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Onus on Central Government to support agriculture

How do Small Farmers Fare? Evidence from Village Studies is the name of the recently released book edited by Sandipan Baksi and Madhura Swaminathan. The book was released by Prof Yogindra Alagh at the Indian Society of Agricultural Economics Annual Conference in Barapani in Meghalaya. There was a discussion on the book later with a group of development study students at the Tata Institute of Social Sciences in Mumbai. **Sashi Nair** spoke to Swaminathan about the book, about the small farmer, the farming community, and whether the plight of the average farmer in India had really changed for the better



Seventy-one years after India gained Independence and after the Green Revolution spearheaded by Prof M.S. Swaminathan, when novel methods and technology were adopted to improve production, the plight of the average farmer in the country hasn't really changed and the majority of small farmers continue to live in poverty, isn't it? Why has this happened?

You want me to summarise the book... (smiles). Actually, we didn't use poverty (as a part of the study) because the Indian poverty level is also a matter of debate, but there is no doubt that the average small farmer is not having a basic minimum standard of living. Income is something that fluctuates every year. For example, in our study of some villages in West Bengal, the potato prices crashed and they went heavily into debt. But the previous two or three years had seen high prices and that was why more farmers were picking up potato cultivation. As you know, the growth of potato in Uttar Pradesh and West Bengal has been very rapid. So it's not that people are in poverty every year or that there has been no change. We have not been able to study change very much, so I don't want to give the impression that 70 years and nothing has happened. Things have happened.

One of the things that has happened is that the crops that have been grown have changed. For example, potato cultivation is widespread in UP and Bengal and potato consumption has gone up such a lot in India because of production. But we don't have any price support system for potato. It is not coming under crops that are listed by the Government of India as having the minimum support price. Even those that come don't get it. There are so many intermediaries and the small potato farmer sells to the trader on his farm field. He needs the money because he spends so much – on potato seeds, fertilisers. Potato is so input intensive and the

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FROM THE EDITOR

Why do farmers in India get so little attention and sympathy?

Most of the space in newspapers, on television and on news publishing websites is occupied by politics and all the mudslinging and ugliness associated with it. Then there is space for crime and film and sport. So, why doesn't anybody talk about Rural India and the lives of farmers? Farmers usually make the headlines only when they commit suicide. It's almost as if their lives don't matter. Agriculture in India is generally looked at as 'farmers feeding the people'. Ironically, nobody seems to care much about their welfare. Why such widespread apathy? Education and health pertaining to farming communities, critical for the well-being of farming households, are not spoken or written about enough. Farmers find it difficult to educate their children and access primary health care. I was recently talking to Madhura Swaminathan, chairperson of the MS Swaminathan Research Foundation, about her book, *How do Small Farmers Fare? Evidence from Village Studies* (detailed interview alongside), which is based on a study, and I asked her these very questions.

Madhura Swaminathan's response helps give us an idea about how life is being lived in most parts of Rural India 70 years after India's Independence. In the 25 villages she and her team visited and studied, 50 per cent or more of women above the age of 16 had no years of schooling. "This is the state we are in, she says, "We see big differences – by caste, larger farmers who are now sending their children to hostels and schools in

the city. Educational inequality is increasing." There are new schemes for crop insurance but how do we expect a person with no schooling to deal with such schemes and how will they be implementable, she wonders. What will happen is a few will benefit but the majority will be left out. "Education is the basic need, it is the future. They are now talking about e-auction and giving market intelligence to farmers, also, e-nam or e-national market. How do we expect such important transactions like price for your output to be done online without electricity or Internet? The design for agricultural policy is coming from urban residents who have hardly gone to a village. We are getting carried away by technology without looking at the underlying problems."

I then asked Madhura Swaminathan about health, infant mortality and malnutrition. Does the farmer have access to the PHC? Although this did not form part of the study, she referred to covering two villages in Mandya and Kolar. In the first survey done in May, the hot season, most women had only two meals a day. They took their first meal at around 11.30 am or 12, their breakfast comprised ragi or *mudde*; the second meal was at night. When the team visited during the harvesting season, they found the women were having three meals. "I think on average they are having two meals a day – the first at 12 noon after getting up at 6, sweeping, milking the cow, cooking – they are not sitting idle. It is going to have nutritional effects. We have not paid attention to the question that you are asking. Do these women know that

it is unhealthy to have two meals ten hours apart? Is it the lack of information, is it the constraints of time or something else – these are questions to be studied," she says.

Incidentally, *How do Small Farmers Fare? Evidence from Village Studies* is a spin-off of the work that Madhura Swaminathan has been doing with an organisation called the Foundation for Agrarian Studies, a group of academics in India interested in agrarian and rural issues. The book is written in a simple way so that it's assessable to the general reader. One of the good things is, she and her team head back to the villages and share the findings with farmers and peasant leaders, and also activists. In 2005-06, MSSRF started a series of village surveys, starting in Andhra Pradesh and the last one was in 2016 in three villages of Tripura. Detailed household surveys were conducted in 25 villages across ten states in India over ten years. Although this book focuses only on one issue – small farmers, how they are doing, their income levels, indebtedness, their access to bank loans, cost of imports – there is considerable data, useful data that should be made available to the Government of India in the hope that it will goad at least a few in the administration to do what is required make the lives of small, marginal and landless farmers in India happier.

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Madhura Swaminathan.

cost of production so high that the minute the output comes they want to sell it, which means they are selling it to the nearest person and getting the lowest possible price. Bengal has a cold storage system but a study by one of my students reveals that the capacity is much less than the production. So, for every crop these kind of factors are different. We hear mostly about rice and wheat but there is a diversity of crops and the reasons why small farmers are facing a loss are price crashing in one year, weather-related drought in another; there are a variety of reasons, not one. We argue in conclusion (in the book) that there are weather-related factors – agriculture by nature is risky – but there are non-weather-related factors also – institutional, marketing, pricing, government policy.

Would you say that consecutive governments have failed to address the problems that have bedevilled the lives of farmers over the years?

The policy focus till very recently

– of all the governments that were in place – was on productivity and production, not on incomes. So we have had new crops, higher production, new technology. Tripura is an exception; everybody there is organic because they didn't have money for fertilisers. But you go to the smallest village anywhere, Bengal or Andhra Pradesh, there is a huge amount of fertiliser, the latest seed whether it is BT Cotton or something else, so technology has spread, output has grown. However, the price of output is low while the price of input is rising, so you are being squeezed – the cost price squeeze. For example, the cotton seed prices were very high but farmers knew the yields would be high and so planted them. They started making losses. The minimum support price is there on paper, started in the 1960s. It is effective only for certain crops and certain regions. For example, Punjab farmers get the msp when they grow paddy and wheat. But in Bengal or Bihar, paddy farmers get half the price of the Punjab farmer. The policies were started but they have not been implemented wholeheartedly and uniformly throughout the country.

Do you think it is because of the federal structure we have?

Partly, I think. The failure is of the Centre because when we talk about food, and now everybody is talking about GST and the national market, it has always been a national market – produced in Punjab and given to Kerala. The point of being a country is that... it is the responsibility of the Central Government. I would say some state governments – Tamil Nadu is one of them and recently Karnataka – are offering a price for ragi and nutritious millets and trying to procure. Last year, there was an order from the Central Government – if the state government offers a price higher than what the Centre

has announced, then the Centre will withdraw all support. TN is offering a higher price; Kerala is, for paddy. These states are now under attack; I don't know what has happened now. It is political. It's a way of saying that we are not going to spend money; it's a way of curtailment of expenditure. Actually, agriculture is a state subject, so this is rather interventionist.

That agriculture is not being given due importance is clear when we know that small farming households are unable to generate incomes to maintain a minimum standard of living. In the book, you make a case for urgent public policy support to bring economies of scale to the small farmers so as to ensure them a minimum standard of living. Can you explain this a bit?

Internationally, we have the two-dollar-a-day poverty line. We have to see how many farmers on average get this income. The least poverty by this criterion is Punjab, Northwest Rajasthan, all highly irrigated regions, Rayalaseema, eastern UP and so on. But on the whole, the large majority is not earning even the poverty line. So you need multiple action – it's an entire livelihood that's being affected. We haven't gone into detailed policy or what should credit policy be. That would be a separate book but our data show that if you ask small farmers from across 15 villages how much credit they have got from the bank or cooperative sector during the last one year, the highest is 25-30 per cent, which means two-thirds of small farmers have had to borrow from the informal sector. Credit to rural areas is increasing but it is clearly not enough.

Another thing I want to mention – in fertiliser use, we find that both small and large farmers are not using the recommended fertiliser

due to lack of information. It's what your neighbour does or what your fertiliser shop tells you. Nitrogen, phosphorous and potassium, there is a ratio of 4:2:1 to apply, but it is not being used that way. So there is a real failure of information and even if I have to stick my neck out I will say that the agricultural universities in India have by and large failed in this job of transferring information. What is the latest has not reached the farmers, so here it is a question of inappropriate farming practices. Our extension and knowledge transfer systems would have to be strengthened in different ways like the fisher friend mobile app our foundation developed. We have to give real-time data on weather etc to fishermen. Similarly, for farmers, we have to every season give the latest information.

Small farmers in India are still at the mercy of the local moneylender. Often, they are unable to repay loans, and suicides are largely the result of not being able to cope with debt. Can't the banking system be more generous since crop failure is usually the result of drought or floods or scanty rainfall over which they have no control? And can't easy credit facilities be extended?

I think it is much better to do it through the banking sector whether it is the cooperative banks or commercial banks. The banking system since the 1991 liberalisation was told clearly that don't focus anymore on what was called social and development banking in India. After Mrs Gandhi's bank nationalisation, that was the term that came, unique to India as an experiment, the rural banking network growth in India from 1969 to a few years thereafter was tremendous.

Now, banks are closing down rural offices instead of having a rural bank branch with an agricultural officer who will have the knowledge and capacity to meet farmers, assess their needs, their repayment and then give loans. RBI is now talking about business correspondents, who are just agents who go from village to village to dole out cash through debit cards etc. They don't have the knowledge or experience for lending operations. So bank staff in rural areas has gone down, branches have closed. With a farmer you have to spend more time and effort in giving the loan and on recovery; it's not like a car loan.

Also, the definition of agricultural credit was changed by the RBI late 1990s or around 2000. So now,

giving a loan to a big company like Pepsico to set up a big cold storage plant in Chennai would be termed an agricultural loan. It is a loan to the agricultural sector technically but not a loan to farmers. There is no need for any new idea or policy. We know what is to be done and it is done in other countries. Unless you give it priority and say this has to be done it will not be.

Are crop insurance schemes effective?

In the 25 villages we studied, I think two or three people out of about 3000 households reported crop insurance. But I must say in the last two years there has been a new PM Scheme for crop insurance, the Fasal Beema Yojana, which has really expanded. The coverage has increased but there is a huge number of unpaid claims. They have not been paid. The insurance schemes are underwritten by large private companies supported by the government. They have been guaranteed a minimum income. In agriculture, many regions may be affected, so the government has guaranteed them a minimum return. Despite that, there are tens of thousands of unpaid insurance claims. In the case of the small farmer, if you don't get the money before you sow your second crop then he is affected. May be after five years the claim will be paid but the timeliness is obviously very important.

The same thing happened with demonetisation. – the shortage of working capital or cash in the growing season when you need to buy certain things during harvesting which is the most expensive because of labour... so cash shortage then can affect you even if in the long-run you get access to money. As far as I know, the insurance scheme has not done very well; some studies are being made now; the scheme is only two years old. So we have to wait and see. It hasn't reached the small farmers.



Photos: MSSRF

Small farming households are still unable to generate incomes to maintain, leave alone raise, their standard of living.



Several initiatives are being taken to help farmers and the farming community. For exemplar, the focus of the MSSRF biotechnology programme is to undertake anticipatory and strategic research in response to severe environmental degradation, changing climate scenarios, such as sea level rise, reduced precipitation and deteriorating soil and water quality, and develop relevant products.

We often read stories about young NRIs or executives junking corporate life and taking to farming. In farming families, youngsters are not interested and are keen to head to towns and cities in search of jobs. A curious paradox. How can farming be made attractive for the young in the farming community? Isn't it important, considering that with their exodus from the villages, a lot will be lost – tradition, knowledge, skills?

On the whole, I would say no. Because the traditional knowledge that is there, there are a few people who can look at the clouds and say how the weather will be, others who know the medicinal value of plants. If you go to the village where they are growing ragi or tomatoes you will see they are adopting modern practices and more and more of the operations are getting mechanised. Threshing, for example, is mechanised. The young leaving is not really a drain of knowledge. We are just starting a study on ageing of the rural population. We have to plan for this. But right now questions are more serious about

how we are going to keep our food production growing.

Climate change must be affecting farmers a great deal. Is there adequate awareness in the farming community about the problem and what do you see as the major challenges in facing up to it?

We did a study on climate change impact on farmers in Karnataka. We got peasant leaders from different parts of Karnataka to come. What was surprising is how they are tracking climate change. One of them in Gulbarga said how they were getting freak events like a hailstorm during summer. These are things people are experiencing. Farmers are tracking the changes. One of the possible effects of climate change is that because of the hot weather the yield of the crop will go down. Now already the yield between what is there in the laboratory or in the Vietnamese farm (Vietnamese paddy yield is twice that of India; it's because of the organisation of their farming, land reform, pooled resources) and what is grown by the Indian small farmer is huge. So let us start addressing the problem

immediately. In ten or twenty years from now climate change will bring down the potential yield. We have to start worrying about the current generation's problems because the variability and repercussions on agriculture today is like a window to the future. This variability will only increase with time. But let's start dealing with it today.

In today's world when we are in a capitalist economy, when large corporate houses call the shots, how do you see the future of the average, small Indian farmer?

In the very long-run we'd see a kind of consolidation; we'd see fewer and larger farms which support the same level of agriculture. In India, I don't think that is likely because of our huge unemployment problem. You may even have a crisis if all the small farmers say it's not viable and come to the city. In ten years time I hope we really see some kind of simple initiatives where small farmers can work in practice collectively. ■