

UTILIZATION PATTERN OF THE FINANCIAL ASSISTANCE OF THE YSR RYTHU BHAROSA SCHEME IN ANDHRA PRADESH: A CASE STUDY

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Abstract

The study was conducted to determine the impact of the YSR Rythu Bharosa Scheme, a financial assistance program for farmers, on reducing their working capital. The survey was conducted across the 12 Gram Panchayat of a Mandal in Kurnool District of Andhra Pradesh. The sample data was collected using personal interviews and forms by clustering samples and covering all sections of the population. The data was analyzed and presented in tables and charts. The study shows that most of the farmers were spending the monetary assistance partially for agricultural purposes and partly for family consumption. Farmers were spending the majority of their money on developing the farmland, buying agricultural inputs, and family consumption. The farmers opined that the financial assistance should be on par with market rates for agricultural inputs.

Keywords: YSR Rythu Bharosa, Financial Assistance, Working Capital, Agriculture Inputs, Family Consumption

Introduction

Andhra Pradesh has 162.97 lakh hectares of geographical area, out of which 60.38 lakh hectares of land are net area sown, i.e., 37.05 percent of the total geographical area (Planning Department, 2023). In Andhra Pradesh, there are about 85.24 lakh landholdings. Out of that, nearly 97.5 percent (83.20 lakh landholdings) of agricultural landholdings are cultivated by marginal, small, and semi-medium farmers (Statistics, 2023). Interestingly, the average size of land holding has gradually decreased to 0.94 hectares. This could be attributed to an increase in population, the diversion of agricultural land for industrialization and urbanization, and divisions within the family. Many research studies show that when there is a decrease in land holding size, there is a corresponding increase in the working capital requirement to produce the crop. To cope with the working capital requirement, marginal and small farmers are lending money mostly from money lenders rather than relatives at exorbitant interest rates, as institutional credit is not the cup of marginal and small farmers due to reasons like mortgaging the assets, lengthy processes, political influences, and corruption at the end of bank officials. On the whole, this situation leaves the farmer with no working capital in his hands and sometimes may lead to a vicious cycle of indebtedness and

suicides. Indebtedness is one of the top three reasons for farmer suicides (Bureau, 2022). In addition to indebtedness, a gradual increase in the cost of farm inputs makes the situation for farmers even worse. For instance, to produce maize on one hectare of agricultural land, the farmer requires around Rs. 90124.29 in the agriculture year 2020–2021 (Statistics D. o., 2023). It was higher than Rs. 83687.79 in 2019–2020 and Rs. 80790.71 in 2018–2019. In such situations, the Government of Andhra Pradesh has come up with a scheme titled 'YSR Rythu Bharosa-PM-KISAN' from Rabi 2019. The primary object of the scheme is to augment the income of landowner farmer families and that of SC, ST, BC, and Minority landless tenant farmer families by providing financial assistance across the state.

Through the YSR Rythu Bharosa-PM-KISAN scheme, the Government of Andhra Pradesh is providing financial assistance of Rs. 13000 per year to the eligible farmers in three instalments (Rs. 7500, Rs. 4000, and Rs. 2000) before starting the cropping seasons of Kharif, Rabi, and Zaid (Department, 2019). The scheme covers a spectrum of farmer families, such as land-holding farmer families who collectively own cultivable land irrespective of size, RoFR and D-Patta holders, and tenant farmers. There is an iconic feature in the scheme, which is the predictability of credit dates for money into beneficiary accounts. As the state government unveils a welfare calendar in the month of January every year, money will be transferred directly to the beneficiary accounts accordingly.

Methodology

This study was conducted to analyze the spending patterns and benefits of the scheme. The study was conducted in 12 Gram Panchayats of Devanakonda Mandal in Kurnool District, Andhra Pradesh. In that Mandal, there were 12,901 beneficiaries of the scheme. We had taken the help of village volunteers in each Gram Panchayat, who are graduates, to record the responses of the beneficiaries.

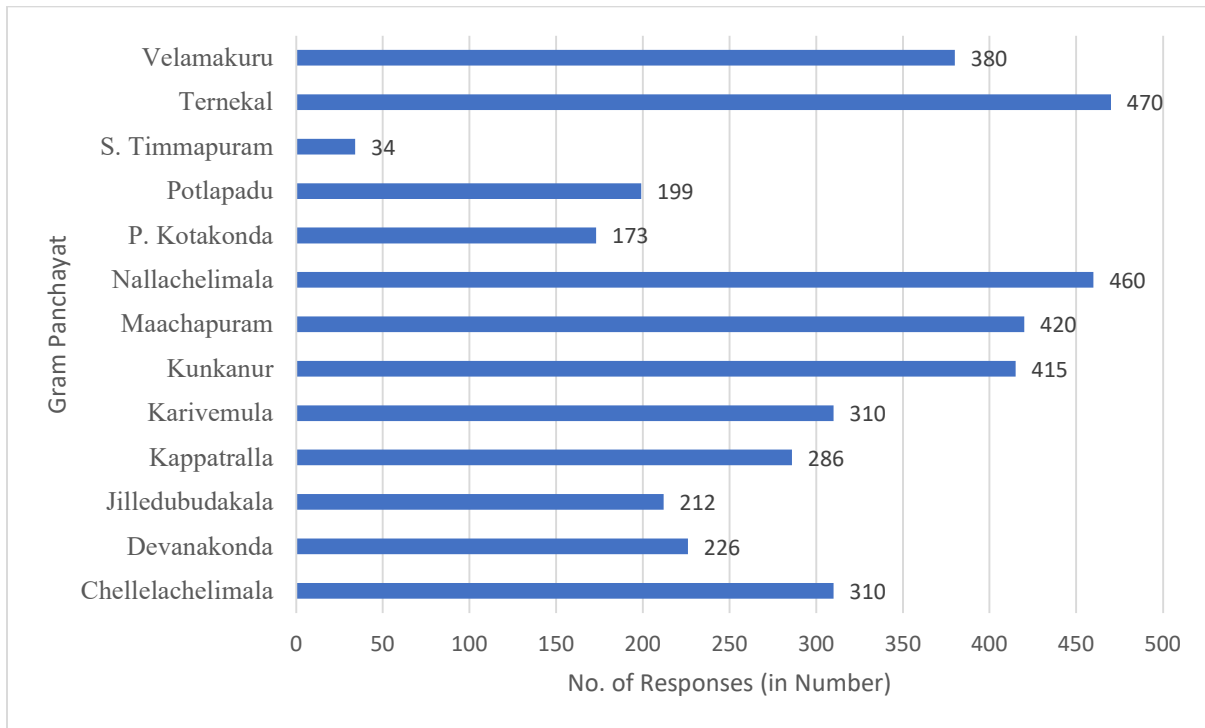
The study used the qualitative survey method. The survey was conducted by clustering the population by including all the social groups, and we picked the samples from the clustered population.

The responses were collected through structured interviews and marked in an assessment form. The impact assessment form was created using the Google Forms application. The form was prepared in two languages, i.e., English and Telugu. A Google Form link was shared with respondents, and they were asked to mark their responses in the form. The respondents marked their responses on multiple checkboxes as they were spending the monetary benefit to purchase multiple inputs with the same instalment.

For the purpose of the study, we collected 3897 responses covering about 33 percent of beneficiaries to reduce the margin of error in responses (Figure 1).

Figure 1

Number of Responses across 12 Gram Panchayats (Total Responses: 3897)



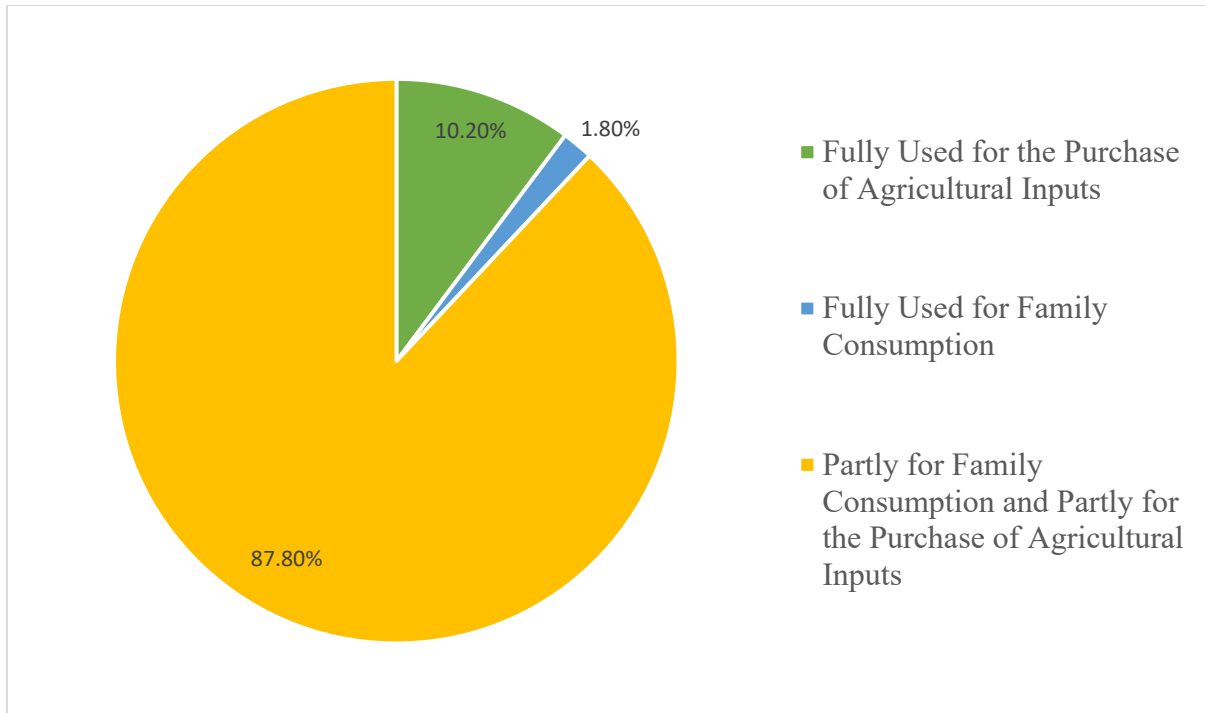
Findings of the Study

Out of 3897 responses, 87.80 percent of respondents were using money for both family consumption and purchasing farm inputs (Figure 2). As the guidelines of the scheme itself explicitly express, the monetary benefit could also be used for family consumption, apart from procuring agricultural inputs. Most semi-medium landholding farmers fell into this category as their land size was relatively large and the instalment money was not enough to purchase farm inputs. Because of this, money was diverted to fulfill immediate family needs.

Interestingly, only 10.20 percent of respondents were using instalment money to purchase agricultural purposes. Most of the marginal and small farmers fell into this category. The instalment money was sufficient for the purchase of all the farm inputs required. They were strictly using the money for agricultural purposes only, despite having other compelling needs.

Figure 2

Utilization of Monetary Benefits of the Scheme (in Percentage)



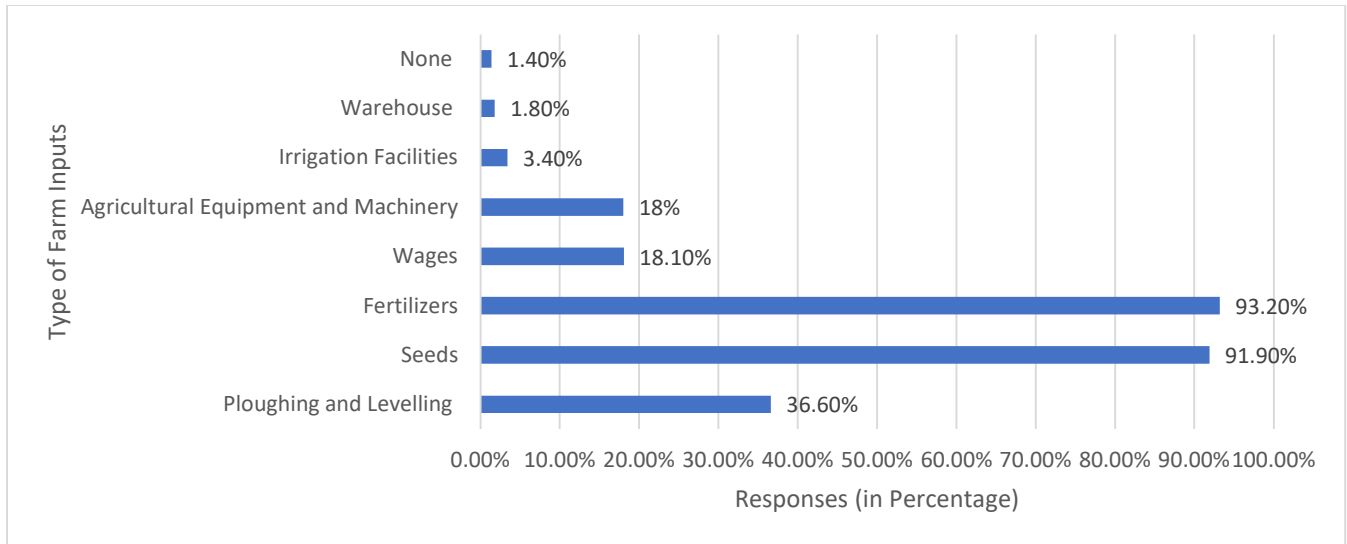
At the end, absentee landlords like old-age farmers, farmers who migrated to other places for better prospects, farmers who settled in other professions, etc. comprise 1.80 percent of our respondents. They were getting benefits from the scheme, which is used for family consumption and other purposes.

Patterns of Purchase of Agriculture Inputs

The study revealed that 98 percent of farmers were utilizing monetary benefits while purchasing agriculture inputs (Figure 3). Among the variety of agriculture inputs, fertilizers, seeds, ploughing, and levelling are the top 3 inputs on which farmers are spending some of the scheme benefits.

Figure 3

Pattern of Spending on Agricultural Inputs



Labor wages (18.10%), agricultural equipment and machinery (18%), irrigation facilities (3.40%), and warehouse construction (1.80%) were the remaining inputs on which farmers spent their monetary benefit.

The study concluded that the reason for the top priority given to purchasing inputs like fertilizers, seeds, and developing land was that the instalment money was credited into beneficiary bank accounts immediately before the sowing seasons of Kharif, Rabi, and Zaid. These were the required agricultural inputs immediately before the sowing season. Another primary reason was that the instalment money was so little to use for anything other than purchasing farm inputs.

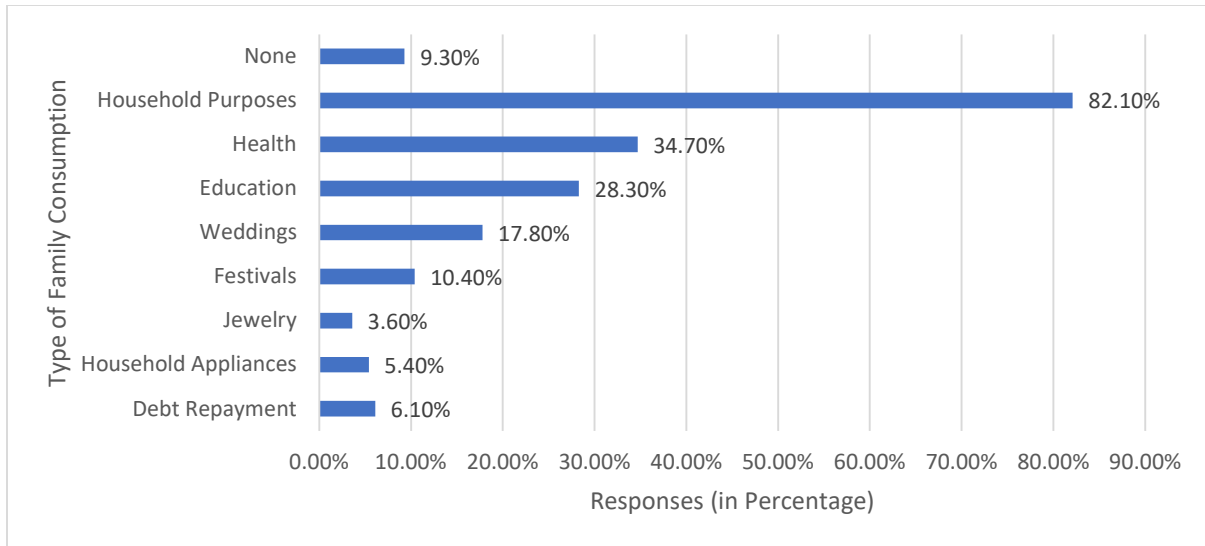
Patterns of Family Consumption

The farmers were also utilizing the monetary benefit for family consumption. About 82.10 percent of farmers were using money for household purposes like purchasing rations, entertainment, etc (Figure 4). About 34.70 percent of farmers were spending money on health-related issues like consulting a doctor, buying medicine, and conducting medical tests for their children, women, and elders. Some of the farmers revealed that spending on health has become part of their daily expenses. Education (28.30%) was the third biggest component on which farmers are spending a part of their monetary benefit.

Figure 4

Pattern of Spending on Family Consumption

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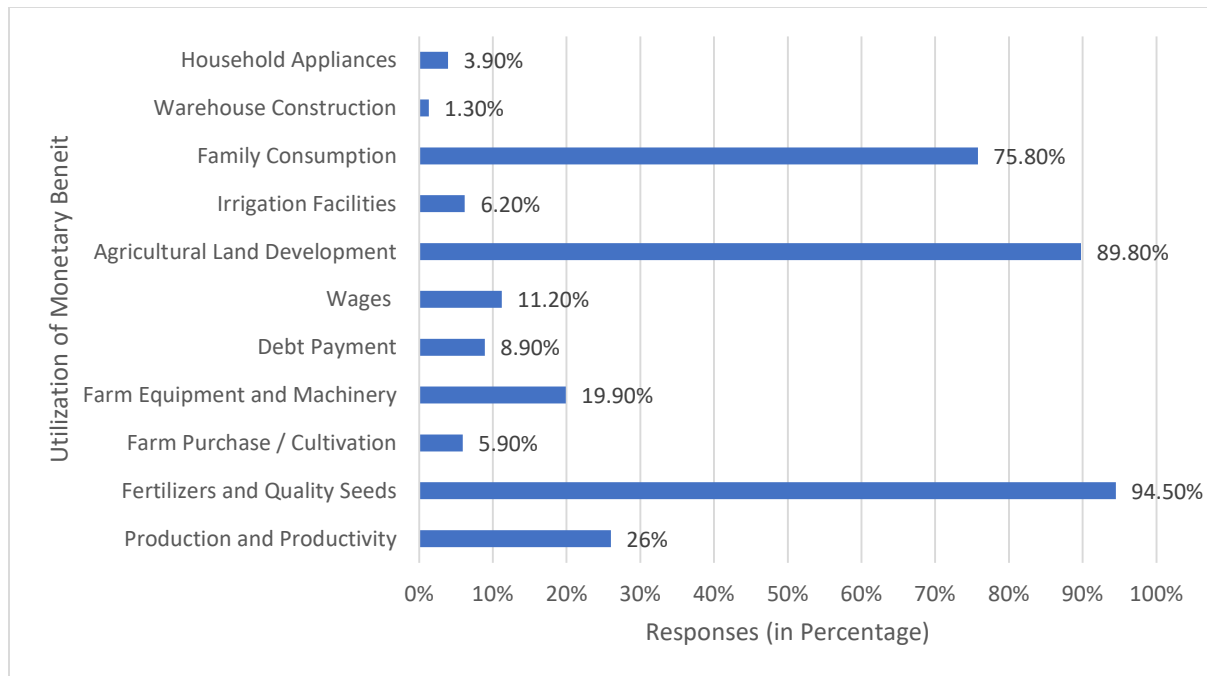
Interestingly, most of the farmers spend a part of their monetary benefit on weddings and festivals. This is happening with the second instalment in May, just before the start of the Kharif season and after the Sankranti festival. As in Andhra Pradesh, marriages and festivals of village deities take place from March to May. In these months, farmers would invite their daughters and relatives home to celebrate.

Overall Utilization of Scheme Benefits

On the whole, the study revealed that the purchase of fertilizers and quality seeds, agricultural land development, and family consumption were the top 3 components on which the farmers were maximizing their monetary benefits (Figure 5).

Figure 5

Utilization of Scheme Benefit on Various Components



Findings

The scheme is benefiting farmers by allowing them to purchase required agricultural inputs like fertilizers and seeds, ploughing and levelling the farm land, and paying wages for agricultural labor. However, the benefit is not sufficient to create permanent assets like farm machinery (tractors, tillers, etc.), irrigation facilities, and warehouses.

This scheme is beneficial for marginal farmers (up to 1 hectare of agricultural land) at most as instalments of money are trivial as prices of fertilizer, seed, and labor costs (excluding family accommodation) are too high to purchase for other types of farmers.

The farmers were very satisfied with the flexibility given by the government, as the monetary benefit could also be used for family consumption. However, some of the farmers were using the money for family consumption due to the absence of monsoons and other personal reasons.

There is predictability in the timing of instalments, and as per the welfare calendar, farmers are planning their farm activities. The instalments have been credited into farmer's accounts without fail since 2019, despite disruptions like the pandemic and economic slowdown (Service, 2023).

The scheme covers all the eligible beneficiaries at the saturation level in the state. Farmers could get the benefits of the scheme at any time by applying for it from their homes through village volunteers, without any cumbersome process or corruption.

Suggestions

The amount of financial assistance should be increased according to market prices of agriculture input or the government should supply inputs subsidised fertilisers and seeds along with creating permanent irrigation facilities.

The scheme should be linked with the Minimum Support Price (MSP), as farmers are more interested in a guaranteed price for their produce along with financial assistance.

The government should think about crediting all the financial assistance in a single instalment annually. So that the farmer may use the same money for more productive work.

Conclusion

All respondents expressed 100 percent satisfaction with the scheme, and all the respondents unanimously said that the scheme is very useful for them, irrespective of social status and political affiliations. The scheme is facilitating working capital requirements in a considerable way. The financial assistance is useful for purchasing fertilizers and seeds, paying labor wages, and for family consumption. The scheme will also definitely bring farmers out of the vicious cycle of indebtedness and suicide. However, the government should think about creating productive agricultural assets along with continuing the scheme.

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