected weak **Primary Agriculture Cooperative Societies (PACS)**.

23. To bring about transparency and efficiency in operations, a sum of about **Rs.49 crore** has been earlier provided for the computerisation of 2708 PACS. It is now proposed to provide **Rs.12 crore** through RKVY to provide connectivity to PACS. We intend to transform the PACS as **ONE STOP SHOP** for the farmers to meet all their requirements including credit, fertilizer, seeds, custom-hiring of agriculture implements, storage and marketing under one roof.

Risk Mitigation

24. Farmers are exposed to risks of crop failure owing to drought like conditions on account of erratic and deficient monsoon, flood, cyclone, un-seasonal rain and hailstorm. It is necessary to protect them from loss of income and livelihood. Crop insurance is a tool for mitigation of the risks of the farmers. In place of the National Agricultural Insurance Scheme (NAIS), a new scheme **Pradhan Mantri Fasal Bima Yojana** has been introduced from 1st April, 2016 to provide quick relief and adequate compensation to the farmers. I propose to provide **Rs.265 crore** towards the State's share for the premium.

Post-Harvest Management

25. The scheme for construction of **Concrete Drying Platform-cum-Threshing Floors** has become quite popular. To attract private investment in warehousing capacity in the KBK region for non-paddy crops, it is proposed to make a provision of **Rs.2 crore** for promoting services like assaying, grading and sorting. 10 selected RMC markets will be integrated with **National Agriculture Market (NAM)** through E-platform. It is also proposed to amend the Odisha Agricultural Produce Markets Act to create an enabling environment for consolidation of agriculture marketing.

Allied activities

Fisheries

26. We have formulated Odisha Fisheries Policy, 2015 to double fish production in the State in five years. District-wise action plan for fisheries development in all Districts of the State has been initiated. 32 clusters have been identified to enhance Brackish Water shrimp production.

27. We are encouraging fish farmers with provision of 50 per cent subsidy for creation of ponds for pisciculture in new water areas and have a target of adding 1500

hectare. There is an outlay of about **Rs.48 crore** for the scheme. Besides, we have also a scheme for promotion of reservoir fisheries development in open water bodies with an outlay of **Rs.2 crore**. 25 per cent subsidy is provided to marine fishermen for Boat and Net units. With the assistance from Rural Infrastructure Development Fund of NABARD and from our own resources, we propose to take up development of infrastructure for the Fisheries Sector including Farms, Fishing Harbours, Fish Landing Centres, construction of cement concrete road to shrimp clusters for which an outlay of **Rs.20 crore** is proposed. Besides, funds to the extent of **Rs.3 crore** is proposed to be provided for dredging of river mouth, berthing places in fishing harbour, fish landing centre as well as jetties in the State.

28. A Memorandum of Understanding has been signed with the International Research Organisation "**WorldFish**" for development of fisheries in the State. To encourage private investment in value addition and marketing in fisheries sector, MoUs have also been signed with 14 companies for an investment of **Rs.1940 crore** during **Make-in-Odisha conclave**. An outlay of **Rs.4 crore** is

proposed for transfer of technology and increasing the knowledge base of the officials and fish farmers.

Blue Revolution

29. A provision of about **Rs.22 crore** has been made for different activities such as fish seed rearing centres, integrated development of reservoirs, rejuvenation of water bodies and capacity building of fish farmers under the umbrella Centrally Sponsored Scheme called **Blue Revolution**.

Welfare of fishermen

30. Our Government has provisioned a sum of **Rs.1 crore** to protect the marine fishermen families against loss of livelihood during the ban period. A provision of **Rs.2.15 crore** has been made for scholarship to the meritorious students of fishermen community and assistance to Women Self-Help Groups under the **Matshyajibi Unnayana Yojana**.

Animal Husbandry & Dairying

31. Animal husbandry and dairying are important sources of income for millions of rural families. These two sectors play an important role in providing employment and income generating opportunities.

32. In order to supplement the veterinary services through the hospitals and dispensaries, Mobile Veterinary Units are being operated in all the blocks of the State for 20 days in a month. We propose to provide about **Rs.23 crore** for the purpose. Mobile Advisory would be provided to one lakh livestock farmers with an outlay of about **Rs.4 crore**.

33. In order to provide quality feed and fodder for increasing the yield of milch animals, a new scheme **Feed and Fodder Production in different Agro-Climatic Zones** has been launched. Under the scheme **Strengthening of Dairy Organisations** about **Rs.11 crore** would be provided.

34. **White Revolution** is the umbrella Centrally Sponsored scheme for development of dairying and livestock management. Major activities like Control of Animal Diseases, National Programme for Dairy Development,

National Mission on Bovine breeding for development of indigenous breeds and productivity would be taken up under the scheme. Besides, skill development, technology transfer and extension activities would also be taken up under the **National Livestock Mission component**. We propose to provide **Rs.110 crore** under the scheme.

35. Infrastructure development and strengthening of the **State Referral Laboratory for Disease Control** would be taken up with assistance from Rural Infrastructure Development Fund of **NABARD**. An outlay of **Rs.7 crore** will be provided for the purpose.

Farmers' Welfare

36. Our Government is committed to the cause of farmers' and their welfare. **Biju Krushak Kalyan Yojana** has been designed with the objective of providing health security to farmers and their families through cashless treatment through a network of 100 hospitals. We will continue to take care of the health need of farm families. I propose to provide **Rs.88 crore** towards health insurance cover to farmers' families of about 57 lakh.

RKVY and Other initiatives

37. Rashtriya Krishi Vikas Yojana (RKVY) is an overarching scheme for development of agricultural and allied sector. The outlay for this Centrally Sponsored Scheme is **Rs.708 crore**.

38. An action plan to promote organic farming over 6400 hectares has been prepared under **Parampragat Krishi Vikas Yojana** initially in Kandhamal and Koraput districts. The Special Programme for millets announced last year will be grounded in seven tribal districts to improve nutritional security of our people.

Conclusion

39. In 2013-14 when we started a separate Agriculture Budget, we had an outlay of Rs.7,162 crore. Under the guidance of our beloved Chief Minister, I propose almost a 100 per cent increase leading to an outlay of **Rs.14,930 crore**.

40. Agriculture remains the lifeline of our economy. It contributes to our food security and provides livelihood to a vast majority of our people. Our famous poet, **Swabhaba**

Kabi - Gangadhar Meher has glorified agriculture in the following words.

କୃଷି କଲେ ଉନ୍ନତ ସକଳ ଉନ୍ନତି
କୃଷି ବିନା ନା କଳ୍ପା ନା ପଲ୍ଲୀ କାହିଁବା ଅନ୍ୟ ଗତି ହେ ।।

With these words, I dedicate this Agriculture Budget to the growth and development of agriculture and empowerment of the farming community.

Vande Utkal Janani
Jai Hind