



A Political Economic Analysis of Agrarian Crisis and Its Way Out

Sunil Kumar¹

(Assistant Professor in Economics, Government College, Bahu, Jhajjar)

ABSTRACT: Agriculture continues to be the major source of livelihood for most of the rural population of India even today. It also provides a large market for non-farm goods and services. Indian agriculture sector has faced many important agricultural changes/transformations during last seven decades of development. All these agricultural changes have adversely affected the condition of the farmers and have given rise to the present agrarian crisis. The poor section of the farmers, especially the small and marginal farmers and agricultural labourers, who constitute the vast majority of the Indian population, suffer the most. Millions of people's livelihoods have been destroyed in the last 30 years as a result of this crisis. One important feature of the current agrarian crisis is the stagnation in agricultural growth and agricultural production. The way out of the agrarian crisis should be based on an alternative approach to economic decision-making in general and agriculture in particular. The alternative approach should aim at protecting the farmer and agriculture from the disastrous consequences of integration with global capitalism and protecting it through deliberate intervention by the state.

KEYWORDS: Agrarian Crisis, Arhtiyas, Land Use, Agricultural Labourers, National Sample Survey Organization, Export Market-Oriented, Corporate-led Jobless Growth.

Received 03 July, 2022; Revised 15 July, 2022; Accepted 17 July, 2022 © The author(s) 2022.

Published with open access at www.questjournals.org

I. INTRODUCTION AND ROLE OF AGRICULTURE

A feature of the farmers' movement that has run successfully in the last one and half years should also be recorded that it inspired the attention of common people, policy makers as well as intellectuals to focus on agriculture, agrarian crisis and the condition of farmers in India. This movement highlighted the unique role of agriculture in stimulating the development of the country. Agriculture contributes to overall economic development by providing food for livelihood, supply of raw materials for industries and by earning valuable foreign exchange. Agriculture continues to be the major source of livelihood for most of the rural population of India even today. It also provides a large market for non-farm goods and services.

II. PERSPECTIVE OF AGRARIAN CRISIS

Indian farmer works in the midst of great obstacles in farming. On the surface, agricultural activities appear to be taking place in a private domain, and therefore the general public has a strong belief that most of the decisions in agriculture must be taken by the farmers itself. However, the reality is elsewhere. It is state policies that determine the prices of most of the factors/inputs needed for production in agriculture e.g. electricity, water, fertilizers, pesticides or minimum wages. Therefore, the role of the state in the decision-making process of farming is prominent and well established. Whether it is the credit policy of the central bank engaged in the operation of the credit market or the difficulties faced by agriculture and farmers in access to credit, all these are determined by the policy decisions of the governments. If the policy decisions of the governments create difficulties in access to institutional credit to the farmers, it forces the farmer to approach moneylenders and "Arhtiyas". Farmers often go to the "Arhtiyas" for their routine requirements of inputs. Hence, it reveals that the policies of the state are prime responsible factor for arising any crisis in agricultural production and income.

¹ Corresponding Author: Dr. Sunil Kumar, Assistant Professor (Economics), Government College, Bahu, Jhajjar, Haryana, India. skdgopal@gmail.com

III. AGRICULTURAL TRANSFORMATIONS: PRIME RESPONSIBLE TO CRISIS

Indian agriculture sector has faced many important agricultural changes/transformations during last seven decades of development. These four may be considered as the prime changes/transformations to understand the agricultural change during this period. Firstly, the distribution of land as well as the pattern of land use has to be explained. The radical change in land distribution and land use patterns brought about a significant change in the structure of agriculture. It increased the number of small holdings and its influence in Indian agriculture. The second is the impact of technological change on agriculture. In the mid-sixties, we have adopted the 'seed-water-fertilizer' technology, which was based on surplus 'cash and supply'. It increased the farmer's dependence on markets for cost of cultivation and inputs such as electricity, water, fertilizers, pesticides, etc significantly. As a result, the sharp rise in the cost of cultivation combined with a comparatively very small increase in the prices of the produce squeezed the net income of the farming households. In addition to these, the third important determinant of agricultural changes/transformations was the slow development of agricultural infrastructure (irrigation, availability of inputs, access to extension services, development programmes).

Last but not least, there is a crisis of availability of inputs to small and marginal farmers including fertilisers, seeds, pesticides and most importantly credit. The policy documents give always top priority to small and marginal farmers, however when it comes to the actual disbursement of credit, small and marginal farmers have largely been dependent on traders, moneylenders and others rather than institutional sources. All these agricultural changes have adversely affected the condition of the farmers and have given rise to the present agrarian crisis.

IV. UNPRECEDENTED CRISIS BUT DENIAL OF ACCEPTANCE

The agrarian crisis being experienced today is an unprecedented and widespread phenomenon. We, as a nation, are in the worst agrarian crisis in seven decades. The poor section of the farmers, especially the small and marginal farmers and agricultural labourers, who constitute the vast majority of the Indian population, suffer the most. Millions of people's livelihoods have been destroyed in the last 30 years as a result of this crisis. But if you look at the media, you will find that only in the last three or four years we have used the word 'agriculture crisis' in a broader sense. Earlier, any crisis was completely denied.

Eminent researcher P Sainath says that "this crisis is by no means limited to India. This crisis is by no means restricted to India. It is a world-wide crisis of small holder farming. Small, family farms are getting wiped out across the planet and it has been happening for 20-30 years. It is just that this has been very intense in India in the last 15 years..... So what is this process driving towards? In two words: It is driving us towards corporate farming. That is the big coming picture of agriculture in India and across the planet. We have been pushed towards corporate farming, a process by which farming is taken out of the hands of the farmers and positioned in the hands of the corporate. That is exactly what happened in the United States and that is what exactly happened in a large number of other countries. This process is not being achieved with guns, tanks, bulldozers and lathis. It is done by making farming unviable for the millions of small family farm holders, by just making it so impossible for you to survive in the structures that exist." We can say that the eviction of small and marginal farmers from Indian agriculture is being done by making it impossible for them to survive in the existing structures.

Hence, the most important aspect of the current agrarian crisis is that today agriculture has become unprofitable and is becoming unprofitable for most of the farmers. A Situation Assessment Survey of Income, Expenditure and Productive Assets of Farmer Households, conducted by the latest National Sample Survey Organization, revealed that 96.2% of the farmer households surveyed that have land holdings less than 4 hectares spent monthly more than the monthly average income from all their sources. Only the top 3.8% of farmer households earned enough to meet their monthly consumption expenditure; everyone else was at a loss.

V. IMBALANCE BETWEEN COST AND INCOME

The question that arises is what are the reasons for this decrease in agricultural income? On the one hand, it is continuous and sharp increasing input prices. The rapidly rising prices of agricultural inputs are largely controlled and heavily rigged. It is another outcome of the exploitative international agreements that our governments have entered into. All this has posed a serious threat to the interests of our farmers. Another reason for this decline in agricultural income is highly volatile product prices, which are influenced by international trends rather than domestic production. In the case of a significant number of crops, in many regions, production prices no longer even cover the cost of production. The problem is most acute for cash crops, where public procurement functions are negligible or weak. In case of other crops also, the situation is not much different, as the procurement process itself has stopped and minimum support price is not available to the farmers at the time of harvest.

Another important feature of the current agrarian crisis is the stagnation in agricultural growth and agricultural production. The most troubling feature is the stagnation in foodgrain production, resulting in a fall in per capita foodgrain production. The use of chemical fertilizers, pesticides, unscientific and uncontrolled irrigation and continuous use of land in case of many crops have led to the salinity of the land. Regular use of insecticides has increased the resistance of insects. All this has exacerbated the imbalance between cost and income.

Agriculture, which employs the majority of the workforce, has experienced a slowdown. Whereas growth in the services and industrial sectors, has been characterized by being 'jobless'. Far from absorbing surplus labor from agriculture, this pattern of development has fueled the dualism that has always existed in India. Inequalities between social classes, urban and rural areas as well as different regions of the country are increasing. This implies that the economic growth experienced over two-three decades did not increase the real per capita income for most of the people employed in agriculture. This clearly shows that this pattern of development has been clearly contrary to the interests of the population dependent on rural agriculture.

VI. WIDESPREAD INDEBTEDNESS AMONG FARMERS

The direct result of declining farm incomes and dwindling employment opportunities has been an unprecedented increase in the level of indebtedness among farmers. A new moneylender class has been born. Who are these new moneylenders? They are input dealers, who sell seeds and pesticides, fertilizers and other inputs to the farmer. The owners of shops selling seeds are now millionaires. A sense of relative deprivation has developed rapidly among the rural people in general and farmers in particular. They feel strongly that elite India is developing at the cost of rural India.

VII. HYPOCRISY OF PROMISES

Often even the most rigid and neo-liberal bound to talk about public investment and the welfare of the people in elections. The BJP manifesto and Narendra Modi's speeches were filled with Keynesian ideas of state intervention, public investment and welfare. He had promised that the BJP government would usher in "Acche Din" for farmers and will end farmers' suicides. The manifesto included: increased public investment in agriculture and rural development, steps to increase profitability in agriculture by ensuring a minimum return of 50 per cent on cost of production, cheap agricultural inputs and credit, latest technologies for farming and high-yield seeds. It also promised of implementation of MGNREGA for agriculture, an agricultural insurance scheme to take care of crop losses due to unforeseen natural calamities, consolidation and expansion of rural credit facilities, expansion of irrigation facilities, a price stabilization fund to protect farmers from volatile world market prices, pension for farmers above 60 years, assured income for small and marginal farmers and agricultural workers. The manifesto also promised that "the BJP would adopt a 'National Land Use Policy', which would look into the scientific acquisition and development of non-cultivable land, protect the interests of farmers and take into account food production targets and economic goals."

But now even during almost eight years of BJP rule, public investment in agriculture and rural development has been drastically curtailed, agricultural credit is inaccessible and moneylenders are plundering farmers uncontrollably. Every minister and prime minister has been convinced that public investment in agriculture has fallen sharply over a period of 10-15 years. They will try to reverse it. But it's all a lie. Leading agricultural economist, Dr. Utsa Patnaik points out that total development expenditure as a share of GDP has come down manifold in the last forty years. Every year the investment (that should have been done) of lakhs of crores of rupees of rural and agricultural India was looted. The permanent damage caused by sending air forces and bombing villages would have probably been less permanent than this farms plunder.

We should be careful not to isolate agriculture from what is happening in the country. The cost of living expenses have risen rapidly across this country. Education and health are the biggest contributors to increasing debt on rural households. We have the sixth largest privatized healthcare system in the world. Nearly one out of every five Indians no longer seeks any kind of medical treatment because they cannot afford it. The country claims to promote 'medical tourism' but the treatment of its own people is shameful. It is the same which is also happening in case with rural India's access to education and health. It shows that the farmer is oppressed on every front. The condition of agricultural laborers is even worse. The plight of the landless laborers is even worse, but he is not tied to the land.

VIII. WAY TO FORWARD

The way out of the agrarian crisis should be based on an alternative approach to economic decision-making in general and agriculture in particular. The alternative approach should aim at protecting the farmer and agriculture from the disastrous consequences of integration with global capitalism and protecting it through deliberate intervention by the state. Corporate agriculture, beloved by capitalist governments, cannot provide a way out of the agrarian crisis.

First, governments have to explain that farming is not a headache. It is the basis of livelihood of crores of people. We have to deal agriculture with giving it importance as it deserved.

Second, declare farming as a public service and treat it as such. People who work in agriculture suffer a lot. The median income in agriculture is very low as compared to any other sector. They should be compensated for the food, they put on our tables. They lose a lot. The survivors in the sector should be compensated by the society.

Third, let us put an end to the hypocrisy of subsidies. There is no part of the world where agriculture exists without state subsidies, without state intervention. In fact, the richer the country, the more subsidies – but they are not going to farmers – they are going to corporations. We give it to our farmers.

Peasant agriculture depends heavily on the support of the state for its survival and development. Therefore, the state should invest more in social sectors like irrigation, power, science and technology, rural development and health and education in rural areas.

The state should actively intervene to provide debt relief measures, provide interest subvention to ensure institutional credit at low rates of interest, extension services and good quality inputs at affordable prices. Most importantly, the state should ensure remunerative prices for agricultural crops by expanding procurement operations on the basis of MSP to all areas and crops supported by a fair tariff policy.

Without ensuring remunerative prices backed by procurement operations, it is not possible to increase agricultural production or make Indian agriculture internationally competitive. Priority should be given to increase in food grain production by bringing more acreage under food production as well as increase in productivity through scientific and technological developments, irrigation and better water management. The FCI should be strengthened and the Public Distribution System should be restored. Concrete steps have to be taken to check corruption and leakages in public procurement and distribution machinery.

The issues of agricultural labor should be addressed appropriately. The government should ensure social security for agricultural workers through PDS, minimum wages, equal wages for men and women for equal work, better service conditions, pension, welfare fund and health insurance. Agriculture cannot be sustainable if 40% of the workforce suffers from unsafe and poor working conditions and lives in poverty. The purchasing power of agricultural workers has to be increased through gainful non-farm employment. The National Rural Employment Guarantee Act, if implemented properly, has tremendous potential to absorb labor stock in rural areas, ensure livelihood security and create productive assets.

Rapid industrialization is in the interest of farmers. In a labor surplus economy like ours, economic growth inevitably requires a shift in the ratio of the workforce from agriculture to industry and services. It is only through industrialization that unemployed and under-employed laborers in rural areas can be absorbed into gainful employment and an underdeveloped economy can come out of backwardness and poverty. The real problem of the Indian economy today, as it has been since independence, is inadequate industrialization.

In order to transfer surplus labor from agriculture to non-agriculture, it is necessary to develop labor intensive activities in the non-farm sector, both in industry and services. This requires a growth process, which is fundamentally different from the export market-oriented, corporate-led jobless growth that we are witnessing in India today.

REFERENCE

- [1]. Acharya, & Chowdhary (2001). *Indian Agricultural Policy at the Crossroads*, Rawat, New Delhi.
- [2]. Bhalla, G. S.(2006). *Condition of Indian Peasantry*, National Book Trust- India, New Delhi
- [3]. Dantwala, M L (1991,a). *Indian Agricultural Development since Independence*, Oxford and IBH, New Delhi.
- [4]. Dantwala, M L (1991,b). “Agrarian Structure and Agrarian Relations in India”, in dantawala (1991,a).
- [5]. NABARD (2006). *Annual Credit Plan for Karnataka*, NABARD, Bangalore.
- [6]. Nadkarni, M V (1988). “Crisis of Increasing Costs in Agriculture: Is there a Way Out?”, *Economic and Political Weekly*, 33(39).
- [7]. Narayanmurthy (2007). “Deceleration in Agricultural Growth: Technology Fatigue or Policy Fatigue?”, *Economic and Political Week*.
- [8]. Sainath,P. (2007). “The farm crisis: why have over one lakh farmers killed themselves in the past decade?” in *Speaker’s Lecture Series: Parliament House*, Sept. 6, 2007.