

**Perceptual study of beneficiaries and non-beneficiaries towards Rythu Bandhu scheme (RBS) in Telangana state: An insight from Nalgonda district, India**

**Abstract:**

Among all the farm inputs, credit is considered as the major input for the development of the agricultural sector of any country or state. Recognizing this importance, Telangana government came up with the new direct investment scheme to support farmers during Kharif 2018-19 titled as Rythu Bandhu scheme (RBS). The present research study aimed at evaluating the perception of the beneficiary farmers as well as tenant farmers and agricultural labourers who are non-beneficiaries of the scheme. The sample of the study contains 120 beneficiary farmers, 40 tenant farmers and 40 agricultural labourers from the Nalgonda district of Telangana state. A Multi-stage sampling technique was used to select mandals and villages from the selected District. An integrated analytical approach was followed to analyze the data to arrive at meaningful conclusions. About 50% of beneficiary farmers opined that RBS scheme has reduced dependency on private loans. Most of the respondents are with an opinion that RBS should be limited only to small farmers with less than 5 acres land as large farmers are self-sufficient financially. Most of tenant farmers and agricultural labourers expressed that RBS should also be extended to tenant farmers as their cost of cultivation is higher than land owning farmers due to lease rent.

**Keywords:**

*Rythu Bandhu scheme, Perception, Beneficiaries, Non-beneficiaries and Tenant farmers.*

**1. Introduction:**

Agriculture is an important sector of Indian economy contributing 16 per cent of overall GDP with 44 per cent of the population getting employment from it even today. At present, the transition of agriculture from traditional to the modern farming is based on adequate availability of farm inputs like certified seeds, balanced use of fertilizers, mechanization, and specially on

agricultural credit which is considered as the most basic input. Agricultural credit plays an important role in enhancing the agricultural productivity and considered as catalyst which activates all other agricultural operations. Therefore, India has immense need for proper agricultural credit as Indian farmers are very poor. The increasing costs of key farm inputs which are not in par with increasing yield and farm gate prices leading to distress among farmers.

Several studies also shown that increased indebtedness in agricultural sector coupled with decreased farm income was a key source of current agrarian crisis in India (Nagaraj 2008; Mishra 2014). To overcome all these problems, Telangana government has come up with new innovative scheme on direct investment support to farmers through cash transfer, which is locally known as Rythu Bandhu Scheme (RBS) on 25 February 2018, aimed at providing direct investment support in the form of cash @ Rs. 4000 per acre per season to all land holders. It was subsequently increased to Rs.5000 per acre per season in 2019-20. Under this RBS, every farmer is a beneficiary of *Rythu Bandhu*. However, the tenant farmers were excluded from the scheme to prevent legal disputes arising out of tenancy act (Hyderabad Tenancy and Agricultural Lands Act, 1950). This study is a modest attempt to empirically document farmers' (beneficiaries) perceptions and experiences with RBS. Further an attempt was made to understand the perceptions of tenant landless farmers and farm labour (Non- beneficiaries) on operational issues of RBS.

## **2. Material and methods:**

For the present study, undivided Nalgonda district is selected since it has got highest beneficiaries of RBS over past three seasons of introduction of scheme (secondary data). Nalgonda district is one of the major agriculturally predominant districts in Telangana state with about 5.83 lakh hectares of net area sown. Out of these, approximately 50 percent is net irrigated area, predominantly covered with paddy and cotton and horticultural crops like orange and mango. Paddy is the major crop cultivated in 3.2 lakh hectares in Nalgonda district (Socio economic outlook, 2019).

A Multi-staged sampling technique was used to select mandals and villages of the study district. Nereducherla Mandal where canal irrigation is the major source and Valigonda Mandal with bore wells as major source of irrigation. Two villages were randomly selected by

convenient sampling method from each mandal. Further 30 beneficiary farmers, 10 tenant farmers and 10 agricultural labourers are selected from each village making total sample to 200 (120 farmers, 40 tenant farmers and 40 agricultural labourers). The data were collected by personal interview with the aid of pre-tested schedules and data were analyzed with the help of simple statistical and arithmetic measures.

### 3. Results and discussion:

#### 3.1 Awareness about *Rythu Bandhu* scheme to the sample respondents:

From the table 1, it is observed that 68.3% of beneficiary farmers were aware of scheme early after announcement of this scheme in March-2018 due to wider publicity through print and electronic media. Newspaper and other mass media (TV, Radio) take the first position as source of information to farmers followed by neighbour farmers and least from A.E.O or V.R.O or Other govt. Officials.

**Table 1. Awareness about RBS.**

S.No.	Particulars	Beneficiaries	Percentage of beneficiaries
<b>Acquired Knowledge about RBS</b>			
a.	<b>February 2018 to March 2018</b>	82	68.3
b.	<b>April 2018 and after that</b>	38	31.6
<b>Source of knowledge</b>			
c.	<b>Newspaper or other media</b>	75	62.5
d.	<b>Neighbour farmers</b>	33	27.5
e.	<b>A.E.O or V.R.O or Other govt. officials</b>	12	10

As stated in previous sections, the *Rythu Bandhu* Scheme is primarily targeted at providing direct investment support to all land owners irrespective of whether they are practicing farmers or

absent land lords. This scheme is also targeted to cover all land owners irrespective of their farm size. Certainly, this scheme helps all practicing farmers in their owned lands. However as many as 6 lakh tenant farmers are engaged in Agriculture in Telangana State who were completely (landless) excluded from *Rythu Bandhu* Scheme . It is not out of context, to state that tenant farmers incur rental value of land (lease charges) as an additional cost which is normally 20-25 percent of total cost of cultivation. This imply that, real cost of cultivation for tenant farmers is 20-25 percent higher than the land owning farmers and also the tenant farmers were not covered under institutional credit system due to lack of ownership documents. Therefore all the tenant farmers were compelled to borrow credit from private sources at higher rate of interest. On account of this, interest on working capital is much higher for the tenant farmers than land owing farmers. The relationship between agricultural labourers and farmers is also traditionally so strong. Agricultural labourers who are key stakeholders in Agriculture sector were also excluded from *Rythu Bandhu* Scheme (RBS).

Therefore the perception of tenant farmers and agricultural labourers on *Rythu Bandhu* Scheme which is not applicable to them along with perception of beneficiary farmers were presented in this subsection.

### **3.2 Perception of Beneficiary farmers.**

From Table 2, it was observed that **83% of sample farmers felt that RBS was useful scheme for farmers for reducing financial pressure on Agriculture.** However 40% of sample farmers expressed that they received RBS after season. Further more than 50% of farmers agreed that it has reduced burden on private loans and 38% of farmers perceive it was used for clearing outstanding debts and not for present year investment. About one third of the beneficiary farmers of sample were in an opinion that RBS was also useful to children education, and social parties.

About 42% of sample farmers expressed that RBS was introduced by the government with political motive keeping in view of forthcoming Assembly elections in 2018-19. About half of beneficiary farmers, 52% have perceived that, it is basically useful for only absent landlords as they are getting lease rent and RBS money without practicing farming. Another 46% of farmers felt that it is more useful for large farmers than small farmers. About one third of sample farmers reported that, liquor prices substantially increased after introduction of RBS.

**Table 2. Perception of Beneficiary farmers.**

S.No.	Particulars	Number of farmers responded
1.	Useful for farmers	99 (82.5%)
2.	Timely input purchase	48 (40.0%)
3.	Reduce burden on private loans	65 (54.0%)
4.	Clear outstanding loans	46 (38.0%)
5.	Only for political advantage / votes	50 (42.0%)
6.	Really for farmers welfare	70 (58.0%)
7.	Useful for only large farmers	63 (52.0%)
8.	Useful for only absent land owners	55 (46.0%)
9.	Useful for social events	36 (30.0%)
10	Useful for children's education	40 (33.3%)
11.	Helpful to have social parties/get-together	30 (25.0%)
12.	Liquor prices increased after RBS	40 (33.3%)

**Source:** Primary data collected from sample farmers.

### **3.3. Perception of Tenant farmers and Agricultural labourers.**

A sample qualitative questionnaire was used to collect perception of sample tenant farmers (40) and agriculture labourers along with sample beneficiary farmers in the same village of the study. The results were presented in Table 3.

It was found that about 90% of tenant farmers also expressed that RBS was highly useful scheme for farmers although they were not covered under scheme. However, majority of the tenant farmers reported that the money received under RBS was misused by majority of beneficiary farmers. RBS also reduced burden on private loans according to 70% of tenant farmers. About 70% of the tenant farmers felt that it was mostly useful for large farmers and absent landlords who received money unnecessarily, though they are financially sound. 50% of tenant farmers opined that liquor prices were substantially increased after introduction of RBS.

It is found that 92.5% of agriculture labour felt that it is useful to land owning farmers only and 75% felt that, it helps farmers to purchase inputs in time. Nearly 70% of agriculture labour found it has reduced burden on private loans among farmers and 45% opined it was used to clear outstanding loans. Despite this, 80% of sample labourers also felt that RBS was introduced for political motives rather than for farmers' welfare as RBS scheme was introduced just before assembly elections. **Similarly 75 % of agricultural labour felt that it was useful only for large farmers** and while 85% felt useful to absent landlords. Finally like beneficiary farmers and tenant farmers, 45% agricultural labours were also opined that liquor prices increased after RBS introduction.

**Table 3. Perception of Tenant farmers and Agricultural labourers.**

S.No	Particulars	Number of Tenant farmers	Number of Agricultural labour
1.	Useful for farmers	36 (90%)	37 (92.5%)
2.	Timely input purchase	32 (80%)	30 (75.0%)
3.	Reduce burden on private loans	28 (70%)	27 (67.5%)
4.	Clear outstanding loans	16 (40%)	18 (45.0%)
5.	Only for political purpose/votes	20 (50%)	32 (80.0%)
6.	Really for farmers welfare	20 (50%)	28 (70.0%)
7.	Useful for only large farmers	28 (70%)	30 (75.0%)
8.	Useful for only absent land owners	28 (70%)	30 (85.0%)
9.	Useful for social events	8 (20%)	13 (32.5%)
10	Useful for children's education	24 (60%)	24 (60.0%)
11.	Helpful to have social parties	8 (20%)	13 (32.5%)
12.	Liquor prices increased after RBS	20 (50%)	18 (45.0%)

### 3.4. Overall perception of sample respondents on implementation of *Rythu Bandhu* Scheme.

To give strong content to perception, some closed questions with yes or no options were also answered by Beneficiary farmers, Tenant farmers and Agricultural labours on implementation of *RythuBandhu* Scheme. The results are presented in Table 4.

**Table 4. Overall perception of sample respondents on *Rythu Bandhu* Scheme.**

S.No.	Particulars	No. of sample respondents agreed		
		Beneficiary farmers	Tenant farmers	Agricultural labours
1.	<b>RBS be limited to only small farmers with less than 5 acres</b>	72 (60%)	36 (90%)	35 (88%)
2.	<b>Extend RBS to tenant farmers</b>	50 (42%)	40 (100%)	28 (70%)
3.	<b>Did govt. reduce other agricultural schemes after RBS introduction?</b>	51 (42%)	14(35%)	10 (25%)
4.	<b>Will govt. continue to provide RBS to all farmers in future</b>	60 (50%)	28 (70%)	12 (30%)
5.	<b>Are farmers benefited after Telangana state formation</b>	72 (60%)	16 (40%)	14 (35%)
6.	<b>Did prices of farm inputs increased after RBS introduction.</b>	80 (75%)	20 (50%)	16 (40%)
7.	<b>If yes, RBS compensated the increase in prices</b>	80 (75%)	16 (40%)	16 (40%)

**Source:** Primary data collected from sample farmers.

60% Beneficiary farmers, 90% Tenant farmers and 88% Agricultural labours are with an opinion that RBS should be limited only to small farmers with less than 5 acres land as large farmers are self-sufficient financially according to them. Many expressed that, instead of providing money to all farmers, it can provide some employment resources. All tenant farmer and 70% of Agricultural labourers expressed that RBS should also be extended to tenant farmers.

On contrary, sizeable number of beneficiary farmers expressed that extending RBS to tenant farmers may lead to land disputes **under the present tenant acts.**

Further large number of all sample respondents including tenant farmers and agricultural labourers expressed that, RBS may not continue in long run, as number of beneficiary farmers has been reduced over the past three seasons. Some of the beneficiary farmers, tenant farmers, agricultural labour are unhappy with the RBS as, Govt. has reduced other agricultural schemes after RBS introduction.

About 80 farmers felt, the prices of farm inputs (Seeds, fertilizers, PPC *etc*) and labour wages increased after RBS introduction and it could not be compensated with increase in output prices. **Most of the farmers feel, they are benefited after Telangana state formation but Tenant farmers and agricultural labour do not agree with it.**

### **3.5. Increase in prices of farm inputs and household expenditure after RBS introduction and percentage change.**

As per the perception of the most beneficiary farmers (75%) as shown in Table 4.30, there is an increase of farm input prices and other household expenditure after introduction of RBS. Therefore difference in prices of inputs and other items before and after RBS introduction has been collected from those farmers, averaged and presented in Table 5.

It is observed from their perception that, there is an increase in prices of all farm inputs. On an average it is reported that hiring charges of combined harvesters was increased by more than 50% soon after **introduction of RBS. Similarly, the hiring changes of tractor, the prices of key farm inputs like fertilizers; seed etc., was increased by more than 30% after RBS was introduced. As a whole all sample respondents reported that the liquor cost increased by 22% after RBS was introduced in** the state. In nutshell, sample respondents expressed that Government has provided financial support through RBS on one hand and increased prices of farm inputs, labour wages and liquor prices on the other hand simultaneously. As a result, the net effect of RBS to the overall economy of farmer household is meager.

**Table 5. Difference in prices of farm inputs and labour costs before and after RBS introduction.**

S.No	Particulars	Unit	Before RBS 2018-19	After RBS 2018-19	Percentage increase (%)
1.	Urea	₹/ Qtl	484	537	11.0
2.	DAP	₹/ Qtl	2024	1315	32.5
3.	MoP	₹/ Qtl	1300	1740	33.8
4.	SSP	₹/ Qtl	700	1060	51.4
5.	Complex	₹/ Qtl	1700	2050	20.6
6.	Seed (paddy )	₹/ kg	27	35	32.3
7.	Labour wage	₹/ day	304.5	482	58.7
8.	Tractor hiring charges	₹/ hr	1204	1625	35.0
9.	Combine harvester charges	₹/ hr	1254	2018	60.9
10.	Pesticide cost	₹/ L	429	611	42.4
11.	School fees		No change		
12.	Liquor cost	₹ /beer	90	110	22.2

**Source:** Primary data collected from sample farmers.

Regardless of all above perceptions, farmers made some suggestions for improvement of agriculture and farmers' welfare. Most of the sample farmers suggested the following to improve the farmers' welfare more effectively than the RBS scheme. (a) Substantial increase in minimum support price of all agricultural commodities, (b) Regulating input prices by government, (c) Completion of loan waiver scheme at the earliest as promised by government, (d) Strengthening the marketing infrastructure and facilities in rural areas. All sample farmers responded according to their experience. Tenant farmers wanted to extend RBS scheme to them. Agricultural labourers demanded to increase welfare schemes to them. They perceive government is in favour of farmers only.

### **Summary and Conclusions:**

It could be concluded that among sample respondents, 83% of beneficiary farmers, about 90% of tenant farmers and agricultural laborers reported that RBS is useful scheme for land owning farmers. However 40% of sample farmers reported that they received RBS money after crop season is over. About half of sample farmers viz., 50% opined that RBS money helped them to reduce the dependency on private loans.

Majority of the tenant farmers and agricultural laborers however revealed that the RBS benefits received by sample land owning farmers were largely utilized for non agricultural purposes. About 42% of sample farmers, 50% of tenant farmers and 50% of agricultural labour expressed that RBS was introduced by the government with political motive keeping in view of forthcoming Assembly elections in 2018-19 and it is basically useful for only absent landlords as they are getting lease rent and RBS money without practicing farm. All categories of sample respondents were with the opinion that liquor prices increased after RBS introduction. Most of the respondents are with an opinion that RBS should be limited only to small farmers with less than 5 acres land as large farmers were self- sufficient financially, according to them. Most of tenant farmers and Agricultural labourers expressed that RBS should also be extended to tenant farmers as their cost of cultivation is higher than farmers due to lease rent. About 80 sample farmers felt, the prices of farm inputs (Seeds, fertilizers, PPC etc) and labour wages increased after RBS introduction and it could not be compensated with increase in output prices.

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