

# Normal monsoons can boost farm income by 20% in FY17: Report

A normal monsoon this year is expected to provide 20 per cent boost to the income of farmers, whose debt leverage has touched 22 per cent following two years of droughts, domestic brokerage JM Financial has projected.

“A good monsoon can provide better yields, and boost farm income by 20 per cent while the total rural income

may grow at 12 per cent in FY2017 while higher rural spending by government should support non-farm income,” JM Financial said in its third annual rural survey titled Rural Safari.

On an average, farmers' income has come down by 3 per cent in 2014-15 and by 4 per cent in 2015-16. During 2014 and 2015, monsoons were

lower by 12 per cent and 14 per cent from the long period averages. The Met department had projected a 106 per cent rain-falls this year.

The survey warns however that given the massive spike in indebtedness of farmers, which rose to 22 per cent in 2014-15 from 18 per cent in the previous year, coupled with lower prices of farm produce, a

full-blown recovery looks bleak this year.

“Given the rise in their leverage, which jumped 4 percentage points in FY2016 to 22 per cent and still very weak real estate markets, we expect the initial savings to go into deleveraging and small ticket purchases, thereby by whittling a full recovery of the overall economy,” it said. **PTI**