

AN ANALYSIS OF RECENT AGRARIAN DISTRESS IN INDIA

Ramanand Pandey, Maitreyee Purohit

Abstract

This paper examines the current agro-economic scenario in India. It covers the analysis of Swaminathan report and draws a parallel with the existing policies and institutional support provided for the growth and development of the agricultural sector, and to overcome the current challenges faced by the agricultural sector. It also quotes examples from other countries facing similar issues.

Keywords: agriculture, policy, reforms, crisis, productivity, farmer, income

Introduction

Agricultural sector contributes nearly 17.3% to the total GDP of the nation while providing employment to 43% of the population according the World Bank data, 2017. But over the time the growth rate has dipped down to 2.1% in this sector. Low level and deteriorating disparity in the income of the farmers has led to agrarian distress and hence farmer suicide. The number is on a rise, and has affected the agricultural productivity too. The uncertainties of highly fluctuating low farm income has adversely affected the farm investments and forced more and more cultivators to leave farming. This can in turn cause some series adverse effects on the future of agriculture in the country.

The Indian agricultural sector is plagued with several problems such as small and fragmented

Land holdings, quality of seeds, manures, fertilizers and biocides, irrigation, lack of mechanization, soil erosion, agricultural marketing, inadequate storage facilities, inadequate transport, storage of capital, lack of infrastructural support, etc. All these issues have contributed to the problem of farm debt which is the cause for more than half of the farmers' suicide in India according to an India Spend analysis of various government data. Since 1995, more than 270,000 farmers' suicides have happened.

Comparative analysis of Swaminathan Report and the Existing government policies

In order to overcome the issue of agrarian distress, the National Commission on Farmers (NCF) was being set up under the chairmanship of M.S. Swaminathan. The key findings and policy recommendations have been prepared under the light of the issues persisting which involve land reforms, food security, credit and insurance, irrigation, productivity of agriculture, employment and farmer competitiveness.

Land Reforms

Land reforms are important for accessibility of land for both crop and livestock. Land ownership reflects the inequality in land holdings. Recommendations by the NCF included implementation of laws related to land reforms with particular reference to tenancy laws and land leasing, distribution of ceiling surplus and wasteland, ensure grazing rights, prevention of diversion of prime agricultural land and forest to corporate sector for non-agricultural purposes, and seasonal access for tribal to forest and pastoralist and establish a National Land Use Advisory Service which would provide linkage between land use decisions with marketing and ecological meteorological factors, and set up a regulatory mechanism on the sale of agricultural land on the basis of quantum, nature of proposed use and buyer's category.

The current Land reform policy aims at distribution of land to all rural landless poor, restoration of land unjustly taken from vulnerable communities, liberalization of leasing laws and improvement of land right of women in the country.

Irrigation

Under the report's recommendations, to enable farmers to have sustained and equitable access to water a comprehensive set of reforms are required, mandatory rain water harvesting to increase water supply and recharge of aquifer, programme targeting private wells called, "Million Wells Recharge" should be launched. Significant increase in investment in irrigation sector under the 11th Five Year Plan apportioned between large surface water systems; minor irrigation and new schemes for groundwater recharge.

Current policy includes Pradhan Mantri Krishi Sinchai Yojana. The wider objective of this policy is to achieve convergence of investments in irrigation at field level, extend area under cultivation with assured irrigation, reduce water wastage by improving on-farm water use efficiency, enhance the adoptability of precision-irrigation and other similar technologies, enrich recharge of aquifers and introduce sustainable water conservation practices by investigating the feasibility of reusing treated municipal waste water for peri-urban agriculture and encourage incremental private investment in precision irrigation system. One of other strong initiatives includes interlinking of rivers as it has a potential to improve production and farm income.

Productivity of Agriculture

The income of the farmers largely depends upon the productivity of the land holding. However, compared to the major crop producing countries, the per unit area productivity of Indian agriculture is quite low. To achieve higher growth productivity in agriculture, the report suggests increase in public investment in agriculture related infrastructure such as drainage, water conservation, irrigation, research and development, land development, etc., soil testing laboratories which help detect micronutrient deficiencies, promotion of conservation farming which will aim at improving soil health, water quantity, biodiversity and quality.

The existing policy in lieu of this is Soil Health Card Scheme (2015). Under this scheme, farmers would be issued soil cards by the government which will carry nutritional recommendations of the crops and fertilizers needed by the individual farms to improve farm productivity through judicious use of inputs. Soil testing labs throughout the nation will be testing the soil samples. Subsequently experts will perform detailed analysis of the strength and weakness (micro-nutrients deficiency) of the soil and give suggestive measures to improve it. These results and suggestions would be shown on the card. The National Dairy Development Board (NDDB) has announced 42 dairy projects, under a budget of 221 crore. These projects predominately focus on major milk producing states like Maharashtra, Tamil Nadu, Uttar Pradesh, Karnataka and the likes for improving their milk productivity.

Credit and Insurance

Timely and adequate supply of credit is a basic requirement of small farm families. It recommends to expand the reach of formal credit system, reduction of rate of interest for crop loans to 4% with government support, issue Kisan Credit Cards to women farmers, establish Agriculture Risk Fund to provide relief to farmers in the aftermath of natural calamities, expand crop insure to cover all crops throughout the nation, with lesser premiums and create a Rural Insurance Fund to take up developmental work for spreading rural insurance, institutional developmental services strengthening producers' organizations such as self-help groups and water use associations.

Pradhan Mantri Fasal Bima Yojana has been initiated incorporating best features of all previous schemes and at the same time removed shortcomings of all previous shortcomings and weaknesses. Its objective is to provide insurance coverage and financial support to the farmers in the event of failure of any notified crop due to natural disaster, pests or diseases and also to provide stability to the income of the farmers for continued farming. Under this scheme only 2% uniform premium for all Kharif crops and 1.5% for all Rabi crops. There won't be any upper limit to the government's subsidy.

Food Security

It suggests implementation of a universal public distribution system, reorganize the delivery of nutrition support programmes on a life-cycle basis with the participation of Panchayats and local bodies, formulate a National Food Guarantee Act, promote establishment of Community Food and Water Banks operated by Women Self-help Groups (SHG), based on the principle 'Store Grain and Water everywhere', Eliminate micronutrient deficiency induced hidden hunger through an integrated food cum fortification approach.

National Food Security Act (2013) is being enacted in this regard. Its objective is to provide nutritional and food security in human life cycle approach through ensured access to adequate quantity of quality food at affordable prices. It covers 75% of rural and upto 50% urban population for getting subsidized food grains under Targeted Public Distribution System (TPDS), hence catering nearly two-thirds of the population. It also focuses on the nutritional support to women and children. The act also has provisions for setting up grievance redressal mechanism at State and District level.

Prevention of Farmers' Suicides:

Due to the alarming numbers of farmers' suicide, some measures have been suggested in this regard. It includes providing affordable health insurance and revitalize primary healthcare centers. The National Rural Health Mission should be extended to suicide hotspot locations on priority basis, set up State level Farmers' Commission with representation of farmers for ensuring dynamic government response to farmers' problems, restructure microfinance policies to serve as Livelihood Finance, i.e. credit coupled with support services in the areas of technology, management and markets, set up Village Knowledge Centres (VKCs) or Gyan Chaupals in the farmers' distress hotspots, need for focused Market Intervention Schemes (MIS) in the case of life-saving crops such as cumin in arid areas and have a Price Stabilisation Fund in place to protect the farmers from price fluctuations, cover all crops by crop insurance with the village and not block as the unit for assessment, need for swift action on import duties to protect farmers from international price, provision for a Social Security net with provision for old age support and health insurance, promotion aquifer recharge and rain water conservation. Decentralise water use planning and every village should aim at Jal Swaraj with Gram Sabhas serving as Pani Panchayats.

Government of India has launched a campaign named as India emergence through village emergence in order to improve the means of livelihood amongst the rural, to proliferate rural development process to strengthen

Panchayati Raj across the country to establish social equality to create awareness about the agricultural schemes

The All India Agricultural Debt Waiver and Debt Relief Scheme were also launched in February 2008.

Competitiveness of Farmers

To raise the agricultural competitiveness of farmers with small land holdings, improvement in the productivity to increase the marketable surplus linked with assured and remunerative marketing opportunities, the report has suggested various measures. It involves improvement in the implementation of minimum support price (MSP), nutritional cereals such as millets should be permanently included in the PDS, State Agriculture Produce Marketing Committee Acts [APMC Acts] relating to marketing, storage and processing of agriculture produce need to shift to one that promotes grading, branding, packaging and development of domestic and international markets for local produce, and move towards a Single Indian Market, MSP should be at least 50% more than the weighted average cost of production, availability of data about spot and future prices of commodities through the Multi Commodity Exchange (MCD) and the NCDEX and the APMC electronic networks covering 93 commodities through 6000 terminals and 430 towns and cities, promotion of commodity based farmers' organisations such as Small Cotton Farmers' Estates to combine decentralized production with centralized services.

In this regard the government has come up with Prampragat Krishi Vikas Yojana. Apart from risk coverage, this will encourage investment in farming. Supply of electricity to agriculture sector along with quality seeds and optimum use of fertilizers shall be promoted for the incremental growth in output and farmer's income. Innovation and technological initiatives involve genome editing which is emerging as an alternative to transgenic technology, growth of agronomic technology. Support to public R&D institutions to develop capacity for potentially cutting edge technologies. Farmers are to be informed about the opportunities offered by these technologies, improving access to credit and creating an enabling policy environment for their adoption. Krishi Kalyan Abhiyan launched

by the Ministry of Agriculture and Farmers' welfare to aid, assist and advice farmers on the ways to improve their farming techniques and thereby raising their income.

MSP currently covers 26 commodities¹ to protect farmers against sharp fall in their farm prices.

Employment

Agriculture tends to provide a bulk of employment to the rural population of India. Employment strategy in India must seek to create productive employment opportunities and improve the quality of employment in several sectors such that real wages rise through improved productivity. The measures include accelerating the growth of the economy, emphasizing on relatively more labour intensive sectors and inducing a faster growth of these sectors; and improving the functioning of the labour markets through such modification as required without eroding the core labour standards, encouraging non-farm employment opportunities by developing particular sectors and sub-sectors where demand for the product or services is growing namely: (i) trade, (ii) restaurants and hotels, (iii) transport, (iv) construction, (v) repairs and (vi) certain services..

Current policies constitute of agricultural marketing, land lease, forestry on private land, and price incentive for producers, promoting responsible agricultural investments, promoting value chains, promoting producers' alliances, linking production to processing, coordination and involvement of states. This stresses on the need for competitive markets or other mechanisms ensuring that the prices received by the farmers do not fall below the level of MSP. Institutional initiatives include promotion of over 510 FPOs by SFAC, some state governments and NABARD with membership of 5.71 lakh farmers. National Agriculture Market (e-NAM), an all India electronic trading portal is set up which aims to form a unified national market for agricultural

1. According to the press investigative bureau, government of India, cabinet committee on Economic affairs products. The aim is to move the agricultural product from one market to another in a smooth way, to save the producers from a number of market duties and to avail agricultural product to the consumers at a fair price.

Bioresources

Nutrition and livelihood security of rural people in India depend on a wide range of bioresources. The recommendations of the reports include preserving traditional rights of access to biodiversity, which include access to non-timber forest products including medicinal plants, gums and resins, oil yielding plants and beneficial micro-organisms; conserving, enhancing and improving crops and farm animals as well as fish stocks through breeding; encouraging community-based breed conservation (i.e. conservation through use); allowing export of indigenous breeds and import of suitable breeds to increase productivity of nondescript animals.

National Bioresource Development Board has been set up under the Ministry of Science and Technology.

Analysis

The government has a target of doubling the farm income by 2022 through these initiatives. Though to achieve this the progress in various sources of growth must be accelerated by 33%. There is a need to increase use of quality seed, fertilizer and power supply to agriculture by 12.8, 4.4 and 7.6 per cent every year. Area under irrigation has to be expanded by 1.78 million hectare and area under double cropping should be increased by 1.85 million hectare every year. Apart from this, area under fruits and vegetables is required to increase by 5 per cent each year. In livestock, improvement in herd quality, better feed, increase in artificial insemination, reduction in calving interval and lowering age at first calving are the potential sources of growth.

When closely delved into the matter it has been prominent that apart from the external factors, various internal factors are also responsible for such condition of the agricultural sector. These reasons involve the non-reduction in the size by farm enterprises into more manageable dimension. Large orientation of the farm operations is towards production, with no overriding emphasis on markets, consumers, and sales: farm managers are still production maximizers, not profit

maximizers. These internal factors are also posing big obstacles to improving cost efficiency of farms leading to sub-optimal profit and hence increasing farm debts across the globe.

The policy report formed by the Swamination Committee gives a broader view lays down the guidelines around which the policies should be formed. The current policies are in line with the report but since lags on some issues which is clearly reflected on the growth rate dip of the agricultural sector. The government's commitment of doubling the farm income by 2022 is a big promise whose delivery seems quite difficult. Just by working on the external factors won't yield miraculous results in improving the highly distressed agrarian conditions. Strategizing on internal factors is very much needed too.

Many of the existing policies formed on the grounds of the Swaminathan committee report have failed. The failure of Pradhan Mantri Fasal Bima Yojana has been owing to the gaps in the assessment of the crop loss. Due to the small sample size, it became difficult to capture scale and diversity of crop loss. The reliability of the samples also comes under scrutiny because of lack of trained outsourced agencies, scope of corruption during implementation and non-utilization of technologies. Many insurance companies did not investigate losses due to localized calamity and hence didn't pay claims. No awareness programmes for the farmers have been initiated on PMFBY by the state government or the insurance companies.

The land reforms have shown slow progress because of the deficiency of reliable records, lack of financial support and integrated approach, its improper implementation, pertaining to the legal barriers, and lack of political will and indifferent attitude of the administration². Even in Pradhan Mantri Krishi Sinchai Yojana there has been a mismatch in funds allocated to Micro-irrigation plans³.

Other Nations

In the US economy the farmers' suicide rate is 84.5 suicide deaths out of suicide deaths per 100,000. The farm income has hit its lowest point since 1935 in the past three years. In 2015 to 2015 the farm debt levels increased by 25% and the farm income dropped 95%. In Australia farmer dies by suicide every four days; in the UK, one farmer a week takes his or her own life; in France, one farmer dies by suicide every two days.

Countries like Tajikistan, Israel and CIS have been struggling with major farm debt issues. This debt crisis has been caused by a combination of two factors- the inability of farmers to make a profit under current conditions and (b) continued lending by the banks to these producers regardless of reduced payment capacity and lack of credit-worthiness.

Thus, agrarian distress is not just concerning India but is spread across the world irrespective of the development stage of the nation, the climate, demographics, soil or even the government policy initiatives. It is worrisome and needs more than just the policy formation and implementation.

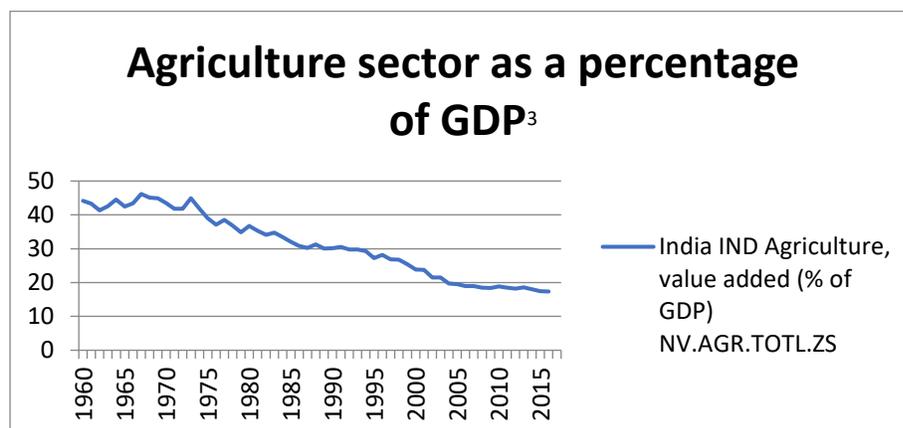
Conclusion

There has been a fall in the suicide rate of farmers in India since the Swaminathan Committee report in 2006 from 16,632 to 11,370 per year in 2016 according to the National Crime Records Bureau. The farm income has seen a rise since 2006. Currently it is growing at 2.1%. But the share of agriculture to the GDP of the nation has been on a constantly declining rate. Currently it contributes only around 17.6% to the total GDP of India.

1. Sachdeva, J and Chahal, S.S. (2010). *Trend and future prospects of farm income in India. Agriculture Update. No 5 (3,4).*

Retreived at http://www.researchjournal.co.in/upload/assignments/5_529-534.pdf

2. Tarantino, E., H. Singh, and W.O. Pruitt. 1982. *The microclimate and evapo-transpiration of processing tomatoes under drip and furrow irrigation. Rivista di Agronomia, 16(1):21-29*



The data has been collected from World Bank data

The fall in the share of agricultural sector to the country's GDP points towards the declining growth of the agriculture, even after the allocation of large budgetary funds towards the agricultural sector. This fall in rate also points towards the sharp increase in the productivity and growth of manufacturing and service sector over the years. Large employment has been generated through these sectors.

Nations across the world are struggling with this issue. Though the policies have been able to revive the farm health by lowering the farmer suicide rate over the years, agrarian distress still looms over the nation. A lot of literature has been done on the farm policies and recommendations; work on both internal and external factors is required to get over the snare of crisis.

References:

- Swaminathan Report: National Commission on farmers, PRS India
- Chand, R. (2017). Doubling Farmers' Income Rational, strategy, policy and action plan. Niti Aayog
- Lerman, Z. (2008). Farm Debt in Transition: The Problem and Possible Solutions. *Policy Studies 2008-2*
- Gulati, A. , Saini, S. (2018). From Plate to Plough: Why farmers agitate.
- Hildebrand, J. (2018, February 19). Farmer suicide rate is concerning but resources for solution are available. Retrieved from <http://kswheat.com>
- World bank data
- National Irrigation Policy, Malawi Government