Agrarian Distress in India*

Jayati Ghosh

Across the country, farmers are furious – and rightfully so. Four years ago, they helped bring the BJP to power, believing Narendra Modi's claims that they would no longer suffer official neglect. Cultivators were promised a doubling of their incomes in five years and many policies to increase their productivity and reduce their costs and risks. But since then, conditions in agriculture have got worse rather than better. Earlier problems have worsened as farm incomes have been squeezed by slower output growth, higher costs and increased vulnerability to changing climate. And there is a slew of new problems resulting directly from government policies.

In retrospect, it is quite remarkable that the rampant and rising agrarian distress of the mid 1990s to mid-2000s did not lead to more farmers' protests. Instead, there was a surge in farmers' suicides especially in dryland regions, and a significant rise in short-term distress migration by both men and women.

But farmers certainly played a role in the loss of the NDA government in 2004, and then the first UPA regime sought to meet some of their concerns through an increase in public spending in rural areas, including through agriculture component plans in each state, and a focus on agricultural credit and enhanced extension activities, and the rural employment guarantee, which was extensively used by workers from small and marginal farmer households. These were relatively limited measures, but they nonetheless marked a shift in the direction of policies, which was aided by the global recovery in agricultural prices.

But even though the National Commission on Farmers, better known as Swaminathan Commission, was set up by the UPA regime, there was no real effort to implement its recommendations, and the second UPA tenure did nothing to take these ideas forward. They may have been too politically contentious and economically demanding to be adopted within the neoliberal economic paradigm.

After all, the Commission proposed extensive land reforms: including distribution of ceiling surplus and waste lands, preventing diversion of prime agricultural land and forest to corporate sector for non-agricultural purposes and ensuring grazing rights and access to common property resources. It argued that higher productivity in agriculture could only be achieved with substantial increases in public investment, especially in irrigation, drainage, land development, water conservation, research (including soil testing laboratories to detect micronutrient deficiencies) and promotion of conservation farming and biodiversity. It proposed comprehensive groundwater and surface water management, to give all farmers sustained and equitable access to water.

On credit, the Commission emphasised the expansion of formal credit outreach to the really poor and needy in rural areas; reduction of interest rates on institutional loans to 4 per cent simple interest (with government support), a moratorium on debt recovery, including loans from non-institutional sources, and the waiver of interest on loans in distress hotspots and during calamities. On the insurance front, it suggested that an integrated credit-cum-crop-livestock-human health insurance package should cover the entire country and all crops, with reduced premiums, along with an Agriculture Risk Fund to provide relief to farmers after natural calamities.

There were specific recommendations for women farmers, not only for joint land holding pattas, but to recognise women as farmers for Kisan Credit Cards and other programmes of central and state governments. To stabilise crop prices and make them remunerative, the Commission proposed significant improvement in implementation of Minimum Support Price (MSPs), and effective extension to other crops including millets and other nutritious cereals. The recommendation that the MSP should be at least 50 per cent more than the weighted average cost of production was made in this Report.

These recommendations were both comprehensive and detailed – so now no government can claim that they don't know what to do about agriculture. What the UPA government could not or would not do, the BJP in 2014 promised to do, so much so that its electoral manifesto lifted large chunks from the Swaminathan Report. The ruling party must now be rueing that decision, because it has been even less able to implement any of the proposals than the previous government.

Take the MSP: this government has actually provided significantly lower margins over costs for most crops than under the UPA regime. The promise to provide 50 per cent over costs (announced yet again in this year's Budget Speech) seems like a slap in the face when the clarification comes that this refers only to paid out costs plus family labour's imputed costs – since the UPA had already been providing more than 60 per cent above such costs for most crops. Public investment in agriculture and related areas has fallen as share of public spending, and the promised increases in crucial areas are nowhere in evidence. The expected improvements in crop insurance have also not materialised, unsurprising since the expenditure on it is pitiful. Farmers reeling under dry spells or sudden hailstorms that destroy standing crops are provided no compensation for their losses.

The sins of omission have been compounded by sins of commission, as demonetisation destroyed rural markets and demand for farmers for a prolonged period, and the imposition of GST added to their cultivation costs. Livestock rearing, which has saved farmers from penury and now accounts for nearly one-third of agricultural value added, is under threat from cow vigilantes who are allowed to run riot. No wonder farmers across the country feel doubly betrayed.

*** This article was originally published in The Mint: February 28, 2018.**