

“AGRARIAN CRISIS AND A BIG COMMUNICATION GAP BETWEEN FARMERS AND GOVT.”

Dr. DR Agarwal* & Suruchi Kapur**

** Professor Emeritus, Starex University*

*** Assistant Professor, Starex University*

Abstract

The govt. constituted an Inter-ministerial committee in April 2016 to examine issues relating to Doubling of Farmers Income (DFI) and recommend strategies to achieve the same. The committee submitted its report to the govt. in September 2018 containing the strategy for doubling of farmers' income by 2022. The DFI strategy as recommended by the committee includes seven sources of income growth viz. I) improvement in crop productivity; II) improvement in live stock productivity; III) resources use efficiently (reduction in cost); IV) increase in the cropping intensity; V) diversification towards high value crops; VI) improvement in real prices received by farmers; and VII) shift from farm to non-farm occupations. Agriculture being a state subject, the state government undertakes implementation of programs/ schemes for the development of the sector. Govt. of India supplements the efforts of the state governments through various schemes/ programs. The schemes / programs of the govt of India are meant for the welfare of farmers by increasing production, remunerative returns and income support to farmers.¹ According to a number of studies, 86-87% of farmers have come into the category of small and marginal farmers. About 34% of farmers have land holdings in the range of 0.01 to 0.04 hectare. The cost of inputs has gone up significantly and farmers are not getting the remunerative price (150% of the cost as recommended by the Swaminathan committee). With the result, this profession has become economically a non-viable profession and farmers are not able to meet their expenditure and there is an increasing economic disparity between agriculture and non agriculture sectors. Rural youth are not interested to take up this profession that is why this sector has become a good shock absorber in case of emergency like covid-19. The opportunity cost of crop failure has been watched by the nation in form of non-stopping situation of farmers' suicides and the young generation (demographic dividend) saying a good bye to this sector. There is a continuous growth in the population but the govt. rejected the need to have a mandatory two child norm or a specific law limiting the size of families in the country.² The demand for agricultural output being inelastic, food security can be ascertained only through an increase in productivity. These laws have been enacted by the govt. to open up agricultural trade that would attract investment and technology, open up alternative markets and boost farm incomes. But farmers feel that they would be exploited in the hands of big corporate. The issue is a big communication gap. This research paper is an outcome of the developments, which took place after the approval of three laws (passed by the parliament and approved by the president of India) by the govt.

Keywords – DFI, Small and Marginal Farmers, Swaminathan Committee and set of Farm laws enacted by the Parliament.

Introduction

Most of the agricultural scientists and economists are of the opinion that agriculture is an activity that provides farmers with a regular source of Income. The basic objective behind MNREGA is to provide security against poverty and unemployment. Safety nets for crisis situation like covid-19 - Pandemic and critical for developing economies having adopted a market led growth strategy. Market makers are useful in driving higher rates of growth over time (as being the case of Indian economy after adopting economic reforms in the name of LPG – liberalisation, privatisation and globalisation in 1991 switching over from a regulated and controlled regime). Poor and vulnerable

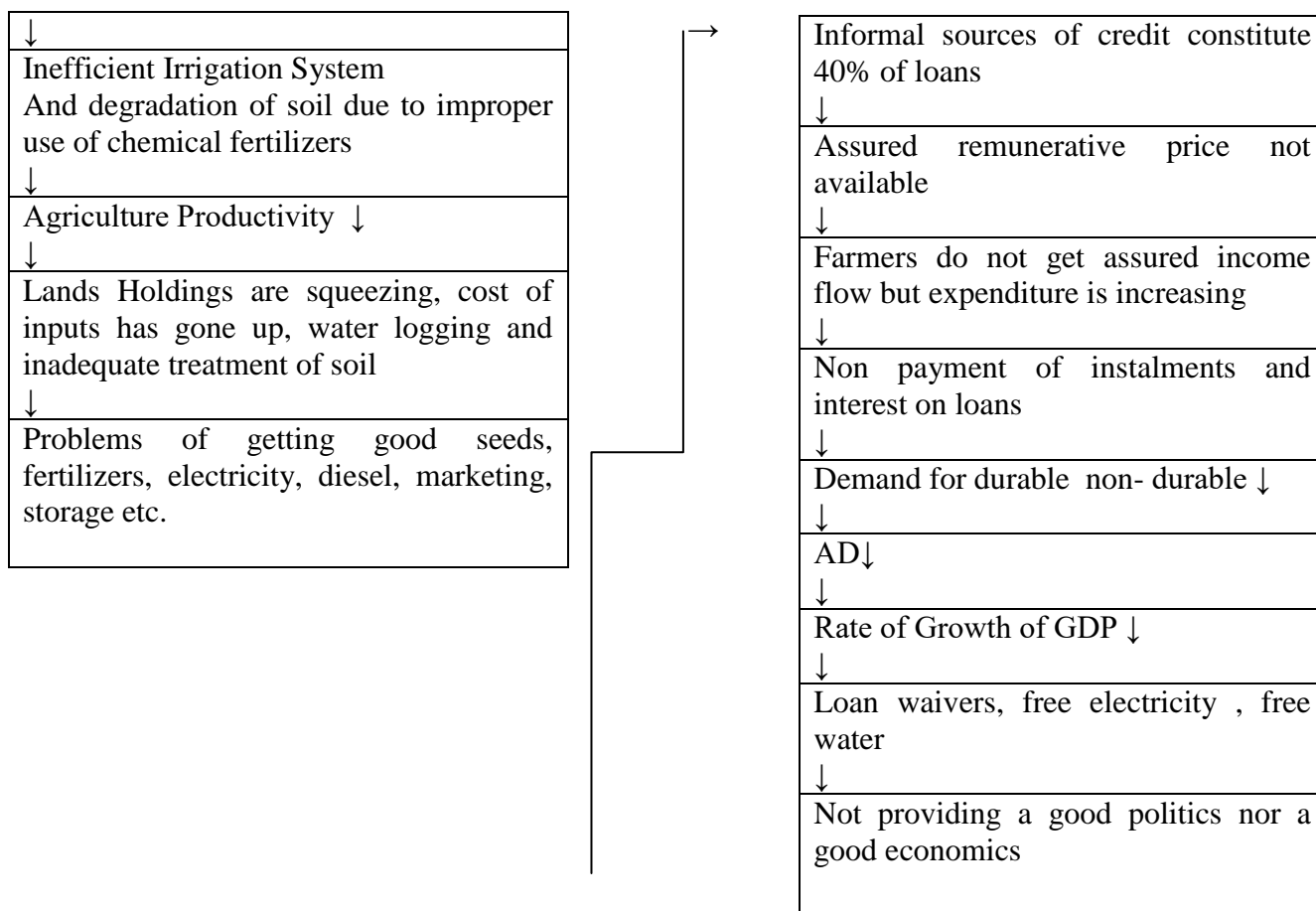
citizens do not have adequate savings for the hard times, naturally shocks like covid -19 expose them to health and even life risks. The importance of agriculture as a shock absorber was realised during reverse migration experience after the imposition of harsh lockdown, when all economic activities come to a halt. The only reason so many migrant took such a decision and took a long and arduous journeys that hundreds of thousands of people undertook during the lockdown when people were scared and confined to the four – walls of their home. They were confident that agriculture sector would save their lives. We do not have a formal state- financed security net infrastructure to deal with such sudden shocks.

The debate on agricultural reforms continues with the centre offering concessions on recent legislation passed by the Parliament in Sept 2020, but farmers are demanding the repeal of laws. Battle of pricing of different goods and services or terms of trade has been a principal weapon in class war (for example food inflation being good for farmers but bad for its net buyers). Economics is a social science, where its laws are based on the condition – **other things being equal**. It is relevant here to mention a 1977 classic by one of the Marxist economist in India ‘Terms of trade and Class relations’. Some policies prove biased in favour of some groups, class or regions and prove biased against of some groups, class or regions. Political – economy leaves its shade on the policies. Man has tried to win the nature, while nature has given us so many valuable things- fresh air, environment without any pollution, clear & blue sky, sun- light (Vitamin D), land scape, soil, rains, water-resources, forest resources, mineral resources, vegetables and fruits, leaves, flowers, natural medicines etc. Natural order is the providential order. We have unnecessarily played with nature and that is why most of our problems are man made. The Paris Agreement to battle the climate crisis marks its fifth year (12-12-2020) with renewed hope and urgency. Despite the agreement, the world experienced its highest temperatures over the past five years. A pandemic induced lockdown only reduced carbon emissions by 7 percent, otherwise everything has become polluted air, water, environment etc. Natural factors still play an important role in this sector.

Farmers are demanding a remuneration price in accordance to the recommendations of the Swaminathan committee’ recommendations (that is 150% of the cost of production). Each sector of the economy has its justification for more allocation of funds in the budget of the centre and the states. There are tradeoffs – if more has to be spent on X means less on Y. Govt. revenues are dependent mainly on the taxes and taxes are a function of rates of growth of GDP, per capita GDP and other factors depending on distributive justice. Question arises how will taxable pool to be developed and what should be nature of questions. Noble Laurate Abhijit Banrjee is leading a tough battle against global poverty, hunger, malnutrition, recommended diet as per norms etc. Prof. Bibek Debroy, chairman of Economic Advisory council to the Prime Minister and a member of think tank NITI Aayog, has rightly said , “ The next decade will be defined by discourse and debate on governance. Citizens and civil society will become more active, but will hopefully also become more conscious of responsibilities”³

Agricultural growth has been fairly volatile in the past decade ranging from 5.8% in 2005-06 to 0.4% in 2009-10 and – 0.2% in 2014-15. Such a variation in growth has an impact on farm incomes as well as farmers’ ability to take credit for investing in their land holdings.

Agriculture & Allied Activities
↓
Half of the population Dependent
↓
Sector is dependent on Natural Factors
↓
Quality of Water Posing Serious Problems
↓
Ground Water is also polluted



Literature Review

Almost 2/3rd of Indian population lives in 5 lakh villages. During ancient traditional system in our villages, farmers, artisans and people of other community unitedly used to invent some new techniques to meet their demands accordingly and the techniques were based in accordance to their needs and affordability (to be judged mainly by economic expediency). All the scholars have the opinion that development and prosperity has a deep relation with science and technology. Poverty has to be removed and it is not to be re-distributed. Growth should be sustainable, inclusive and linked with social justice. National Laboratories and Agriculture Research Institutes have been established in the country by the planners and policy makers for the preparation and development of human capital (technology) for the welfare of the masses through their research output in every region according to the needs of the country and feasibility of the region.

A successive governments after Independence constantly battled food security challenges and ultimately when food security was achieved the stock of wheat and rice. Started rotting in the ware houses of the Food Cooperation of India. Punjab and Haryana were the earlier beneficiaries of the green revolution. The problem of plenty has hit Punjab hard since the turn of century. Bollywood Hindi movie Uda Punjab clearly tells the real story of the events. Since then Haryana, Himachal Pradesh, Karnataka, Kerala, Gujrat, Maharashtra and Tamil Nadu have gone fast over. Punjab on per capita net state domestic product calculated constant prices 2011-12.

Research Gap

Seven decades after India won Independence from British colonial rule, the largest section of our population (farmers) have remained bound by the chain of laws and regulations. Agriculture sector has faced economic plunder in the hands of the British, exploitation in the hands of a number of intermediaries and landlords and there have a number of movement like Bhoodan, Cooperative, land ceiling etc. These bills have been approved by the parliament and enacted in the form of laws by the

government but farmers and their bodies were not taken into confidence. This is a big communication gap and needs thorough investigation.

Objectives

The following are the two objectives of this paper

1. To examine the real issues leading to an agrarian crisis.
2. To study the measures taken by govt. and overall effect.

Methodology

This research paper is an outcome of the developments and factors responsible for the present agrarian crisis. India had the tag of being fastest growing economy of the world but farmers' suicides have become a non-stopping situation. The methodology on which these two objectives have been studied is very simple. Secondary data is available from a number of authentic and reliable sources. Statistical analysis has been undertaken with the application of statistical tools. Statistical hypothesis have been formulated and appropriate statistical tests have been applied to find out the results.

Objective 1

The average annual growth rate in real terms in agriculture as well as allied sectors has remained static in the last 6 years, in turn impacting farmers' income. The Economic Survey 2019-20 released on Jan 31st, 2020 (chapter 7) of the survey report emphasised the importance of sustainable agricultural practices to support small and marginal farmers. Indian agriculture is facing so many challenges for example soil health, aberrant weather conditions due to climate change and global warming or otherwise depleting water resources and imbalanced use of plant nutrients etc. The table 1 given below gives an idea about GDP growth rate, agriculture growth rate and the share of this sector in GDP

Table-1

Years	GDP Growth Rate	GDP Growth Rate in Agriculture	Share of Agriculture Sector in GDP
2012-13	5.46	1.5	16.84
2013-14	6.38	4.2	17.14
2014-15	7.41	0.2	16.79
2015-16	8.00	1.2	16.17
2016-17	8.20	4.0	16.60
2017-18	7.00	2.88	16.35
2018-19	6.10	2.88	15.40
2019-20	4.25	2.90	15.96
2020-21 Q ₁	-23.92	3.4	18.0 (Expected)
Q ₂	-7.50	3.4	

Source – Different Economic Surveys, Daily News Papers, CMIF etc.

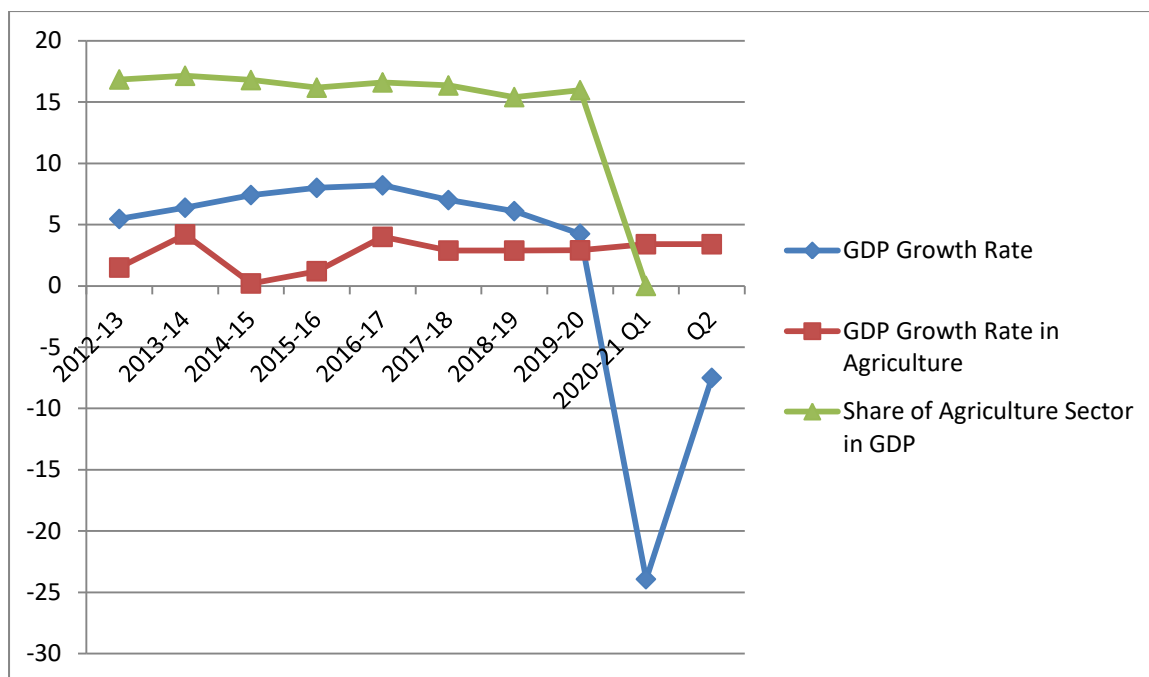


Figure -1

B) To examine the difference between MNREGA wage rate and the current Agricultural minimum wage rate (2019-20)

Test the Hypothesis

$$H_0: \mu_1 - \mu_2 = 0$$

$$H_1: \mu_1 - \mu_2 \neq 0$$

Table -2

States	MANREGA Wage Rate 2019-2020 Rs.	Current Minimum Rate (Rural) 2019-2020 Rs.
AP	211	312
Arunachal	192	220
Assam	193	255
Bihar	171	246
Chattisgarh	176	237
Goa	254	409
Gujrat	199	312
Haryana	284	339
Himachal	185	225
Jammu & Kashmir	189	225
Jharkhand	171	239
Karnataka	249	269
Kerala	271	287
MP	176	231
Maharashtra	206	247
Manipur	219	225
Meghalaya	187	196
Mizoram	211	250
Nagaland	192	115

Odisha	188	280
Punjab	241	315
Rajasthan	199	213
Sikkim	192	300
Tamil Nadu	229	243
Telangana	211	312
Tripura	192	302
UP	182	192
Uttarakhand	182	260.5
West Bengal	191	245
Andaman &Nikobar	250	451
Chandigarh	213	376
Dadar & Nagar Haveli	224	294
Daman Diu	202	294
Lakshadweep	248	401
Pudducherry	229	368

Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
WR Equal variances assumed	14.579	.000	-5.415	68	.000	-67.90000	12.53860	-92.92039	-42.87961
Equal variances not assumed			-5.415	46.018	.000	-67.90000	12.53860	-93.13863	-42.66137

Source – DTE Staff Published Tuesday 02 April 2019

Since the significance value is less than 0.05, therefore, we reject null hypothesis and conclude that there is statistically significant difference between the MNREGA wage rate and the current Agricultural minimum wage rate (2019-20)

C) State Wise Daily Wage Rates in Rural India (Non-Agriculture Labour)

$H_0: \mu_1 - \mu_2 = 0$

$H_1: \mu_1 - \mu_2 \neq 0$

Table -3

State/UT	Wage Rate 2014-15 Rs.	Wage Rate 2019-20 Rs.
AP	221.20	290.50
Assam	204.90	263.80
Bihar	209.80	267.00
Gujrat	182.80	233.70

Haryana	334.20	376.30
Himachal	256.00	343.20
Jammu & Kashmir	382.10	453.00
Karnataka	211.50	264.00
Kerala	609.70	670.10
MP	150.80	205.60
Maharashtra	205.40	239.70
Meghalaya	192.00	217.50
Odisha	170.90	241.00
Punjab	268.90	331.00
Rajasthan	273.10	312.60
Tamil Nadu	372.80	438.20
Tripura	200.00	250.00
UP	206.60	271.60
West Bengal	217.50	291.00
All India	237.70	293.60

Source – RBI Publication Oct. 13,2020

Group Statistics

Group	N	Mean	Std. Deviation	Std. Error Mean
WR 1	20	2.5540E2	104.34456	23.33215
WR 2	20	3.1267E2	107.48904	24.03528

Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
WR Equal variances assumed	.012	.912	-1.710	38	.095	-57.27500	33.49752	-125.08719	10.53719
WR Equal variances not assumed			-1.710	37.967	.095	-57.27500	33.49752	-125.08915	10.53915

Since the significance value is greater than 0.05, therefore, we fail to reject null hypothesis and conclude that State Wise Daily Wage Rates in Rural India (Non-Agriculture Labour) are not statistically different.

A real approach with mounting debt poverty, increasing cost of education and health and other ballooning farming related expenses, the farm income dropped over the past years. Besides absorbing the 10-12 million youth who are joining the labour force every year, it means there is a natural requirement of 20 million new jobs in a year.

D) Suicides

The opportunity cost of crop failure has been watched by the nation in the form of non- stopping situation of farmers’ Suicide the young generation (achieved with form of demographic dividend) is not attracted to this profession and facing the problem of unemployment . Table given below reflects the trend in number of suicides:

Table -4

Year	Cultivators	Agriculture Labourers
2014	5650	6710
2015	8007	4595
2016	6720	5109
2017	5955	4700
2018	5763	4586
2019	5957	4324

Table -5

(In percentage no. of Suicides – cultivators, agricultural workers and other

	Cultivators	Agriculture Labourers	All
Poverty	1.1	3.9	1.3
Farming Related Issues	19.5	-	-
Bankruptcy & Indebtedness	38.7	5.5	33
Other reasons	40.7	90.6	95.5

Source – (Daily HT, Sept. 18, 2020 , p +1 , Do falling farmers’ suicides means less rural distress by Vijdan, Mahmmd Kamoosa.)

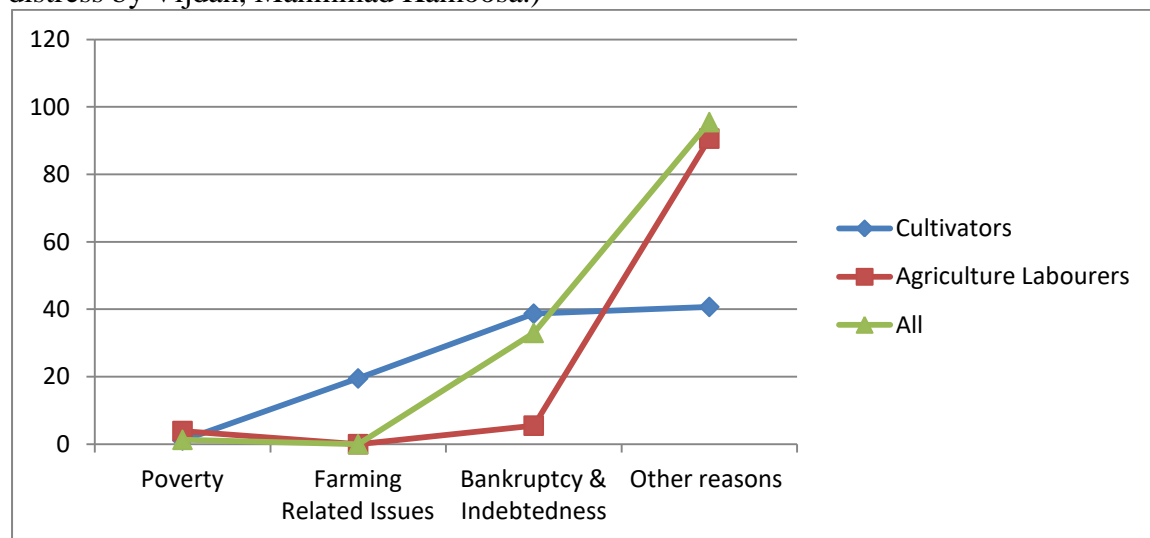


Figure - 2

Objective 2

List of various interventions and schemes launched for the benefit of farmers:

1. With a view to **provide income support** to all farmers’ families the country, the central govt. started a new scheme PM-Kisan Samman Nidhi to provide payment of Rs. 6,000 /- per year in three equal instalments subject to certain exclusion relating to higher income groups.
2. **Soc Security Net for SMF** - Under this scheme, a minimum fixed pension of Rs. 3,000 /- will be provided to eligible farmers on the attaining the age of 60 years (subject to certain exclusion).

3. **Insurance Coverage** – For risk mitigation Pradhan Mantri Fasal Bima Yojna was started from Kharif 2016 season. This scheme provides insurance cover for all stages of crop cycle including post harvest risks with low premium contribution by farmers.
4. **MSP for 2018-19** - Govt. has approved MSP for all Rabi and Kharif crops at a level of at least 150 percent of cost of production.
5. **Soil Health Cards** – Govt. has implemented its flagship scheme of distribution of soil Health Card to farmers for the rationalised use of fertilisers.
6. **Per-drop more Crop** – For optimal utilisation of water, reducing the cost of production and increasing productivity, scheme of drip/ sprinkler irrigation is being encouraged.
7. **Paramparagat Krishi Vikas Yojna** - Under this scheme organic farming is being encouraged.
8. **E- NAM** – To provide farmers an electronic transparent and competitive on line trading platform has been launched.
9. **Har Med Par Ped** - Agro forestry is being promoted for additional income. National Bamboo Mission has been launched in 2018 to promote bamboo plantation on private and non forest land for value addition .
10. **Umbrella Scheme** - This scheme has been approved in the name of PM Annadata Aay Sanrakshan Abhiyan and is aimed at ensuring remunerative prices to the farmers for their produce (announced in Union Budget 2018). This is really a step by GOI to protect the farmers' income. It will go a long way for the welfare of the farmers.
11. **Through a range of policy measures** - The PM Kisan Scheme which enables direct cash transfer to small and marginal farmers, the focus on rural India in terms of construction of toilets and provision of gas cylinders, occasional promises of loan waiver in states (UP), a genuine attempt to boost agri-infrastructure – it has the won the support of large segment of farmers.
(Farm Reforms – How both sides faltered Chanakya Dec. 06, 2020, P.08)

Conclusion

In a sign of the heterogeneity of farmers, there was a large constituency which could be uncomfortable with reforms and had the strength to express it. Farm reforms is a big step by the govt. and these reforms should have been preceded by much wider consultation in the public sphere. Stakeholders should have been given chance to express their views and concerns. The action of the govt led to the perception of unilateralism . That is why these reforms created a big communication gap.

Latest Situations & Suggestion

1. There has been nearly 54% jump in incorporation of new agribusinesses this year, the most since June when three agricultural laws came into force
(Farm laws led to jump in agri-firms – Govt. data by Zia Haq Dated Dec 19, 2020,P13)
2. Farmers in fully regulated agriculture markets in Punjab got 30% more price for their produce in 2018-19 than those in totally unregulated markets in Bihar and partially regulated ones in Odisha . MSP is only risk protection for farmers. (Daily HT, Dec 19,2020, P 13). Communication gaps create a number of problems and hence such gaps should always be removed.
3. After the economic reforms, when the then Prime Minister Narsimha departed from the socialist policies of predecessors and initiated privatisation, India's whole story changed for the license raj to a hopeful nation earning greater currency among large sections of the society. Since then the majority feels that markets need to be free and open for reducing poverty and generating sustainable and inclusive growth. Only prosperity is to be distributed.
4. On the basis of testing our hypothesis (B), since there is significant difference between MNREGA wage rate and the current Agriculture Minimum Wage Rate, a case is made out to fill up this gap by an increase in the MNREGA Wage Rate.

5. Hypothesis (reference C), null hypothesis is accepted and there has not been a significant change in the wage rates (in rural India – Non- Agriculture Labour) during the last 5 years. A case is made out for an increase in wage rate.
6. Since there are n number of problems in this sector, these three laws are focussed to address only one problem of marketing of agriculture produce that too other things being equal and the profitability of success would be $1/n$ only.

References

1. Ministry of Agriculture & Farmers Welfare – Steps for Doubling Farmers’ Income, p.25
2. Daily HT Dec 13,2020, p 20
3. Daily HT Dec 08,2020, p 13