Report of National Consultation on

Policy Perspectives and State Response to Agrarian Crisis and Farmers’ Distress

Organized by

National Institute of Rural Development & Panchayati Raj Centre for Sustainable Agriculture, Hyderabad

Date: 21st and 22nd May, 2015

Venue: NIRD Campus, Rajendra Nagar, Hyderabad
INTRODUCTION

Agriculture, the most important sector in Indian economy, is presently at the cross road. Although, the share of agriculture in the national GDP has decreased to 18 per cent in 2007, and subsequently 14 percent in 2011, yet the sector continues to provide livelihood support to more than two-thirds of the total population in India. The slowdown in performance of the sector during the past couple of years is a cause of concern in the overall agenda for food and income security. The aggregate productivity has been low, growth of production decelerating and more importantly, the sector is exposed to risk and uncertainty. More than 80 per cent of the farmers, mostly with marginal and small holdings, depend on agriculture as the primary activity and are highly vulnerable to multiple risks. Keeping the above crucial aspects into consideration, the National Consultation has been planned with the following objectives:

- To discuss and deliberate the macro scenario and problems faced in agriculture;
- To bring out the root causes of agrarian crisis and their impact;
- To suggest suitable policy changes and programmes to tide over the crisis; and
- To evolve a road map and suggest long term strategies for agriculture development.

The two day Consultation was designed to cover four dimensions: (a) The Nature and Diversity of Agrarian Crisis in India, (b) Farmer Suicides in India and State Response, (c) Increasing Risk, declining Farmer Incomes and policy options, and (d) the Way Forward.

Accordingly, most part of the consultation focused on six thematic areas, followed by the consolidation of recommendations and the way forward. The six themes are as follows:

I. Agrarian Crisis and Farmer Suicides
II. Farmers’ Indebtedness and Incomes
III. Agricultural Credit and Insurance
IV. Improving Access to Support Systems for Disadvantaged
V. Learning from Alternative Models in Agriculture
VI. Policy Support Measures for Small and Marginal Farmers

Each session had two or three topic-wise presentations followed by interactive discussion.
## Agenda for National Consultation

"Policy Perspectives and State Response to Agrarian Crisis and Farmers' Distress"

<table>
<thead>
<tr>
<th>Time</th>
<th>Theme/ Topic</th>
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<tbody>
<tr>
<td>21-05-2015 (Thursday)</td>
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<tr>
<td>09.00 - 10.00 AM</td>
<td>Registration &amp; About NIRD&amp;PR Slide Show</td>
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<td>10.00 - 10.05</td>
<td>Welcome &amp; About the Consultation</td>
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<td>Dr K. Suman Chandra, Prof. &amp; Head, CAS&amp;DM, NIRD</td>
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<td>10.05 - 10.45 AM</td>
<td>Setting the Context for the Consultation</td>
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<td>Prof D. Narasimha Reddy, National Fellow, ICSSR</td>
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<tr>
<td>10.45 - 11.00 AM</td>
<td>Tea Break</td>
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<tr>
<td>11.00 - 01.30 PM</td>
<td>Theme - I: Agrarian Crisis and Farmer Suicides</td>
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<tr>
<td>Chairperson: Dr. T. Haque, Director, CSD, Delhi</td>
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<td>Topics &amp; Speakers:</td>
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<tr>
<td>1. Cheaper Death, Costly Life - Jaideep Hardikar, The Telegraph</td>
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<td>2. 20 yrs of Farmers Suicides: What we learn - Dr. G. V. Ramanjaneyulu, CSA</td>
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<td>3. Farmers Suicides and Data Compilation: Problems and Remedies - Shri M.K. Singh, IPS, DIG</td>
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<td>Discussion</td>
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<td>01.30 - 02.30 PM</td>
<td>Lunch Break</td>
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<tr>
<td>02.30 - 04.00 PM</td>
<td>Theme – II: Farmers Indebtedness and Incomes</td>
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<tr>
<td>Chairperson: Shri Vadde Sobhanadreeswara Rao, Farmer's Leader</td>
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<td>Topics &amp; Speakers:</td>
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<td>2. Farmers’ Incomes and Issues - Dr. Tyagu Ranganathan</td>
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<td>3. Agriculture Price Commission and its Role - Dr T. N. Prakash Kammardi</td>
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<td>04.15 - 06.30 PM</td>
<td>Theme – III: Agricultural Credit and Insurance</td>
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<td>Chairperson: Prof. D. Narasimha Reddy</td>
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<td>Topics &amp; Speakers:</td>
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<tr>
<td>1. Increasing Access to Agriculture Credit: - Shri PSM Rao, Expert, Hyderabad</td>
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<td>2. Making Agriculture Insurance Work for Farmers</td>
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<td>09.30 - 11.30 AM</td>
<td>Theme – IV : Improving Access to Support Systems for Disadvantaged</td>
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<td>Chairperson : Prof. K. R. Chowdhary, Former Professor, ANGRAU</td>
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<td>Topics &amp; Speakers:</td>
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<td>1. Supporting Tenant Farmers - Prof J. Jeyaranjan, IDA, and Shri Kirankumar Vissa,</td>
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<td>Rythu Swarajya Vedika</td>
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<td>2. Women Farmers and Issues - Dr. V. Rukmini Rao, Mahila Kisan Adhikar Manch</td>
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<td>3. Agriculture Workers Issues : NREGA and Agriculture - Dr. Raji Reddy, APVVU</td>
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<td>11.45 - 01.30 PM</td>
<td>Theme – V : Learning from Alternative Models in Agriculture</td>
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<td>Chairperson : Dr. D. Rama Rao, Director, NAARM</td>
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<td>Topics &amp; Speakers:</td>
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<td></td>
<td>1. Ecological Farming as a Way Forward - Dr. Ramanjaneyulu, CSA</td>
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<td>2. Organizing Farmers for Markets - Giridhar, VRUTTI</td>
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<td>01.30 - 02.30 PM</td>
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<td>02.30 - 04.00 PM</td>
<td>Theme – VI : Policy Support Measures for Small and Marginal Farmers</td>
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<td>Chairperson : Dr. D. Narasimha Reddy, National Fellow, ICSSR</td>
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<td>Topics &amp; Speakers:</td>
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<td></td>
<td>1. Learning from Commission Reports - Shri S. Malla Reddy, AIKS</td>
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<td>2. Agrarian Crisis: A Policy Paralysis – Shri Devinder Sharma</td>
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<td>3. Investments in Agriculture and Implications - Dr. Nilachal Acharya, CBGA, Delhi</td>
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<td>04.00 - 04.15 PM</td>
<td>Tea Break</td>
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<td>04.15 - 05.00 PM</td>
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INTRODUCTORY SESSION

Welcome and Opening of the Consultation

Dr. Suman Chandra invited Mrs. Chanda Pandit, Registrar of NIRD, to make the welcome statement. Mrs. Pandit welcomed the dignitaries and all the participants, and briefly shared her thoughts. India being an agrarian society with 60% of the population engaged in agriculture is in a paradoxical situation. On the one hand, we have “India Shining” and “Incredible India”, with positive reputation of India building across the world, and on the other hand, we have farmers’ distress and suicides which is a shameful situation. Lot of research has gone into the causes of the crisis, and the consultation is very important for examining the multi-dimensional issues and come up with valuable recommendations.

Dr. Suman Chandra gave a brief presentation setting the background for the consultation. Agriculture which used to receive about 18% of the total budgetary support but today it receives only about 2.5% of the budget support at national level or any State level. Unfortunately most of the budget support is spent on promoting expensive external inputs and/or heavy machinery in agriculture. Several of the safety nets introduced during 70s such as the Price support mechanism and Market intervention, Procurement system through Food Corporation of India, Credit support through national banks by demarcating priority sector lending etc., underwent a dramatic change in 90s and now the terms of trade have shifted against the interests of the farmers.

On the issue of farmers’ suicides, there is always a continuous denial mind set by the governments. Some state governments like Chhattisgarh and West Bengal changed the way data is reported, showing a sudden decline in the farmers’ suicides. Some states like Andhra Pradesh and Maharashtra brought in government orders in 2004 to support the families affected by the farmers’ suicides. In both the States, it was observed that the support was inadequate and it was extended to less than 10% of the affected farm families.

The present central government, which had made an election promise to implement the Swaminathan Commission recommendation on MSP at Cost+50%, has now submitted an affidavit in Supreme Court saying that it cannot be implemented.

In this situation, this consultation is designed around six major themes as specified in the Agenda. It is hoped that the consultation will come out with important insights and good policy recommendations which can be taken to various governments, particularly Maharashtra and Telangana which show the highest numbers of farmer suicides.

Setting the Context – Prof. D. Narasimha Reddy, National Fellow, ICSSR

Prof. D. Narasimha Reddy (popularly known as Prof. DNR) gave thought-provoking overview which laid out the broad canvas on which we need to situate and understand the
proceedings of this workshop. He started by pointing out that there are a few paradoxes that we need to grapple with so as to understand the context of the agrarian crisis.

Paradox: We are asking for state intervention to address this crisis, going against the spirit of the times – where any “policy” itself is seen as unwarranted state intervention.

Paradox: However, even in the developed countries which are promoting this discourse, agriculture and food security have always been an area of state intervention.

Paradox: This is a crisis where there is really no failure of agricultural growth. We are sitting on food self-sufficiency.

Therefore we need to understand that this is not a ‘production crisis’ but a producers’ crisis. But the state is not relating to this.

When agriculture is going through a transition which is transformational, history says that such transitions involve sacrifices and pain. Still, never in history do we see the kind of suicides and pain among the farmers’ community.

The immediate question is how this plays out with the regime that is in place. In democracy, we know that the state will have to intervene in such a crisis. But looking at the kind of interventions – and there are many – they are not comprehensive, have no consistency or coordination, and no commitment. Therefore, these are not really helping the farming community but resulting in continued dispossession.

Prof. DNR gave a few examples to illustrate his scathing analysis of recent state interventions and their farcical nature. The “unfinished agenda of land reforms” that has been talked about for decades is now going to be “finished” through predatory corporate takeover of land. The issue of tenancy and “land to the tiller” has not been resolved but the state has brought in “Licensed Cultivators Act” which expressly doesn’t give them any rights over land and which is now floundering at the implementation level.

With respect to agricultural credit, the progress has been that indebtedness increased in the state over the past decade from 83% in united Andhra Pradesh to 89% and 93% respectively in Telangana and Andhra Pradesh, as shown by the NSSO 70th Round data. The credit flow doubled in 12th Plan through deepening and not broadening – leaving 60% of the farmers out of the ambit of formal credit. Most of it has moved into ‘indirect credit’. Now they are saying that they will remove distinction between direct and indirect credit within the priority sector.

While there has been big fanfare about revamping of the Extension services through Rashtriya Krishi Vikas Yojana (RKVY), the NSSO 70th Round has shown that not even 10%
of the farmers know what RKVY is. Meanwhile, the input dealers are playing the most important role in directing the crop selection and use of inputs.

The 70th Round shows many interesting facts. In the country as a whole, knowledge of Minimum Support Price (MSP) is present only among 1/3rd of farmers. In paddy, only 10% farmers receive MSP while in wheat 16% receive MSP. As for crop insurance, in paddy and wheat, 95% of farmers do not have insurance while in cotton, 85% of farmers do not have insurance. When we look at Incomes, for farmers with less than 1 or 2 acres of land, most of the income comes from wages. Up to 5 acres of landholding, the family income is not sufficient to meet the consumption requirement.

‘Farmers’ interest groups’ – the term in official documents seems to imply that this is yet another category pushing their interests. Small Farmers’ Agribusiness Consortium (SFAC) was established expressly for small farmers but so far it did not help small farmers much.

It is imperative that farmers’ collectives are strengthened and then linked to a Farmers’ Commission at the state level with statutory powers, and which is independent of the state. Punjab is one state which has a Farmers’ Commission. But even though the farmers want the MSP to be paid directly to them, the state government is bowing to the pressure of the lobby of commission agents.
THEME I: AGRARIAN CRISIS AND FARMER SUICIDES

This session was chaired by Dr. T. Haque, Director of Council for Social Development (CSD), Delhi and former Chair of the national Commission on Agricultural Costs and Prices (CACP).

In his introductory remarks, Dr. Haque expressed his dismay at government indifference and anti-farmer stance which is at the root of the agrarian crisis and farmer suicides. He referred to the formulation of farmer leader Sharad Joshi – upar wale ki maar aur sarkaar ki maar – that the farmer is a victim of two kinds of blows, one from the heavens in the form of adverse weather, and the other from the governments in the form of adverse policies.

As an economist, he sees the reason for the producers’ crisis as High cost and Low returns. For example, the cost of cultivation for cotton has become Rs.60,000 per hectare. The returns are not only low but negative, especially if you account for family labour. If there is a natural disaster and crop loss for even one year, the farmer takes years to recover.

Meanwhile, Arvind Panagariya (vice-chairperson of NITI Ayog) has said in a recent article that agriculture is not their priority. This reflects the thinking of the government and poses the big challenge to us as we discuss about policy responses to the agrarian crisis.

A. Cheaper Death, Costly Life: Jaideep Hardikar, senior rural journalist

Jaideep Hardikar gave an insightful presentation about the agrarian crisis based on his observations from reporting over the past 17-18 years from rural India. He said that he was careful in choosing the title of his talk “Cheaper Death, Costly Life” not for sensationalizing the issue but because it reflects the ground reality correctly. He related the anecdote of the chance meeting of two persons at the mortuary – the brother of Moreshwar and the mother of Suraj – both Moreshwar and Suraj were farmers who committed suicide on the same day in Yavatmal district. Both were young men – reflective of the fact that more and more young farmers are committing suicide. In the case of Moreshwar, his father had also committed suicide 10 years ago due to farming distress, so it is indicative of a multiplier effect we are seeing in farmer suicides. Moreshwar’s widow Yogita is living with her father who is also a marginal farmer, and her main challenge is to earn a living to bring up her two young children.

We are witnessing a massive shift in demographics and land use. The extent of cultivable land is decreasing significantly, resulting in even more pressure on land. In Maharashtra, the data with the Agriculture Commissioner shows that there has been 8 lakh hectares of reduction in cultivable area between 2001 and 2011. This is despite a large area coming into cultivation due to pattas granted under Forest Rights Act.

Another phenomenon is that there are more than 10,000 “census towns” – these were earlier large villages but now classified as ‘towns’ under census. The population is mostly
agrarian but with most people wanting to move out of agriculture. Jaideep calls this “a new planet” – this world which is in between the city and the village. This planet has almost 30-40 crore people who are neither here nor there, trapped in debt, stagflation and uncertainty. It is not just agriculture but all the allied occupations which are taking a hit.

Jaideep presented the underlying factors for the crisis as sudden policy shifts at the helm, sudden and extreme weather events, sudden and extreme market volatilities, social pressures and exigencies.

Describing the enormous policy shifts, Jaideep said that the *sab ka saath, sab ka vikas* slogan is not being implemented in practice. The reduction in the Public Distribution System, moving towards winding up of schemes like Annapurna and Antyodaya, the drastic cut-down in the procurement of grain (Chhattisgarh and Madhya Pradesh being worst-hit in Central India), and the removal of bonus from state governments which has the paddy and wheat farmers wondering what next – these are examples of policy shifts which are going against the farmers.

Pointing to the clear decline in rural investment, Jaideep raised the question of where the money for the promised “100 smart cities” will come from, and posited that it will come by remarshaling resources from the rural areas.

Describing the migration trends, Jaideep pointed out that most of the taxi drivers in urban areas are erstwhile farmers. As an illustration, the taxi driver who brought him from the Hyderabad airport was a farmer from Nalgonda who had an annual income of Rs.70,000 three years ago, a loss of Rs.2 lakhs the next year, and again a loss of Rs. 1 lakh the year after. Last year, he didn’t cultivate and simply moved to Hyderabad to become a driver.

Having covered Chhattisgarh since 1999, he found that by 2010, the migration trends changed. Migration out of rural areas stopped and in fact started reversing due to the expansion of paddy procurement. This year, the farmers are at a complete loss because of the Central government’s decision to impose limit on the quantum of procurement and scrap the price bonus which the state government used to give in addition to MSP. Even the BJP Ministers in Chhattisgarh are fuming over it and hope that public pressure will build up to reverse this decision.

While we have been concerned so far about the crisis of cotton farmers committing suicide, the paddy and wheat farmers may be the next to join the crisis and that will have a much larger impact. It is already evident that the farming in Punjab which has been the country’s granary and touted as the model for profitable agriculture, is in deep crisis. Hoshangabad and Itarsi districts in Madhya Pradesh have become a mini-Punjab because of the migration of a large number of Punjabi farmers to do agriculture. Both the states talked about as
models by the Chief Minister of M.P. – Chhattisgarh and Punjab – are now in a crisis. This should be a wakeup call for the policy makers and a wakeup call for journalists and media.

Speaking about unpredictable and extreme weather events, Jaideep gave the example of super heavy monsoon in Vidarbha in 2013 with an astonishing 380mm rainfall within a few hours. The entire year of 2013-14 had to be spent for rebuilding the soil which was washed off. This year, the case of Chandrakant Ikhe, a water melon farmer from Beed district is illustrative. He grew water melons in a 16-acre farm, and planned to harvest 350 tons on April 16th. On April 6th and 7th, mango-size hailstones destroyed the melons, resulting in a loss of Rs.1 crore. Here was a case of a farmer who had put in hard work, technology and investments but the gamble didn’t come off. Hailstorms have wreaked havoc in many Northern states this year – in Bundelkhand, a village saw a rain of hailstones almost the size of a football. They collected them into a well – the entire well got filled with the stones and remained filled for a month. Farming has become high stakes – higher risk.

Jaideep pointed out that it is not just the farmer suicides, a look at how the surviving farmers live is revealing. They are juggling multiple debts, doing away with all their remaining assets of gold, land, cattle, trees and in some cases houses. Farm mechanization has also been a reason for increasing indebtedness – tractor purchase is a big problem both for the farmers and the lending banks. Meanwhile, the PSU banks are bleeding with Non-Performing Assets (NPAs) which are credit defaults mostly by the corporate sector. The government gives Rs.5 lakh crores of tax sops to corporates every year. Conversely, the credit to small farmers and real crop loans is declining.

Jaideep ended with the example of Ram Rao from Hiwra, Yavatmal, who is known as a capable farmer but his losses multiplied resulting in a debt of Rs. 23 lakhs. He tried to commit suicide drinking 250 ml of pesticide but survived. His 23-lakh question to all of us – if we have any suggestions to make his farming viable, he is all ears.
B. 20 Years of Farmer Suicides: What Do We Learn? - Dr. G.V. Ramanjaneyulu, Centre for Sustainable Agriculture

Dr. G.V. Ramanjaneyulu (‘Ramoo’) presented an analysis of the data and causes of farmer suicides since 1995 when National Crime Records Bureau (NCRB) started keeping records. The suicide is only the tip of the iceberg – the crisis is present among the people who are living. Referring to the analysis of 4 types of suicide by Emile Durkheim, Dr. Ramoo said that farmer suicides may be categorized as anomic suicide, reflecting an individual's moral confusion and lack of social direction, related to dramatic social and economic upheaval. Farmer suicides have a social cause and would need solutions from the society.

Unfortunately, the governments tend to deny the problem or attribute other reasons. Various government commissions have been appointed on this issue and suggested various directions. Unfortunately, no comprehensive approach of restructuring agriculture has happened. For example, if indebtedness is the problem will increasing credit flow solve the problem or will it make them more indebted? We need to look at the whole issue and find comprehensive solution.

Looking at the graph of farmer suicides in India between 1995 and 2013, it is evident that there is no significant improvement in the numbers. Part of the reason for marginal reduction in numbers in the past 3 years is that some states like Chhattisgarh and West Bengal have started reporting zero farmer suicides by classifying them as unorganized workers. The trend in A.P. and Maharashtra has shown no significant change over the past ten years. If we look at the regional variation within the erstwhile united Andhra Pradesh, out of 37,912 suicides during 1995-2013, 27,905 were in Telangana region, 5408 in coastal Andhra and 4599 in Rayalaseema. When we look at the number of suicides per 100,000 population, Telangana shows 5.69, Rayalaseema 3.02 and coastal Andhra 1.58.

Dr. Ramoo pointed out that intensive agriculture promoted by government policy for the past few decades has resulted in three kinds of crisis – economic, ecological and socio-political. The economic crisis is reflected in the increasing costs and decreasing returns, reducing budgetary support and increasing indebtedness. We often say that farmers are in crisis but agriculture is not. But agriculture itself is also in crisis – which is ecological. The depletion of soil fertility and groundwater is accompanied by massive additions of external inputs in terms of energy, chemicals and water. Monoculture of a few crops and varieties and intensive use of chemicals has resulted in loss of biodiversity and destruction of living ecosystem.

Dr. Ramoo added that this is accompanied by the socio-political crisis in the form of lack of increasing tenancy, large shift in land use, huge migration. One of the underlying reasons is that the actual cultivators of the land do not have full access to the productive resources including land, water, seeds and other inputs, capital and labour. The other main reason is
the lack of adequate support systems for production and marketing, and lack of public support for education and health. Industry, on the other hand, demands even more control of productive resources including land, water and power. How can we expect farmers to thrive?

One trend that is being seen for the first time in Census 2011 is that the number of main cultivators has reduced in absolute numbers (not just in percentage of population) – from 127.31 million (31.65%) in 2001 to 118.7 million (24.64%) in 2011. During the same period, the number of agricultural workers increased from 106.1 million (26.38%) to 144.3 million (29.96%).

On the other hand, if we look at the employment generation in non-agriculture sectors, it is clear that industrialization is not going to provide employment to the large numbers leaving from agriculture. In the high-growth 5-year period between 2004-05 and 2009-10, the only segment which showed increase in employment is Non-Manufacturing Industry which consists mainly of construction workers (almost doubled from 30 million to 56 million). In the same period, Manufacturing Industry showed a reduction of 7.2 million, Services sector a reduction of 0.5 million and Agriculture showed a reduction of 16 million. The result is that in this period, the net increase in employment was only 2.7 million – which is just about 0.1% increase per annum in the 9%-growth years. During the same period, the working-age population (between 16-60 years) increased by 55 million!

**Sector-wise employment figures in millions (all-India)**

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<th>Sector</th>
<th>2004-05</th>
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<tr>
<td>Agriculture</td>
<td>258.93</td>
<td>243.21</td>
<td>-15.71</td>
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<tr>
<td>Manufacturing</td>
<td>55.77</td>
<td>48.54</td>
<td>-7.23</td>
</tr>
<tr>
<td>Services</td>
<td>112.81</td>
<td>112.33</td>
<td>-0.48</td>
</tr>
<tr>
<td>NonManufacturing (construction)</td>
<td>29.96</td>
<td>56.10</td>
<td>26.14</td>
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<td><strong>TOTAL</strong></td>
<td><strong>457.46</strong></td>
<td><strong>460.18</strong></td>
<td><strong>2.72</strong></td>
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Comparison of landholdings between NSSO 59th Round and 70th Rounds shows that between 2002-03 and 2012-13, the number of marginal farmers has grown by almost 6%. Now, 82.83% of farming households has less than 1 hectare of land. Another 10% hold between 1 and 2 hectares. At the same time, we see land consolidation by the rich, with some families purchasing hundreds of acres in violation of land ceiling.

When we look at the Incomes of farm households, the same 82.83% have monthly income that is less than their monthly expenditure. Meanwhile, indebtedness is growing among
farm households. In Andhra Pradesh, 93% farming households are indebted while in Telangana, it is 89% of the households – this is a jump of about 10% compared to 82% in the erstwhile united A.P. The average outstanding loan per households is Rs.1,23,400 in A.P. and Rs.93,500 in Telangana.

Dr. Ramoo also pointed out how the government policies are making agriculture more unremunerative by citing the Minimum Support Prices announced for kharif 2014-15. In some crops there has been no increase in MSP from the previous year (like maize and groundnut) whereas in most of the crops, the MSP has been raised by a very small amount like Rs.50 (paddy, cotton, sunflower, jowar, etc.) amounting to 1-3% increase which doesn’t even cover the rise in cost of living due to inflation. Meanwhile, even the cost of cultivation is not covered by the MSP, let alone the Swaminathan Commission formula of Cost + 50%. For example, the cost of cultivation for paddy is Rs.2,104 while the MSP is Rs.1,400, the cost of cultivation for cotton is Rs.4,945 while the MSP is Rs.4,050.

Dr. Ramoo also mentioned the findings of a study by Society for Elimination of Rural Poverty (SERP) in Andhra Pradesh on the farmer suicide families which received ex gratia compensation from the government. This found that out of the 4,879 families surveyed, 3,787 are struggling to earn their living despite receiving Rs.1.5 lakh as ex gratia and loan resettlement. Meanwhile, out of 35,898 farmers who committed suicide during 1995-2012, only 5,683 even got recognized as ‘genuine farmer suicides’ by the government and received this compensation.

Therefore, the government is not doing justice either to the farmers who are living or the ones who committed suicide.


At the outset, Shri M.K. Singh pointed out that though he is part of the police, he has worked extensively with farmers on agriculture marketing and spent a significant time sharing his experiences and analysis of the problems and solutions. As part of his work with the Agriculture Marketing department as in-charge of Rythu Bazaars, he went around the state understanding about the production area, who is producing, what is a good price, and so on. The goal was to remove the influence of middlemen, ensure remunerative prices for farmers and affordable prices for the consumers.

At present, Shri Singh pointed out that the erstwhile vegetable cultivation areas within city limits of outskirts have all been converted to real estate. Therefore, the focus now is on peri-urban clusters about 50 km from the city. He felt that a concept like ‘Minimum Sale Price’ is needed to protect the farmers, especially vegetable farmers. He shared the anguish of a vegetable farmer that everyone bargains with a farmer for a price reduction whereas everyone pays the specified price of petrol even if it is raised.
Shri Singh shared about the new initiative in Hyderabad called "Mana Kooragayalu”, which involves formation of Farmer Producer Organizations (FPOs), establishing collection centres, and possibly federating the FPOs in the future. They came up with a debit card arrangement for crediting the payments to the farmers to make it more convenient. He believes that it is important to tune the extension system to the needs of the farmer.

Moving to the topic of presentation, Shri Singh shared a Note on Farmer Suicides which explains the process of registering the case, investigation and adjudication in the case of a farmer suicide, and further about how the SCRB maintains the records. He pointed out that the Mandal Revenue Officer (tahsildar) acts as the Jurisdictional Executive Magistrate who will finally decide whether or not to accept the police investigation report.

The State Crime Records Bureau (SCRB) collects the data on a monthly basis from all the districts. The collected data will be compiled every month and the information disseminated to the required agencies. The SCRB is also responsible for preparing replies to all Questions put by members of the state Legislative Assembly, the state Legislative Council, Lok Sabha and Rajya Sabha.

It is important to note that the SCRB also maintains record of the ‘reason of suicide’. Shri Singh listed in his note the most common points recorded as the reason of suicide – which includes private high-interest loans, crop failure, poor quality seeds, failure of rain, drying up of borewell, etc. The common reasons for “accidental death” which are related to agriculture are also listed – such as drowning in a well while attending to motor repair, electric shock, snake bites, pesticide exposure while spraying, sunstroke, floods, and so on. If the reason for suicide is not officially concluded as one of the listed 13 reasons, it is not considered a “genuine farmer suicide”.

Shri Singh told the participants that he appreciates their concern for the welfare of the farmers, and as an officer who shares this concern, he will facilitate any assistance from the department to help in our work with the farmer suicide families.

D. DISCUSSION – Theme1

Question: In Srikakulam, there are hardly any farmer suicides. Do we have district-wise breakup of farmer suicides?

Question: The situation is very dismal and we have heard it many times. Category of farmers as suicide-prone seems geographically limited to certain regions. But can we focus on best practices which are working in some states (which are low in farmer suicides)? Can we then throw this at each state government and the Central government and demand that these should be done?
Response (Dr.Ramoo): The purpose of this workshop is to come up with such learnings and bring some recommendations to the notice of the governments. We do have positive experiences. Even in terms of farmer suicides, in Karnataka they have managed to bring them down; Tamil Nadu reports very few farmer suicides. Though there is indebtedness in all states, in some places it is much deeper and more widespread – where farmers are being pushed to a point of no return.

Comment: Household economic crisis leads to suicide. In addition to the increasing costs and decreasing net returns of farmers, the other aspect is the increasing expenditure on health and education and people not having economic capacity to absorb market shocks – all these lead to distress. So, problems are beyond the agriculture sector. It is a myth that India’s development can happen without agricultural growth. We should learn from East Asian countries which achieved rural economic transformation, rather than from the U.S. which developed in special conditions.

Response (Jaideep): One of the recent reports by Vijay Kelkar committee in Maharashtra describes the regional imbalances and ways to mitigate. One of its findings is the decelerating agrarian economy in Vidarbha. This kind of negative growth is indicative of declining investments in rural areas. Across the country there are hundreds of individual working models. Horticulture development, dairy development, rural employment guarantee during drought – all these were developed by the community. Apart from the state-driven and market-driven models, we should remember that there is a people-driven cooperative model. Unfortunately in the last 20 years, the cooperative models are not receiving the support that they got in the past. We need to look at the models of Mendalekha and Hiwre Bazaar.

Comment: We would like to hear more about challenges and remedies in data compilation on farmer suicides.

Comment: When 35,000 suicides are happening, it gets drastically cut down to 5000. How does that happen? Is there a budget constraint?

Comment: You were saying that NGOs should be very careful when reporting the suicide, that they should not have reasons like daughter’s marriage or house construction be given in the FIR. But, aren’t farmers allowed to have such events and expenses?

Response (M.K.Singh): There are different agencies compiling the information. They have different methods of collecting information and that may create a problem. There is no curb on the collection of information - in fact the police is more curious about recording each case and investigating. Problem is that many reasons are not considered as happening due to farming reasons. Only when the MRO gives a certificate that this is because the
farmer was not able to pay his debt or such reason, it gets classified as genuine farmer suicide.

In investigation, apparent cause of death is given initially. But final report of the reasons should be endorsed by the MRO who is the executive magistrate.

**Question:** When we file RTI request with the SCRB, we get only district-wise numbers but not the names of the farmers who committed suicide. So, it is difficult to verify or cross-check the numbers. Can the SCRB provide the names of farmers who committed suicide?

**Response (M.K.Singh):**

State collects the data and transfers to NCRB. SCRB also collects the names and it keeps all the records but it is not collated, so they may not have been able to provide that information. Henceforth, in the last 2-3 months, we started categorizing them as per the reasons for suicide. The methodology has changed now.

I will facilitate the sharing of full information about farmer suicides from the police department.

**Comment from KRRS leader Shri Chamarasa Patil:** The farmer suicides are directly linked to inclusion of Agriculture in WTO. The discussion should be directed towards this. We are spending too much time discussing about farmer suicide cases and data. We should discuss more about the causes.
THEME II: FARMER INDEBTEDNESS AND INCOMES

The session was chaired by Shri Vadde Sobhanadreeswara Rao, former M.P. and state Agriculture Minister (Andhra Pradesh). He gave detailed opening remarks referring to the note he circulated to all participants, and laying the ground for discussion on pro-farmer economic policies.

Shri Rao pointed out that several Commissions have been appointed to examine the farmers’ crisis. National Farmers Commission chaired by Prof. M.S. Swaminathan gave detailed recommendations. The Commission on Farmers’ Welfare in A.P. chaired by Prof. Jayati Ghosh gave a very good report. But most of the recommendations have not been implemented by the governments which appointed these Commissions.

Referring to his note, he highlighted some of the important points. Regarding the World Trade Organization (WTO), we should make full use of the Green Box provisions. 90% of India’s farmers qualify as “resource-poor”. India’s submission to the WTO says that all farmers below 10 hectares of land holding are resource-poor. Therefore, subsidies given to support the farmers’ livelihoods qualify under Green Box.

Crediting fertilizer subsidy directly to the farmers’ accounts will harm the tenant farmers because they would not get the benefit of the subsidy. Currently, they are getting benefit of purchasing the fertilizer at subsidized price. The government is now planning to increase the urea prices using the argument of restoring the NPK balance. Instead, they should reduce the prices of the phosphoric and potash fertilizers.

Shri Rao also urged that farm mechanization should be oriented towards small and medium farmers. Heavy machinery based on the American model is not suitable. Instead, we should manufacture indigenously following the models from Taiwan and Korea. Regarding agricultural insurance, he pointed out that the premium levels should be further brought down.

Shri Rao strongly objected to the views of Arvind Panagariya that agriculture is not a high priority and asked how India can be without farmers. He said that the Prime Minister who comes from Gandhi’s Gujarat should reject this advice.

A. Current Price Policies and Policy Options – Dr. T.Haque, Council for Social Development, former Chairman of CACP

Dr. Haque spoke about the operation of the policy on Minimum Support Price, which by definition is not a remunerative price. The pricing policy of agricultural commodities was initiated in 1965 when the Agricultural Prices Commission was formed, which was later changed to Commission on Agricultural Costs and Prices (CACP) in 1985. The three main
components of the Price Policy were (a) Supply of cheap food to the poor, (b) Minimum Support Price to farmers to ensure production, and (c) Technology to help farmers to increase production. Thus the policy aimed to achieve food security for the nation, especially its poorer citizens, and adequate income for the producers of food.

This policy worked well for a few decades. Lately, there has been stagnation in prices. The current system has many deficiencies.

(1) CACP considers 12 parameters as per the Terms of Reference to fix the MSP, and not just the cost of cultivation. In practice, a few out of the 12 factors are considered. In many cases, the MSP is not covering the true cost of cultivation. Before 2002, the situation was even worse. There used to be only Rs.5 raise in MSP every year. Even out-of-pocket expenditure for cultivation was not covered. After 2007-08 under his chairmanship, there was a big increase in MSPs – in a single year, MSP was raised from Rs.2000 to Rs.3000 for cotton, from Rs.1550 to Rs.2100 for groundnut and so on. But in the last few years, there has been a stagnation resulting in un-remunerative prices.

(2) Cost of Cultivation (CoC) varies from state to state but the MSP is fixed based on weighted average of statewise CoC. When Dr.Haque was the chairman, he proposed an approach which would take the highest CoC value of all states, and fix MSP at least 10% above that. In other states with lower CoC, the farmers would get more profit. This formula was followed in Kharif 2008. However, in later years, CACP did not continue with this formula.

(3) Some of the expenses are not accounted properly. Rent on leased land is always underestimated. Interest rates are not in tune with the high interest paid by most farmers who depend on informal lenders. The value of family labour is considered only at the minimum daily wage labour rate whereas the farmer’s multi-skilled role in planning, management, crop science and marketing is not valued.

In summary, Dr. Haque said that the Cost of Cultivation data doesn’t cover all the real costs, the weighted average method further distorts the picture, and furthermore, the MSP doesn’t give 50% margin above CoC as recommended by National Farmers Commission.

Dr.Haque mentioned that in his recent meetings with leaders of the Central Government, he suggested that MSP should be raised significantly but they may not accept. The advisors to the government are saying that the system of MSP and procurement should be done away with because there is a WTO compliance issue. Dr. Ashok Gulati who sometimes says that food security is important is now saying that we should go for cash transfer and dismantle the CACP and Public Distribution System (PDS).
Dr. Haque said emphatically that he doesn’t agree with such a policy direction, and strongly recommended that MSP and procurement systems should continue in the interests of the farmers and food security of the nation.

B. Farmers’ Incomes in India: Evidence from Secondary Data – Dr. Thiagu Ranganathan, Institute of Economic Growth

Dr. Thiagu Ranganathan presented his analysis of incomes of farm households and the different dimensions involved such as landholding size class, income diversification based on source, tenancy, crop diversification, income inequality and so on. This analysis is based on the data from NSSO 70th Round Situation Assessment Survey of Agricultural Households.

The NSSO survey covered 35,200 households across 36 states and union territories for the period July 2012 to June 2013. The data was made available in 2015 and provides the most recent estimates of incomes of farm households across India.

The average household income was Rs.77,888 per year (Rs.6491 per month) and this included income from all sources including cultivation, livestock, non-farm business and wages. Combining this with the data from other sources on average household income for urban households (Rs.20,014 per month) and rural households (Rs.9,723 per month), Dr. Ranganathan estimates that the average farm household income is 45% of the average non-farm household income in rural areas, and 33% of the average urban household income. This reflects the income situation of farm households.

Dr. Ranganathan pointed out the trend in diversification of household income. In 2012-13, Cultivation contributes 47%, Livestock 13%, Nonfarm Business 8% and Wages 32%.
Compared to 2002-03, the share of Livestock income showed a significant rise from 4% to 13% whereas the Non-farm income showed a decline from 11% to 8%, and Wage income from 39% to 32%.

Analyzing the income data for kharif, Dr. Raghunathan examined the Inverse Size-class productivity relationship. In the 1960’s and 1970’s, it was found that smaller farms were more productive and profitable per hectare. With the 2013 data, there are some implications for this debate.

The new data shows that the smallest landholding size class (0.01-0.4 hectares) still has the highest Total Value per hectare (TV). However, the Total Cost per hectare (TC) is significantly higher for this class compared to the other classes. Especially the human labour cost and fertilizer cost are higher. As a result, if we consider the TV/TC profitability, the lowest land size class is no longer the most profitable. That relationship has disappeared. Instead, the 1-2 hectare size-class has the highest TV/TC profitability (2.77) of all the classes. This was true with the 2003 data also, but very marginally so.

When we consider TV-TC profitability, it is highest for the largest size-classes with 4-10 hectares (Rs.27,927) and 10+ hectares (Rs.27,925). Note that the Total Cost considered here is only the paid-out cost.

<table>
<thead>
<tr>
<th>Landholding Class (hectares)</th>
<th>0.01-0.4</th>
<th>0.4-1.0</th>
<th>1.0-2.0</th>
<th>2.0-4.0</th>
<th>4-10</th>
<th>10+</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Value per ha (TV) in Rs.</td>
<td>49,100</td>
<td>43,449</td>
<td>40,774</td>
<td>42,723</td>
<td>45,005</td>
<td>48,317</td>
<td>43,499</td>
</tr>
<tr>
<td>Total Cost per ha (TC) in Rs.</td>
<td>21,328</td>
<td>16,300</td>
<td>14,697</td>
<td>16,892</td>
<td>17,078</td>
<td>20,393</td>
<td>16,691</td>
</tr>
</tbody>
</table>
The data shows that tenancy is increasing across all land size classes. The analysis of incomes of tenant farmers shows their poorer income situation – with the average TV-TC profit per acre being Rs.20,229 compared to Rs.26,808 for the general farm household.

Dr. Ranganathan presented an interesting analysis comparing the incomes of farmers who practice mono-cropping with the farmers who practice diversified cropping (defined as cultivation of at least two significant crops). This data has been analyzed for various main crops, and it shows that for most crops, the diversified farms have a better productivity (TV) as well as profitability (TV/TC as well as TV-TC) when compared to the mono-cropped farms. However, the Total Cost (TC) is higher for the diversified farms. It is possible that the higher out-of-pocket cost of diversification is deterring more farmers from taking it up, even though it is clearly more profitable.

Dr. Ranganathan summarized the important conclusions from his analysis.

- During the decade from 2002-03 to 2012-13, farm household incomes grew at the rate 3.4% per year
- Livestock incomes have become critical to farm households with it contributing to 13% of household income as compared to 4% in 2002-03
- Is the inverse size-class productivity vanishing? Probably small farmers with less than 1 ha land are losing on profitability with the new ‘paradigm’ of agriculture
- Tenancy increasing and profitability for tenant farmers reducing. Could ‘Pull’ factors from other sectors pave way away from tenancy?
- Lack of diversification despite of higher profitability! Is diversification ‘costly’ or is it a problem with land sizes?

He then put forward a few thoughts on the way forward to address the issues identified. Machine hiring costs are becoming a larger component even on smaller farms. This could be one reason for the ‘vanishing’ inverse size class productivity relationship. Machine-hiring centres subsidized/run by the Government could be one of the initiatives that can reduce the per hectare costs for small and marginal farmers.
Labour costs still a high share and labour incomes are earned by the poorest. Reconciling these two would need innovative ideas such as ‘labour banks’ concept being visited with more rigour. Collectivization of inputs (even land and labour) could reduce costs.

Increasing tenancy is due to reducing land sizes but also due to lack of opportunities in nonfarm sector. This points to the need to have NREGA – type programs to avoid unprofitable tenancy.

Since diversification is more productive and profitable, we need to examine what is needed to make it more widespread. We need to explore whether ‘costliness’ is the real reason behind non-diversification.

Dr. Ranganathan posited that all three interconnected problems and need to be addressed in a wholesome manner. At the crux, it seems the decade is marked by mechanization of agriculture and marginalization of lands. Solutions need to be addressed towards these two large issues.

C. State Agricultural Prices Commission and its Role – Dr. T.N.Prakash Kammardi, Chairperson, Karnataka Agricultural Prices Commission

Dr. T.N.Prakash shared his experiences and insights from the operation of the Karnataka Agricultural Prices Commission (APC), of which he has been the Chairperson for the past one year. The key points are summarized below.

- Karnataka is the first state to have a state level Prices Commission. Earlier it did not have much power but now it is more empowered with the Chairperson given the rank of a Minister.

- The mandate of Karnataka APC is ensuring “Remunerative Prices” rather than just declaring Minimum Support Price (MSP). Its mandate also includes non-price factors.

- His first year as a Chairperson generated a keen response. There were 72 questions in the state Legislative Assembly on the APC. The farmers are not happy and the farmer organizations feel that pricing policies have not helped farmers.

- In the past few years, the cultivation of ragi and jowar has been decreasing at an alarming rate with 50,000 hectares going out of cultivation. This year the Karnataka APC gave 42% higher price than the MSP for ragi, which then exceeded the production target of 1 lakh tonnes. In the case of jowar, the price was fixed 75% higher than MSP.

- The state has already included “nutri-cereals” (millets) in the Public Distribution System (PDS). Their target now is to include tur dal (red gram) in the PDS.

- Due to instructions from Government of India, they couldn't procure maize.
• Last year, they procured paddy at Rs.1600 per quintal which was about Rs.300 higher than the MSP. However, this year, due to the orders from Central government, they could not procure paddy at a higher price than the MSP.

• Price Compensation mechanism is being introduced under which farmers will be compensated if the market price falls below the MSP. This is planned for 17 crops which are important to Karnataka, out of the 25 crops for which MSP is declared.

• In Karnataka, only 30% of the total production comes to the APMC markets. Only 8% of the crop is sold above MSP. In this situation, MSP should be given statutory status so that anyone who purchases the crop below the MSP will be a violation of law. It is being discussed seriously with the National Law School as to how to make it a punishable offence.

• Fair and Remunerative Price should ultimately come from the open market price. Market Intervention by the government agencies cannot be more than 25%. We need to look at the producer’s share in the consumer price – this should be pegged at least 50%.

• He has kept sugarcane away from APC so far because the yield gap is very low, there is Statutory Minimum Price with fair and remunerative pricing, it is an irrigated crop, and collective bargaining is in place. With all these in place, if sugarcane farmers still have problems, then it is difficult to see what can be done. Therefore the APC has not focused on sugarcane so far.

• Their principle is that farmers should not be “price-takers” but “price-makers”. For this, collective bargaining is very important.

• If we take only cultivation income, 70% of the farm households are below poverty line. Income support for agriculture can be at best 50%. The households need to get 50% from non-farm or off-farm activities.

• Farmers are in a peculiar position because they are very rich by asset, but very poor by income. Asset-turnover ratio is very high in agriculture. In industry, it is considered good if turnover is 15% of the assets.

• As chairman of APC, Dr. Prakash made it a practice to visit farmer suicide families. He believes that our role should be to make sure that farmers do not feel “hopeless”.

• Among non-price factors, we are going to focus on utilizing NREGS for agriculture, for land development and water management.

D. DISCUSSION – Theme II

Malla Reddy: (a) As per Constitution, Agriculture is a State subject so the State government should be fixing the MSP. Why is the Centre doing it? Why are we not
questioning the State governments about their obligation? If the prices of essential commodities increase, then the Minimum wages have to be increased. So, there is a collision between the industry and government not to increase the MSP.

(b) In all Western countries, 20% to 82% of cost of cultivation is being given as a subsidy by the government. In India, the subsidy amounts to only 2%.

(c) The CACP fixes prices only for 25 crops. The state government should take responsibility to fix the prices for the other agricultural crops. Also, the CACP is only a recommendatory body presently. Its recommendations should be made binding.

Dr. Ramoo: There was a committee headed by Dr. Ramesh Chand which gave recommendations on MSP and Pricing Policy. What do you think about those recommendations? Will it go the same way as the Swaminathan Commission?

Question/Comment: To Dr. Prakash: He said that ragi and jowar has received remunerative price. Why is the paddy farmer not getting remunerative price or even the MSP? This time, farmers are pushed to sell at Rs.980 for 75kg bag.

I was told by a former chairperson of CACP that for paddy and wheat, not only total cost of production but 20% profit is being covered by MSP. The same chairman also told me that the MSP and CACP is not going to help the farmers but my final task is going to be to close it. That hasn’t happened yet but it may happen soon.

Kannaiyan: To Dr. Prakash: We farmers are open to self-criticism. But my question is what benefit can we get from WTO? Our argument was that food security should be discussed under the FAO framework not WTO. There are two schools of thought – one is that we should fight for our rights within the WTO framework, and the other is that we reject WTO in agriculture. We take the position that we should quit WTO because we have seen the negative impact on farmers.

Dr. Janaiah: To Dr. Haque: Agriculture is a State subject, but most of the decisions are taken at the Central level. In the case of MSP, there is a lot of disparity between states in cost of cultivation. In A.P., the farmer is losing Rs.500 per quintal on paddy. Isn’t it best to fix MSP for each state separately?

Dr. Ramana Murthy: (a) Data tells us that relative price of agricultural products has been increasing since liberalization but the profitability is falling. How do we explain this paradox? Is it because we are wrongly calculating the terms of trade? Are we using the wrong value for prices, using wholesale prices instead of farm harvest price?

(b) In A.P., the MSP for paddy is covering only A1 cost of cultivation (out-of-pocket expense), not even A2, forget about C1 and C2. The implication is that only the small petty
farmer who uses family labour can manage, but the medium farmer who uses hired labour cannot survive because his yield may be higher but his cost of cultivation is even higher. This prompts the medium and large farmers to leave agriculture or lease out their land. Only the small and marginal farmers are in agriculture because of their subsistence needs.

Vidyasagar: We have heard three versions of the crisis. The NSSO data says that the farmer’s incomes are not so bad. Dr. Haque spoke about how the MSP system is being dismantled and state support withdrawn. The third is about state level CACP and how the farmers’ situation can be improved. In the case of Karnataka, hardly 30% of produce comes to the regulated market, but more than 70% goes to private market. Why is that? There was a time when there was government monopoly in the market still the farmers would not sell to the government but sell in the outside market. Why do the farmers still prefer the outside market? When they are dismantling MSP and PDS system, in the absence of any broader social security system, how can the government justify the dismantling?

Comment: Regarding the Farmers’ income NSSO data analysis, we may find prima facie that incomes have increased. But only when we look at the expenditure we will know what is happening. Dr. Prakash spoke about introducing ragi and jowar into the PDS. My question is how many people are ready to buy it from PDS? Regarding sugarcane, we cannot take the ethanol model from Western or Brazil experience, because when it comes to a competition between food and energy needs, we need to be cautious in prioritizing.

Pasya Padma: If Shantakumar Committee report is implemented, how will MSP rates be implemented?

Dr. R.K. Yogi: The NSSO survey has shown that most of the farmers are not aware of the MSP system which is meant to benefit them. The extension department which is used for technology transfer should also be used to disseminate the information on MSP.

RESPONSE (Dr. Haque):

- While Agriculture is a State subject, we should be cautious about asking the Centre to step out of MSP and leave it to the states. The situation may become worse, and whatever little benefit the farmer is getting may not come. The current P.M. would be happy to say that states should do this and withdraw the Centre.
- CACP declares MSPs in 25 crops but the implementation through procurement is
- Market interventions by State governments have happened in the past. When the market prices fell, wheat was purchased in Uttar Pradesh, mustard in Rajasthan by the state governments because NAFED couldn't effectively do it. They were told they would be reimbursed from the Central government but they didn't receive the funds. So, they stopped doing it from the next year. The financial condition of states needs to change drastically for the state governments to implement support prices on their own.
• Ramesh Chand committee recommended a few improvements. One of them is that the land rent should be updated at 10% every year. Alagh committee recommendation that actual market rate should be used was better in this respect. The Ramesh Chand committee recommendation being arbitrary may not be accepted. Another recommendation was that the imputed value of family labour should be at a higher level than wage labour. At a recent meeting, the Agriculture Minister said that this would increase the MSP so the government is not ready to do it.

• Regarding Terms of Trade, since 1999, Abhijit Sen used to calculate the Terms of Trade both in terms of wholesale prices and Farm Harvest Prices. When Farm Harvest Prices are used, the relative terms of trade would always be less than 1. When wholesale prices are used, it would be positive but very marginally so (such as 1.04). In the recent times, even the wholesale price terms, it has been negative. I think it is recognized that terms of trade are unfavorable to agriculture.

• There is no true justification for the Shantakumar Committee recommendations, considering that a big majority of the farmers are poor. It says that the FCI is inefficient, that there are a lot of leakages in the PDS, and that anyway most farmers are not happy with the MSPs. Farmer organizations should not reiterate the demand that CACP is useless and should be closed.

RESPONSE (Dr. T.N. Prakash):

• To Prof. Chowdary’s question of why Karnataka could give higher price in ragi and jowar but not in paddy, it is just a bureaucratic decision. They said go ahead in ragi and jowar but in case of paddy it said that it is against the Central government guidelines. If you look at the underlying reason, the Karnataka government needs to distribute 2.5 to 3 lakh tons of rice every month in PDS. It has also further lowered the price to Re.1 per kg instead of Rs.3 per kg as provided by the Centre. Therefore, the government doesn’t want to lose the support from the Centre for paddy.

• About whether the people will buy ragi from PDS, we are distributing ragi in addition to the rice and not in place of it. Apart from 25kg of rice, 5kg of ragi is being given, so people are taking it.

• About why farmers are not selling paddy to the government, mostly the small and marginal farmers have already taken loans from local traders or dealers and therefore sell to them. Secondly, the Marketing department is the weakest link – with inadequate infrastructure and storage, so the private traders may be able to give one rupee higher.

• Regarding the stand on WTO and so on, it should be placed on record that I got a show-cause notice from the university because I was party with Devinder Sharma in saying that India should come out of WTO in terms of agriculture. I also argued against Genetically Modified crops being allowed in Karnataka and received show-cause for the same. Definitely, such strong stands countering existing government policy are needed.
THEME III: AGRICULTURAL CREDIT AND INSURANCE

This session was chaired by Prof. D. Narasimha Reddy and consisted of presentations on the agricultural credit situation, agricultural insurance and natural disaster compensation.

A. Increasing Access to Agricultural Credit – Dr. P.S.M. Rao, expert on credit issues

Dr. P.S.M. Rao gave a detailed overview of the situation of agricultural credit, giving the story behind the impressive numbers that are highlighted by the government.

There are tall claims on the farm credit front while there has not been any let up in the agrarian crisis, indicated chiefly by the continued farmers’ suicides in different parts of the country. Yes, there is enough evidence for the government to show a heavy flow of credit to the farmers through numerous institutional channels; official data makes one believe, prima facie, that the farmers are getting their due share.

Huge allocations

Look at the allocations and achievements. Way back in its 2004 budget — strictly speaking the budgets have nothing to do with bank credit though — the government announced its goal of doubling the institutional credit to agriculture within three years. But that happened just in two years! Enthused at this, every subsequent budget continued to increase the targets and the finance ministers invariably bragged about surpassing each one of them. The targets during the last three years — 2012-13 to 2014-15 — were 5.75, 7.00 and 8.00 lakh crore rupees respectively. All of them were exceeded. The 2015-16’s goal of Rs.8.5 lakh crore, too, is not going to be missed in all probability.

These sums, by no means, are small; they accounts for about 7 per cent of the Gross Domestic Product (GDP), more than half of agriculture’s contribution to GDP in a given year. In other words, the macro picture suggests that the institutional initiative, at the government’s instance, has resulted in the supply of a credit input equal to half of agricultural output. What more do our farmers need then?

Agricultural Credit: Targets and Achievements (Amt in Rs.crore)

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
<th>Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>3,75,000</td>
<td>4,68,300</td>
</tr>
<tr>
<td>2011-12</td>
<td>4,75,000</td>
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<td>2013-14</td>
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</tbody>
</table>

Source: RBI Annual Report 2013-14

*provisional figure
A wide network
The institutional arrangements and policy frameworks, too, look very impressive. There is a wide network of branches of Commercial Banks, Regional Rural Banks, Cooperatives and Microfinance Institutes besides other types of institutions like Local Area Banks. The total of 151 Commercial Banks (including RRBs) in India have 1,17,218 branches as of March 2014. Of them, 45,177 are in rural areas. In the cooperative sector, there were 1081 offices of the State Cooperative Banks and 13,655 offices of District Cooperative Banks besides 93,488 Primary Agricultural Societies (PACs) as of 2012-13. Similarly, about 160 microfinance institutions are operating with their 11,687 branches in 561 districts of 28 states and 5 union territories of the country, since March 2014.

Apparently strong policies
The policy making and implementation arrangements are not weak either. The Reserve Bank of India fixes targets to agriculture; it has been 18 per cent of the adjusted net bank credit. A fair share indeed! Even the recent policy on priority sector, although dubbed by some as retrograde, has not altered this ceiling.

To fix and monitor the bank-wise targets, there are state level bankers’ committees. Also the NABARD, the apex bank has the mandate to ensure agriculture and rural development, as its very name suggests, in the country.

True picture
But a closer scrutiny of the data reveals that the actual farmers are not getting enough support despite all these arrangements and claims. The Commercial Banks’ credit to agriculture, as per the latest available RBI data, aggregated to Rs.5.81 lac crore by March 2013. This apparently huge sum equals to just 10.52 per cent of the total bank credit, much less than the 18 per cent target set by the RBI.

In fact banks have never been serious about achieving the 18 per cent target. They have some government approved escape routes like investing their priorities sector shortfalls in the Rural Infrastructure Development Fund (RIDF) etc.

More worrisome, even this low 10.52 per cent farm credit has not entirely gone to benefit the agriculture in rural areas. The rural farm credit gets only Rs.2.48 lac crore which equals only to 4.49 per cent of bank credit while the remaining 6.03 per cent — more than half of the farm credit — is apportioned by semi-urban, urban and metropolitan farmers.

Again, the small, marginal farmers who constitute the overwhelming majority of the farming community — 85.30 per cent in terms of farm holdings and 44.55 per cent in the area operated — do not get their fair share. So is the case with tenants who account for 40
per cent of the actual cultivators. These groups neither get their share in proportion to their holdings nor to the area operated.

The RBI's March 2013 data shows that the small loans, of below Rs.2 lac limit, add up to Rs.2.81 lac core, that is 5 per cent of the total credit supplied by the banks. The small and marginal farmers' share in this could naturally be much less than this 5 per cent.

**Apathy of the specialised agencies**

The agencies specialised in serving the farmers, particularly the poor among them, have drastically moved away from their goal. The cooperatives which were known to be synonymous with the institutional credit for agriculture before the nationalisation of banks are losing their relative importance. Their share in institutional credit has come down from 62 per cent in 1992-93 to 17 per cent in 2013-14.

### Share of Different Institutions in Formal Agricultural Credit in India (in Rs. Crore)

<table>
<thead>
<tr>
<th></th>
<th>1992-93</th>
<th>2002-03</th>
<th>2012-13</th>
<th>2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cooperatives</strong></td>
<td>9,378</td>
<td>23,636</td>
<td>1,11,203</td>
<td>1,19,900</td>
</tr>
<tr>
<td><strong>Regional Rural Banks</strong></td>
<td>831</td>
<td>6,070</td>
<td>63,681</td>
<td>82,700</td>
</tr>
<tr>
<td><strong>Commercial Banks</strong></td>
<td>4960</td>
<td>39,774</td>
<td>4,32,491</td>
<td>5,09,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>15,169</td>
<td>69,480</td>
<td>6,07,375</td>
<td>7,11,600</td>
</tr>
</tbody>
</table>

Source: NABARD and RBI annual reports.

Note: Figures in parentheses indicate percentage share in total

Similarly, the Regional Rural Banks which came into being in 1975 with the mandate of providing finance exclusively to the poor — small farmers, marginal farmers, agricultural labourers and others below poverty line in rural areas — have undergone a drastic change whereby they have lost their right to be called social banks and have transformed into pure commercial banks — in fact more commercial than the most commercial banks. Their lending to the poor has come down to 15 per cent from 100 per cent.

These 'poor people's banks' have made Rs.12,589 crore profit in five years 2008-09 to 2012-13 and gave Rs.9,318.27 to the center's exchequer as income tax. The recent amendment to the RRB's Act facilitates them to become even more commercial.

To add to this, the government and RBI have created an enabling environment for commercial microfinance to thrive through financing to the poor. The MFI have earned a
profit of Rs.6,560 crore in a single year 2013-14, on their gross outstanding portfolio — loans given to the poor — of Rs.33,517 crore.

The MFI borrow cheap, mostly from the banking system, and flourish on charging exorbitant interest from the poor although the poor people’s activities hardly generate any surplus. In fact, a farmer with as high as 25 acres of land is getting a paltry monthly income of Rs.5,681 as per the Arjun Sen Gupta Committee report. Worse still, the small and marginal farmers spend 36 per cent more on farming than their incomes from it.

There are moves to further strengthen the MFIs while distancing the poor from the commercial banks’ credit. The recent change in the priority sector norms, for instance, have removed the distinction between direct and indirect agricultural credit and facilitated the way for sanctioning more loans to big farmers and the corporates in the name of agriculture.

These trends of declining cheap and easy credit to farmers have the portents of deepening the agrarian crisis. If food and employment securities of the people are of any concern, the government is left with no choice but to reverse them and strengthen the lending institutions to increase, not weaken, the support to the farmer in the country. Are we hoping against hope?

B. Making Agricultural Insurance work for Farmers – Shri P. Nagarjuna, former General Manager, Agricultural Insurance Corporation

Shri Nagarjuna gave a detailed presentation on the latest situation of agricultural insurance, the different schemes, outcomes and challenges faced, based on his experience of working in Andhra Pradesh as General Manager of Agricultural Insurance Corporation (AIC). He also presented his recommendations for improving the various insurance schemes to work better for the farmers.

He started by giving an overview of important agricultural insurance schemes such as NAIS, MNAIS, WBCIS and now NCIP, and their salient features.

- Comprehensive Crop Insurance Scheme (CCIS) was in operation from 1985 to 2000.
- National Agricultural Insurance Scheme (NAIS) started from Kharif 2000.
- Weather-Based Crop Insurance Scheme (WBCIS) began from Kharif 2009, and Modified National Agricultural Insurance Scheme (MNAIS) began from Rabi 2010-11. MNAIS and WBCIS have been running as pilot schemes for particular districts and particular crops.
- National Crop Insurance Program (NCIP) was initiated in 2014-15 as the comprehensive program under which MNAIS and WBCIS will be implemented. NAIS is to be phased out completely but it is continuing for Kharif 2015 due to public pressure.

- The important feature of NAIS was that the premium was kept relatively low for farmers but if the total claims in a particular year exceed the premiums collected, the government would provide budgetary allocation to cover the excess amount required to meet the claims.

- In the case of MNAIS and WBCIS, the insurance companies are required to keep the schemes self-sufficient without depending on the government to meet the claims. Therefore, the companies charge premium based on actuarial calculations, resulting in relatively high premiums. The government provides premium subsidy up to 50%.

- For profitability, the scheme is designed that the total claims do not exceed 70% of the total premium collected.

- Different schemes may be suitable for different regions and cropping patterns. For example, in Anantapur district (A.P.), Shri Nagarjuna strongly recommended WBCIS as better than NAIS. Since the yield is poor in many years, the threshold yield below which insurance payout is triggered is very low. Consequently, under NAIS, most farmers do not get a payout unless their yield is less than 1 quintal per acre. Under WBCIS, there is coverage for various weather events like dry spells and drought which results in more benefit for farmers.

- In Adilabad, WBCIS was implemented for cotton farmers. Initially, the coverage was for weather events from January onwards, but complaints were received from some farmers that cold spell in December led affected their crop. Thereafter, the cover was extended to the October-December period also to cover cold spells.

- Discussions are held with farmers at village level to understand their requirements during the designing of the scheme, and modifications are made based on the feedback. Extensive interaction with farmers is required for refining the insurance product.

- Foreign reinsurance companies are involved in backing the agricultural insurance products and they make visits to the farms to see the insured crops.

- Andhra Pradesh has been ahead of most states in implementing agricultural insurance, with maximum number of crops covered, all Mandals/villages brought under insurance, and highest coverage in terms of farmers, area, sum insured and farmers benefited. It is the first state to adopt “Village as Insurance Unit” in all 22 districts from Kharif 2008.

- **National Crop Income Insurance Scheme (NCIIS):** NCIIS is proposed as a mechanism to provide integrated coverage for yield and price, so that a minimum income is
guaranteed for the farmers. The calculation is based on M.S.P. or market price, whichever is higher.

Suggestions for improvement in schemes:

- **Modified National Agricultural Insurance Scheme (MNAIS):**
  - The premium rates need to be more rational and affordable – high premium rates are unaffordable to farmers and raise the government’s financial burden.
  - In case of sowing failure, Remote Sensing data may be used since the crop sown data would not be available for 2 to 3 months.
  - For assessment of damage due to localized calamities professional loss assessors to be developed.
  - Relaxation in the cut-off dates based on Crop Calendar to improve participation.
  - Deadline of one month to release the claim after receiving the yield data.

- **Weather Based Crop Insurance Scheme (WBCIS):**
  - Need for improvement in the Design of Weather index products.
  - Coverage could focus on critical perils to reduce the premium rates.
  - Minimizing the infrastructure cost.
  - Use of remote sensing technology.
  - Increase in the density of Weather Stations.
  - Improving the accuracy of Weather Data.
  - The quantum of pay out should be higher for the damages caused by frequently occurring weather perils.
  - Claims to be released within 45 days after receiving the weather data.

- **National Crop Income Insurance Scheme (NCIIS):**
  - This scheme is necessary for Commercial Crops like Chilly, Turmeric, and it may be calculated based on Market Price.
  - Data of last 5 years or last 3 good years may be used for working out guaranteed income.
  - Premium rate should be capped at 4%.

C. **Natural Disasters and Compensation Systems – Shri Vijoo Krishnan, All India Kisan Sabha**

As a general comment regarding the discussions in the workshop so far, Shri Vijoo Krishnan (All India Kisan Sabha) pointed out that we need to discuss the fact that the neoliberal economic policies have led to the crisis. The farmer suicides and agrarian crisis are clearly linked with these policies including trade liberalization. Withdrawal of state
from public investments in agriculture and rural development, financial liberalization which affected the bank credit support to farmers, gradual withdrawal of procurement, dismantlement of the extension system, and how the support system of Minimum Support Prices has been rendered almost meaningless – this entire gamut of policies has led to a situation where farmers are finding agriculture unviable.

Looking at the direction that the government is taking, we discussed Arvind Panagariya’s statement that agriculture is no longer the priority, that we cannot become prosperous through agriculture and should focus on industry; earlier Manmohan Singh has made such statements. Yeddyurappa government’s document on Integrated Agri-Business Development Plan mentions that it will promote Agri-tourism where up to 2000 acres of land could be taken, which will showcase bullock carts and feeding of cows and bullocks. This is the direction in which the present regime wants to take agriculture.

When we talk about compensation and insurance, it is necessary to keep this context in mind. I have been visiting states which have been affected by natural disasters such as Phailin cyclone in eastern India, or the most recent storms hitting northern India. The first challenge is to make the government accept that it is a calamity, and then recognize the extent of calamity. On one day, the government says that nearly 2 crore hectares are damaged by hailstorms and unseasonal rains. On the next day, it says that only 1.2 crore hectares are damaged. This means that 75 lakh hectares of crop damage is knocked off in one stroke.

Haryana has been highlighted as one of the successful places of Green Revolution and associated with the Jai Jawan, Jai Kisan slogan by Lal Bahadur Shastri. Our Prime Minister claims that the highest ever compensation has been paid of Rs.12,000 per acre. But if you look at the actual expenses, in Sonepat district, the tenant farmer pays Rs.46,000 per acre just for the land rent. The total cultivation expense is very high compared to Rs.12,000. Compensation does not take into account the expected yield. In Phailin cyclone in Odisha, only Rs.2000 per acre was given as compensation for crop loss.

Crop loss is assessed by patwari who is meant to handle land and revenue matters. Other factors like political clout also determine what is the crop loss that patwari registers. We visited 12 farmer suicide families, we found that not a single person had got this Rs.12,000 per acre. Some of them said they went from pillar to post but didn’t get it, and quoted that as the reason for suicide.

The entire government response is a "crisis response". Farmer organizations have demanded since the period of previous government that at a time of climate change, El Nino phenomenon, droughts, etc. there is no contingency plan for disasters. After a crisis has occurred, there is a competition to show that this government has paid better than the
other, but noone is trying to address how the cost of cultivation has increased and other underlying causes or whether the compensation is sufficient.

Regarding crop insurance, it is not certain whether the A.P. situation is as positive as described in the previous presentation. In Churu district in Rajasthan, when maize crop was lost, the farmers had to resort to a 3-month agitation including rail roko and rasta roko, and only then the insurance payments were released. The farmers finally got Rs.280 crores after this struggle in one district.

In most other places the unit of insurance is taluk. In U.P., farmers said that there is no compensation for loss this year. In mango crop, there is huge damage but there is no insurance payout. In Haryana, there have been 60 farmer suicides in 1 month, which is unprecedented. There have been heart attacks of young farmers aged late 20’s early 30’s after seeing the massive crop loss.

The NSSO survey shows that most of the farmers do not even know about crop insurance. Only those who have access to bank loans get insurance. Except cotton where 15% have crop insurance, in other crops, only 0% to 4% farmers have crop insurance.

Farmers in these areas of Haryana are paying up to 120% rate of interest because bank loans are not available. The BJP’s manifesto and election speeches promised 50% profit above the cost of cultivation, but they have told farmer organizations and the Supreme Court that the Minimum Support Prices cannot be raised. All these issues are underlying the current situation of the farmers and need to be addressed.

D. DISCUSSION – Theme III

Comment: Banks are not lending enough money to small and marginal farmers. Even SLBC is not setting targets per RBI guidelines. Government need to push for Money Lending Act.

Question: Tenants do not have access to Institutional credit. How to cover tenant farmers? When insurance is not universal, how are units selected and what is the basis? How do you select which crops will be covered? Why all farmers are not joining when Insurance is voluntary?

Comment: All the schemes mentioned are pilot programs and only one crop is selected from whole district and only that crop is selected which has the least likelihood of crop failure, like paddy in irrigated areas.

Question: What is the number of women farmers who took insurance and are SC/ST farmers are covered under these schemes?

Comment: There are a lot of big schemes but when it comes to implementation government is failing, for example Joint Liability Groups. Budget said 5 lakh JLGs should be
formed of landless farmers through NABARD. In A.P., the target was 15000 but only 3000 groups were formed.

**Question:** Who are these schemes designed for ultimately? Who is really farming today? Women are invisible in all the farmer consultations and design of these schemes.

**Comment:** On natural calamities, Hooda Committee recommended compensatory system but it was never implemented. Insurance and compensation should be seen differently and both should have good mechanism. Because of non-performance of the officers, schemes are wound up. How to hold these institutions accountable is an important issue.

**Question:** What is the percentage of tenant farmers who are insured? What is the criteria being used to identify the tenant farmers? About the premium subsidy in WBS and MNAS being capped at 50%, in your view, how much premium subsidy is really required to make the scheme affordable and attractive to farmers? Is it correct to cap the premium subsidy?

**Comment:** Weather-Based-Insurance experience in Tamil Nadu has been negative and there is a lot of criticism. Only 56 crores was distributed but it was all taken by the banks.

**Responses (Mr.Nagarjuna):**

- **Responding to Vijoo Krishnan’s presentation:** Churu in Rajastan was in limelight because of the biggest insurance fraud. Lot of people who are not cultivating the land got loans and claimed insurance. Lot of complaints led to investigation in Churu.

  Mangoes cannot be covered under yield-based insurance.

- **Coverage for tenant farmers:** Tenant farmers can enroll with the non-loanee application form. VRO, AO or local bank manager endorses on the non-loanee application form that he is a tenant farmer and the endorsement is given for the purpose of insurance only.

  Number of tenant farmers insured is very small. Currently they form only 2% of the total farmers who are insured.

  150,000 LEC cards were provided in AP but most of them did not get loans because the banks insisted that owner of the land should remain as the co-applicant as guarantor. Farmers cultivating temple lands who have the letter from endowment are covered under the insurance. All these insurance schemes cover tenant farmers who have Loan Eligibility Cards.

- **Selection of crops and unit of insurance:** In consultation with state government, we identify which crops are grown and for those crops whether the yield estimation data is available. If yield estimation data is not available that crop is not covered by the
insurance scheme. This is because the claims would have to be ultimately settled according to the crop yield data available.

Regarding coverage for more crops, coverage is being expanded to many crops but we can only insure those crops which have sufficient cropped area. If a crop has to be insured at village level, it should be grown in a minimum of 100 hectares in the village. Similarly, if it has to be insured at Mandal level, it should be grown in a minimum of 2000 hectares (5000 acres).

- All the crop insurance programs are voluntary programs by the government. Government will decide whether to implement the program or not. It’s not mandatory to implement all the programs. NCAP state government only want to implement NAIS. It is for the state government to implement any crop insurance program.
- Scheme is compulsory for loanee farmers. Voluntary enrollment is poor because lack of awareness and the premium is high.
- Data on women farmers and number of SC/ST farmers is not available right now. But from this season onwards insurance companies are expected to provide this data.
- Women farmers’ participation is very low when we hold village meetings. But we do consult with them.
- AP was given 7000 crores under debt-redemption scheme to the cyclone affected area.
- Input subsidy (given as compensation for crop damage in disaster-affected areas) is not linked to insurance.
THEME IV: IMPROVING ACCESS TO SUPPORT SYSTEMS FOR DISADVANTAGED SECTIONS

The session was chaired by Prof. K.R. Chowdhary, former professor of agricultural economics at ANGRAU, Hyderabad.

A. How Tenant Farmers won their rights in Tamil Nadu: Prof. J.Jeyaranjan, Institute for Development Alternatives, Chennai

As we are grappling with the despair of peasants everywhere, let us look at a story of hope. The history of how tenant farmers emancipated themselves through a combination of struggle and policy. Cauvery delta region has been generating surplus over centuries which is manifest in thousands of temples, music, art, dance, folklore and literature. It was invaded by many rulers and we find cosmopolitan presence – people who talk Telugu, Marathi, Kannada, Malayalam. The British annexed the region in 1799 and introduced colonial land systems.

High levels of rent were in place since the 9th century. We know from temple inscriptions that 60% of crop produce extracted as rent during Chola times. The elaborate infrastructure built by Cholas would have been impossible without this kind of rent. Cholas introduced a primitive form of ryotwari system known as karai system where the peasants are collectively responsible for rent, directly to the king without intermediaries. Rent level was fixed based on crop, fertility, certainty of produce etc.

The system of collection was based on caste system which was strictly hierarchical and repressive. Vast sections of society were completely kept out of land ownership for a very long time. Because of vast landless section and vast amount of fertile land, several arrangements evolved over time in terms of sharing produce and extracting labour. 20% were landless agricultural labourers. Another vast section of landless were hired as cultivators, and tenancy systems evolved. Geographically, the western part of delta had small holdings not exceeding 10 acres and just ½ acre in some cases, but in the eastern part, there were large farmers with thousands of acres.

By 1920’s, out of 12 lakh acres of land, 4 lakh acres was with temples and maths and completely cultivated by tenants, and the remaining was in the hands of landlords. Tenant cultivators overlapped with wage labourers. From the 1920’s, two processes emerged. United Communist party started organizing workers and tenants in eastern delta. Simultaneously, the movement started by Periyar started countering the caste system. Left organized on class lines and Periyar on caste lines. Periyar with constant struggle against Brahminism and upper castes, started the Self Respect movement among lower castes.

After independence, the struggle manifested itself in several policies coming into place even before DMK came to power in 1967. Under Rajaji, several policies were put in place in
response to the issues raised by Periyar and the Left. Similarly, Kamaraj introduced several measures. Two important legislations were the Abolition of Pannayal Act (Permanent Labour Act) and the Tenancy Protection Act. When Congress introduced these legislations, prior news percolated to the landholding class which resulted in a lot of *benami* holdings. Communist parties organized valiant struggles against landlords and tenancy. When DMK came to power in 1967, it brought amendments to earlier legislations which made it easier to register tenancy. Even oral evidence was now sufficient, whereas documentary evidence was required earlier.

More than the legislation itself, the change in the political power equation and the political empowerment felt by the lower castes played a very big role. So much so that eviction of a tenant was very difficult. In 1969, a law was passed which gave the first right to purchase the land to the tenant. The compensation would be decided by the Revenue Board and the tenant was also given leeway to pay the compensation over a period of up to 20 years. In fact, the bureaucracy was also so much in favour of the tenants that the land owners would not even go to the Revenue Board but come to an agreement for a paltry compensation or sometimes just leave the land to the tenants.

Most of the land which was under lease by tenants in late 1960s and early 1970s then went into ownership by tenants or later transacted by them in the market. Very few tenants are now found. The erstwhile landowning families moved to the urban areas and their next generations are now in cities or abroad, but they are not part of the system any more. This is very different from the situation in Andhra Pradesh and Telangana where these families even if settled in cities or abroad are still owning the land and collecting rent. But in Thanjavur, they are not part of the system any more.

The lesson we learn is that the kind of organized struggle by the Left movement and the Dravidian movement of emancipation of lower castes – helped achieve land rights for the tenants. Most of them are now owners of the land. Even if they do not have ownership on paper they are in occupation of the land and it is practically impossible to evict any tenant.

B. Identifying the Real Cultivators: Case of Loan Eligibility Cards for tenant farmers in A.P. and Telangana – Shri Kirankumar Vissa, Rythu Swarajya Vedika

Like Tamil Nadu, we had progressive tenancy laws in both Telangana and A.P., which gave protection and rights to tenant farmers. They were based on the principle that land as a means of production should be available to the producers (tenant farmers in this case) and there were restrictions on alienating the producer from the land. There was restriction on transfer of land to others, first right to purchase resting with the tenant, a limit on the lease rate, etc. However, for the same reason that the owners’ rights over the land would be curtailed, the land owners managed that most of the tenancy arrangements were not
recorded in the revenue records. This has been the situation for 60 years – Telangana area Tenancy Act was passed in 1950 and the Andhra area Tenancy Act was passed in 1956.

While we fully support the rights to tenant farmers over the land, and the principle of the "land to the tiller", the situation now is that not only has the tenant farmer been alienated from the rights over the land which were promised by the Tenancy Acts, but they also have been deprived of the benefits of various services and support systems that the government has been providing to the farmers.

The situation has changed since 1960’s and 1970’s. There are many more schemes through which farmers are supported - seed subsidy, interest subvention, insurance premium subsidy, disaster compensation. Because the tenancy is not recorded anywhere in the revenue records, they are anyway getting deprived of the tenancy rights but also getting deprived of the support systems of the government.

In 2011, the A.P. government brought the Licensed Cultivators Act which came from the demands from farmers’ organizations and the recommendation of Koneru Ranga Rao committee. The problem is that the tenant farmers have not been organized in any significant way - even though the AP Rythu Sangham has an affiliated Koulu Raitula Sangham and so on. They have never articulated their demands in a powerful way but due to push from some farmer organizations, this Act came about.

By definition, the LCA Act is limited. It is made explicit in the Act that it enables tenant farmers to access services from the government but doesn’t give them any rights over land. In fact there is a lot of jugglery to avoid using the term “tenant farmer” in the Act - to avoid invoking the old Tenancy Acts. So they use the term "Licensed Cultivator" or "/adheekruta raitu" in Telugu – the term was never heard by most people until this Act came about.

Main process of the law is as follows. Anybody who is cultivating the land can apply through a very simple application specifying the survey number and extent. This is only for one year because the tenant may change every year. The land owner doesn’t need to sign the application. The local revenue officer needs to verify that the person is cultivating the specified piece of land. The verification process is through the Gram Sabha. After collecting all the applications from February 1st until April, Gram Sabha should be held for verification – which seems a reasonable process because undue influence by the land owners can be avoided.

The revenue officials prepare the list of approved licensed cultivators and give them cards. The list is also sent to all the banks which are supposed to give them loans under zero interest scheme, etc., based on the LEC without any land title and so on. Actually this is called Loan and Other Eligibility Card - because it is not only bank loans but for all other schemes and support systems of the government including disaster compensation, input subsidies, insurance and even for ex-gratia in case of farmer suicide!
Though the state has decreed that the cardholder should get the loans, getting loans from the banks is another struggle. But this is not only about loans but basic recognition as Cultivator. If we take minimum of 25 lakh tenant farmers (10 lakh in Telangana, 15 lakh in AP), about 5 lakh got the cards in 2011-12. We should see in the right perspective, because this happened without any major publicity like NREGS so it is a good number for the first year. In subsequent years it has been around 4.5 lakhs. Out of these, about 1.5 lakhs got bank loans – most of them in the 13 districts of new A.P. and fewer in Telangana. Because the nature of tenancy in Telangana is different, many small and marginal landholders are tenant farmers, and the awareness about applying for LEC cards has been very low.

Core issues:

(1) If we look at it from "land to the tiller" principle, this seems a compromise. There are progressive tenancy laws which we couldn’t implement so we brought this compromise law. But if we look at from another perspective, the principle of land to the tiller was much stronger in the 1960’s, 70s and 80s with the left movements, Naxalite movement etc. and even during that period these laws could not be implemented. Now the situation has changed drastically. Land has become much more valuable as an asset than as a means of production – the asset-to-turnover ratio has become very high as mentioned yesterday. When the land price is 20 lakhs, 50 lakhs or 1 crore per acre, the willingness of the owner to give up any portion of their right or control over the land is much lower.

(2) Meanwhile the tenants are getting deprived of even the support systems from the government which are much more important now than they were in 1960’s. We should look at the principle that Real Cultivators should be identified, and it is not just about the tenant farmers but also women farmers. Whoever is the real cultivator should get identified and they should get a recognition card.

Their right over land through a patta is a different dimension of the struggle and that also needs to be undertaken. But it is of immediate concern to the farmer whether she or he will get a zero interest bank loan or will have to take a 36% interest loan from a moneylender. To be recognized as the "real cultivator" is of utmost importance. From that perspective this becomes a very important Act. Such an Act doesn’t exist anywhere else in the country. We have learnt that even in Haryana after the recent damage due to hailstorms, the compensation is going to land owners who may not be the real cultivators.

(3) We are talking about a very large section of the farmers. In Telangana & AP, about 30-40% of the cultivators are tenant farmers. But if you take the farmers in crisis, who are committing suicides, about 80% of them are tenant farmers. In the Godavari and Krishna delta areas, almost 85% of cultivation is done by tenant farmers, most of them completely landless. The owners are sitting in Visakhapatnam or Hyderabad or America, and shamelessly taking 0% loans, rotating them at higher interest. Any disaster compensation
goes to the owner and only if the owner feels generous, part of the money may go to the
tenant farmer. So, the LCA is a big step forward.

(4) The reluctance of banks to give loans to LEC holders because of the absence of land title
is a thorny issue. However, the norms are very clear. The RBI guidelines say that crop loans
of up to Rs.1 lakh should be issued to the cultivators without requiring any land title, etc.
When we visited farmer suicide families in Maharashtra, we found that the banks had given
eviction notices to the farmers for non-payment of crop loans and that was one of the
causes for the suicide. RBI says clearly that crop loans should be different from mortgaging
one’s land. Based on this, tenant farmers should be eligible without land ownership. Having
established this principle firmly, practical ways can be worked out with the banks to ensure
that it is viable for them to give loans to LEC holders. Rythu Swarajya Vedika has been
demanding that the government should set up a Credit Guarantee Fund to absorb any
defaults from tenant farmers as a small percentage.

(5) We should look at this from a political perspective. Any right or entitlement in our
political system requires a fight. Until now, tenant farmers have been completely
unorganized; they have not had any politically significant collective voice. If the LEC card
provides an organizing tool around which the tenant farmers can be rallied together, that
can build organizations and movements of tenant farmers. Once those become stronger,
the political will for larger tenancy reforms and land rights may come to the fore again.

If there are 10 lakh tenant farmers with LEC cards, then we can think of organizing 20,000
of them to come to Hyderabad, sit in a dharna against the government and force the banks
to give them loans. If we want really political change in favour of tenant farmers, we should
look at this as an organizing tool. They need to first establish an identity and only then they
can organize. So we should look at this as a first step that opens up a whole world of
possibilities for tenant farmers.

If all of us work for better implementation of this Act and use the experience to demand
similar Acts in other states, we may achieve improvement for the tenant farmers.

C. Rights of Women Farmers: Charter of Demands – Dr. V. Rukmini Rao, Mahila
Kisan Adhikar Manch

Dr. Rukmini Rao drew attention to the “invisibility” of women farmers even in the
discussions in a consultation like this one when the language used by most of the
participants assumes that a farmer is a man. In reality, women carry out 60-75% of all
farming related work yet they are hardly recognized as farmers.

She flagged the earlier discussion on globalization and its impact on agriculture, and said
that we should keep that firmly in mind while we take forward the discussion on women
farmers’ rights.
Women’s land holdings account for less than 13% of all land holdings. In addition to being deprived of land rights, women are ignored systematically in the agricultural research system, training and extension systems, marketing systems, insurance system, credit and other support systems. There is a strong need for the State to restructure its policies around resource rights and their use.

Mahila Kisan Adhikar Manch (MAKAAM) is a nationwide coalition formed recently to work for the rights of women farmers and raise the issues faced by them. Makaam as a national formation is new though the organizations and individuals are working for many years. The presentation of Ramoo and other positive experiences in agriculture are built on the efforts of women farmers.

Through extensive deliberations among women farmers and members of Makaam network, a Charter of Demands has been developed. Dr. Rukmini Rao presented the Charter as a collective expression of groups who across the country are working with women farmers.

**Charter of Demands to implement Women Farmer Rights**

- **Operationalize Definition of Farmer to include women farmers:**
  - Recognize women farmers including land owners, women working on land owned by their husbands, single women and differently abled women, according to National Agriculture Policy.
  - Women Tenant farmers should also be included in the definition along with women agriculture labor
  - Mainstream women farmers in all government programmes. Convergence efforts needed to bring services to the doorstep of women farmers

- **Enhancing Womens’ Rights to Public Land**
  - Prioritizing Landless Women in Public Land Distribution especially from SC, ST, farm suicide affected households, liberated manual scavengers
  - Enumeration of landless women must also be taken up in a time bound manner not exceeding 2 years and regularly updated.
  - Clear, Inalienable rights, including Succession Rights to be established: Women beneficiaries or assignees in public land distribution programmes must be given clear, secure rights to assigned lands.
  - there must be specific clauses in the title deed preventing alienation of the lands assigned, to these women for any other public purpose
  - Succession rights to other women in the households
  - State governments to amend their legislations

- **Land Purchase and Land Lease**
- All State Tenancy laws must be reviewed and suitably amended to allow leasing of unused, potentially cultivable lands (endowment lands, ponds, water bodies, canal embankments, inland fisheries rights etc) to landless women's groups while recognizing such groups (SHGs, JLG, cooperative, other collectives) as a valid category of landowners.
- The period of lease must be at least for a period of 10 years to be renewed.
- Landless women's groups must be enumerated and given Loan Eligibility Cards (LEC) for accessing credit as well as other support systems.
- A similar group approach must be adopted in land purchase initiatives of the Governments in various States.
- Convert cultivable fallows into millet farms under women farmer leadership to produce millets, pulses, other food crops and fodder

**Land Records**
- Recording and verifying Women's land Rights: Women's names must be recorded in all relevant land records from the village level upwards such as in cultivator column in the 1B register or Pahani along with their husband's name, in the land revenue records (jamabandi records) etc.
- Women's rights should be verified in all cases of inheritance, whenever land titles are issued under the Record of Rights Act (ROR).
- Women having land rights should be issued pattadar passbooks, title deeds etc.
- Issue Individual land titles (land records) for all women coparceners during the time of mutation by measuring and surveying the land.
- Women's land rights should be verified and recorded as part of the Land Re-survey in Telangana State, scheduled to be taken up by the Government from January 2015.

**Schemes to motivate transfer of land to women**
- States should create schemes, with incentives to encourage men to promote joint ownership with their wives, as well as transfer lands to women's names
- Policy of differential incentive for women land owners in agriculture/ horticulture schemes to motivate transfer of land to women in the family
- Additional benefits to Farmer Producer Organizations (FPOs) of exclusively women members (e.g. Tax reduction/subsidy/exemption in registration fees, ex current Chief Minister of Gujarat announces special benefit to women dairy farmers)
- Under present Program of SFAC (Small Farmers’ Agri-Business Consortiums), Equity Grants are proposed for all the eligible FPOs. In this situation special leverage should be given to women FPOs.
- Waive stamp duty for purchase of land, or transfer of property, exclusively in the name of women to motivate men to transfer / purchase land in the name of women.
• **Financial Inclusion**
  - Financial institutions should develop customized terms and conditions for loans to women farmers including SC, ST, Single women and differently abled women.
  - Implement the provision to provide credit at 4% for consumption as well as production without demanding collateral. The same should be provided to collectives and cooperatives.
  - All women farmers including tenant farmers to be provided Kisan Credit Cards
  - Government should make policies for women farmers and disburse capital for inputs to promote ecological agriculture
  - Financial support to be provided to women farmer collectives to lease or develop infrastructure for maintaining grain banks, seed banks, storage godowns and primary agriculture processing. Priority to be given to dalit, SC/ST hamlets.
  - Public investment to promote sustainable practices enhancing soil fertility (for example, application of silt from lakes to the land)

• **Budget Allocations**
  - Allocation for agriculture budget should be increased
  - 30% of all fertiliser subsidies should be given to Organic agricultural inputs and these should be procured from women’s collectives or given directly to the farmer.
  - 70% of all investments in agriculture (assets, inputs, energy, irrigation, credit) - schemes of the Agriculture Ministry must be targeted to women farmers.
  - Separate budget provision at (Central and State) for capacity building and input support for women farmers. Prioritize small and marginal women farmers, landless women farmers, single women, SC, ST, differently abled women.
  - Family benefit scheme should include the category of women farmers especially family of farmer’s suicide.
  - Accidental death and injury in agriculture related activities to be insured, decision to be taken by women farmers collective along with PRI’s.

• **Gender-Disaggregated Database**
  - All State Governments must initiate efforts to develop and maintain a gender disaggregated data base consisting of extent of land holdings (both public/assigned lands and private lands) by women, across various castes, communities etc.
  - This initiative must include recording women’s names in all relevant land records from the village level upwards such as in the cultivation records or Pahani along with their husband’s name (where relevant), in the combined land revenue records (jamabandi records) as well as verifying Women’s rights in all cases of inheritance, whenever land titles are issued under the Record of Rights (RoR) Act.
  - This exercise must be taken up and completed within a time-bound manner of 2 years and continuously updated.
The Central Government (Department of Land Resources - DoLR) should issue specific directions and guidelines to all State Governments to take up this exercise. State Governments should implement this through relevant Government orders.

**Gender Audit of Existing Laws**
- All existing laws related to land assignment, land ceiling, tenancy etc. along with the large body of revenue statutes must be reviewed from a gender perspective and suitable amendments must be made in favour of women, wherever relevant.

**Legal Provisioning**
- Land and Property Succession Acts for women should be Gender Just for all women irrespective of caste, creed, community and status.
- As a policy, automatically include names of married women at the time of marriage, in the land title of husband as joint owner.
- The provision should be such that in the case of a married woman, after a husband’s death, his name should be struck from the land records and the Gram Panchayat should be responsible to see that wife’s name automatically replaces the husband’s name.
- In Succession Acts, the provision should be such that upon the death of the husband, the land and property gets registered in the name of the wife. At the time of her death, the land and property should be divided equally amongst the sons and daughters. If she remarries, at the time of remarriage, the land and property are divided equally amongst the children and she remains the owner of an equal share of the divided land.
- Create barriers to daughters / sisters / widows releasing their title deeds. Make procedural changes and guidelines and ensure enforcement so that women do not give away their rights to the father’s / husband’s land due to social pressure. Any/all of the following provisions, must be written into laws and/or rules:
  - When a daughter inherits land, any application for giving away this right should be considered only after one year of such application for gift transfer and after both the brother and sister have had a counseling session at the Taluka level, with a trained counselor.
  - In case the brother wishes to own land before one year, he has to purchase this land at market rate from the sister and deposit money in her account, before any transfer can be made.
  - The brother can enter into a registered lease deed for a stipulated period after appropriate payments are made and recorded.
  - A widow's land can’t directly be transferred by force or will to others while she is alive.
**Courts and Judicial System**
- When a matter with respect to land and property is sub-judice, the court should reserve its right to permit the concerned victim woman to exercise her right and use the disputed land/property to earn her livelihood till the final disposal of the suit.
- Fast track all cases of women’s land ownership disputes within a time period of 3 months.
- When a single woman files a title suit for possession over land and property, the act/provision should be such that:
  - Such cases should be decided in the fast track courts
  - The incurred cost/expenses and court fee should be reduced to a minimum
  - In the absence of the disputing opposite parties/respondents, the suit must be heard ex-parte and decided in favor of the single woman/appellant
  - The final order be complied and the possession and protection of the property be conferred upon her
- Have at least one-third women signing as Panchs’ as references/co-witnesses, required to completing the land documents. They could be heads of SHGs, formally elected women representatives or any woman representing committees promoted by Government at the village level.

**Legal Literacy and Awareness**
- All State Governments’ should take steps to spread legal literacy related to land issues amongst women, especially from Scheduled Castes, Scheduled Tribes and other marginalized communities

**Administrative Setup**
- 50% women personnel to be recruited for agriculture and extension services – future recruitment in this direction
- Reservation of 50% seats for women farmers in executive body and primary membership in Large Area Multi-Purpose Societies (LAMPS) and Primary Agriculture Credit Societies (PACS)
- Women eco-Workers, community animators skilled in mobilizing women farmers should be developed for linking with state programmes

**Women Resource Cells**
- A single window system in the form of ‘Women Resource Cell’ should be created from the mandal/block level upwards in the revenue departments in all States, to address and resolve all land issues related to women in a time bound manner.
- The mandate of these resource cells must also include research, monitoring and evaluation in order to assess the progress of various interventions as well as to provide feedback to address systemic and programmatic issues on a regular basis.
• **Market Access**
  o Ensure mandatory inclusion of women farmers and women farmer collectives/vendors in market management committees.
  o Women farmers should have access to market yards that are women friendly, with necessary facilities specially toilets
  o Mandatory inclusion of millets and diverse pulses in Integrated Child Development Scheme (ICDS) and mid-day meals, produced and procured locally – thus helping in nutrition as well as generating assured demand for these crops.
  o Include millets in PDS

• **Promotion of Household Food Security**
  o Priority to be given to rain-fed agriculture
  o Promote millet based bio-diverse food crops
  o Strategize climate change mitigation
  o Support services to promote ecological agriculture – at panchayat level
  o Promote collective farming by women
  o Allot land to landless women
  o Develop agriculture implements to reduce drudgery

• **Water Resources**
  o Women farmers should be provided water resources, including shared wells, sprinklers, drip irrigation and other water conservation technologies to promote sustainable agriculture with high returns
  o Lease rights on ponds, water bodies and inland fisheries should be given to the customary fishing communities with collective control on resources and women to have equal leadership in cooperatives

• **Extension Services**
  o All agricultural institutions’ training programs, Farmers’ training centres, ATMA as well as IAS should include issues of women’s land ownership and women farmers.
  o Mahila Kisan Sashaktikaran Pariyojana(MKSP) should be expanded and strengthened, with adequate allocation of funds.
  o Women farmers should be technically equipped by training and capacity building through dissemination of information related to sustainable agriculture, credit, market, government schemes, financial literacy etc.
  o Provide non-formal education especially for rural women with regard to micro-enterprises, agriculture & legal rights.
• **Institutional Systems for Women Farmer Collectives**
  - Promote and support women farmer’s cooperatives and collectives, learning from successful models across the country. Formalize the arrangements and promote joint ownership to enhance land based livelihoods.
  - Women producer collectives should get recognition and support equal to private companies in terms of investment, access to resources, infrastructure and subsidies.
  - Provide training to women leaders of farmer cooperatives and producer cooperatives including financial literacy, legal literacy and market literacy.
  - Ensure the participation and leadership of women in cooperative organizations, Kisan Sanghams, Kisan Mitra and land management committees.

• **Support to distressed farmer families**
  - Families of farmers who have committed suicide must be recognized as distressed. Their loans should be waived and support provided to restart sustainable agriculture. The widowed women to be provided legal aid to gain their land rights. Education support to be provided to children from such families.

• **Women Agricultural Labourers**
  - Equal and living wages to be given to women agriculture laborers by recognizing them as skilled workers.
  - Women farmers including laborers should have access to all social security schemes like pension, maternity entitlements and Rashtriya Swasthya Bima Yojana (RSBY).
  - Individual should be the unit for entitlement and not the household.

• **Integration with MGNREGS**
  - Small and marginal women farmers should be recognized and supported to develop their lands, become part of shelf of projects of Gram Panchayats.
  - Demand for works up to Rs 20,000 per farmer per year should be taken up.
  - Revised MGNREGS guidelines – soil and water conservation works, fencing, leveling, horticulture, vermin pits, bund repairs of canals, System of Rice Intensification (SRI) and other locally suitable works to be taken up.
  - MGNREGS must also be aligned for development of women farmer cooperatives.
  - Women friendly worksite facilities should be implemented through convergence with different government schemes.

D. **NREGS and its Impact on Agricultural Workers and Farmers – Shri Raja Reddy, Andhra Pradesh Vyavasaya Vruttidarula Union (APVVU)**

Shri Raja Reddy made a presentation on the National Rural Employment Guarantee Scheme based on the groundwork and experiences of APVVU which has taken up concerted efforts.
on NREGS implementation since 2006. NREGS is not a total solution but it can address the food security needs for the rural poor. At least it would prevent migration out of rural areas and to develop livelihood resources. These two things can be seen in A.P. Our state is known as a better implementing state but there are still many issues.

After a phased beginning since 2006, the implementation of NREG Act covers all districts of the country and since 2009, the national expenditure on the scheme is Rs. 40,000 crores per year. In the newly formed state of Andhra Pradesh, 82 lakh NREGS cards are present (out of a total of 1.05 lakh households). The average participation in NREGS each year is around 45 lakh families.

NREGA introduced a paradigm shift in a few important ways:

- Work is required to be made available on demand, as a right.
- Social audit and Transparency made mandatory.
- Minimum wages stipulated and equal wages ensured to men and women.
- Basic facilities at worksite made mandatory.
- No contractors and labour-displacing machinery.
- Works to be identified by Gram Sabhas, Mandal Parishads and Zilla Parishads only.

Payment is required to be made every fortnight. From April 1st, the wage has been raised to Rs.180 as minimum wage. Workers open accounts in in banks/post offices. Payment is made through these accounts. The system of “Mate” as labour representative from each labour group (Shrama Shakti Sangham) makes it participatory. Muster roll entries are read out at worksite and certified by the labour representatives. Transparency measures include distribution of payslips and display of Muster rolls on Gram Panchayat noticeboard after every payment.

Challenges:

- Rights perspective missing among laborers.
- Work is not given within 15 days of application; no unemployment allowance.
- Panchayat raj department using NREGS funds with 90% for material costs.
- NREGS Wages are less than the statutory Minimum Wage.
- Proper measurement of works is not ensured.
- Duplicate muster rolls and cuts by postmasters and field assistants.

Areas for advocacy:

- System for tracking labour demand
- System for payment of unemployment allowance
- System for payment of compensation for delayed wages
Positive impacts:
- Distress Migration has come down.
- Equal wages are given to men and women. Family income is improved.
- Most marginal communities have become participants of NREGS.
- Child labour is reduced and more children have enrolled into schools.
- Skills of social audit and the practice of transparency are enhanced.
- Lands of small and marginal farmers are developed.

Countering common arguments against NREGS:
There are some common criticisms against NREGS which a trade union like APVVU responds to. NREGS is said to be full of corruption, but this is a structural problem of our democracy and not specific to NREGS. There are more checks and balances in NREGS like social audit and transparency measures. The diversion of funds by the state government for other works can and should be exposed through the media. When workers get less wage than Minimum Wage, the issue has been raised by APVVU through a PIL which resulted in the wages being raised to the level of Minimum Wages.

Another common complaint that is raised is that the crisis in agriculture is due to NREGS. This is a false notion because the crisis is caused due to policy reasons from Green Revolution onwards to the current policies in favour of corporate agriculture.

On a related note, there is a program in NREGS called Pachhatoranam which is very useful for landless. Common land or wasteland is identified, plantation of trees is done, and tree pattas (usufruct titles) given to landless NREGS workers.

Unorganized Sector Social Security Act was made in AP in 2010 but not implemented. 140 occupations are mentioned in the Act including urban dwellers. Last year in January, government asked Mandal level officers to enroll NREGS workers who completed 50 days in the Construction Workers Board. But this has not happened till date. In practice, most workers don’t meet the minimum of 50 days, so that disqualifies most NREGS cardholders. We should ensure that NREGS workers receive social security under the Act.

In conclusion, agricultural workers should get minimum social security through proper implementation of NREGS.

E. DISCUSSION (Theme IV)
**Byomkesh:** To Kiran: Currently Loan Eligibility Card is given only for one year. But in case of crops whose cycle goes beyond a year, is there a possibility of extending LEC eligibility to three years? For long-duration crops, this would incentivize tenant farmers for investing on the land. Did the farmers who got LECs receive bank loans and other services?

To Raja Reddy: States diverting MNREGS funds is a baseless allegation. In fact, states have paid wages and thousands of crores are due from the Centre.

**Vidyasagar:** In Tamil Nadu, tenancy is very limited to delta area, and is of informal nature. Urbanization is very distributed, with development of employment opportunities. In 1979, we did household study in 6 villages – 3 in delta area and 3 in the dry areas – 70% of the households were classified as agricultural households. In 2006, we went back and studied the same villages. Only 15% households can be classified as purely agricultural. Most villages are pluri-active. Farming is facing a similar crisis in Tamil Nadu as the rest of India but the pluri-active nature means that the households are not facing the same kind of crisis.

If there is 40% tenancy in A.P. and Telangana, it means that there is a lot of demand for leasing land. We need to see why this is happening. What is the nature of the land owners who are leasing out the lands? This is a very important aspect that has policy implications. We need strong laws to protect tenants.

For Rukmini: The crisis that is exploding is gender neutral. It is affecting even children of the farmers who committed suicides. Agrarian crisis is all around and negatively impacts all sections of the population, not only women. We need to restart sustainable agriculture. Government is neglecting and ignoring agriculture sector.

For Raja Reddy: Most of the people in T.N. don’t want to work in NREGA. Only those above the age of 40 are doing so. It is working as a social security for older people in T.N. Younger people are getting better wages outside. But the major impact is that workers got bargaining power for the wages.

The fact is that the next generation is not in agriculture, they have shifted to non-farm occupation. There is general shortage of human resources for cultivation. But people unfairly blame MNREGA for the shortage of agriculture labor.

**Malla Reddy:** There is an Amendment to the old Tenancy Act. According to Sec(3), the limit for the lease rate for dryland is 1/3rd and for irrigated land is 1/4th of the produce. Why shouldn’t we demand that the government implement it?

The new Act was created while the old one still exists. Even after the new one, the government is saying that they will give loans through Joint Liability Groups. Then what is the need for new Act (2011)? In Bengal, Operation Barga was introduced in 1978 and till now no tenant farmer claimed ownership of the land. Even in A.P. and Telangana, no tenant farmer filed a case for land rights. The fear is unjustified. According to Sec. 91/98, the name of the cultivator needs to be entered in Revenue registers. Why are we not asking for this?
Rajan: In UP, a process is going on to consolidate all the land laws. In this, we are advocating for rights of women farmers, asking gram sabha land to be allocated to women. Women should be given priority especially single women. In 2008 BSP government made an Amendment which grants 'inheritance right' to unmarried daughters in the property of their father. We are proposing is all the daughters either married or unmarried should be considered equal to the son in getting entitlements on the father’s land.

Regarding collateral security for bank loans, RBI guidelines clearly says no collateral security is needed for credit less than 1 Lakh. In U.P. we raised this issue at state level but all the banks are taking collateral security. I would like to know from A.P. with the new Licensed Cultivators Act whether the collateral security is needed or not. What is the mechanism that is being followed?

We are proposing that if a farmer leases land in the tenancy total family should be taken as a unit since women is also working on the land. Current schemes are limited to men only. Schemes should be extended to all family members if anything happens to the male farmer. We have been experiencing this in Kisan accidental insurance scheme. Women are also committing suicide because of distress and they also need to be covered.

Ramky: Usually tenant farmers pay lease amount at the beginning of the season irrespective of the crop outcome. Can we think of scientific method for fixing lease amount? For irrigated land lease amount is Rs.15000-20000. We need to bring this down. Only 25% should be paid in advance at the beginning of the season and remaining will be based on the success or failure of the crop. If the farmer cannot pay full lease amount due to crop failure in one season, it should not be accumulated to the next season.

Question: What is the average number of working days in MNREGA?

Comment: There is a concern regarding women farmers. In Maharashtra, we find that women are doing most of the household work and farm work, but the men are either drinking or gambling. In the name of empowerment of women, we should be careful there should not be exploitation. In the case of single women it may be okay but in general we should think in terms of involving men also in the work along with the women.

Regarding NREGS, we find that most of the work is happening off-farm. Our demand is that NREGS should be used for agricultural operations from sowing to harvesting.

Dr.Ramoo: In a situation where land is increasingly seen as asset and value is going up, the tenancy issue may not be solved by LECs or other means. We need to find an institutional mechanism and legal mechanism where land remains as productive asset in the hands of producers and not become a speculative asset. This is essential and without this we would only bypass the problem. We also need to think of strengthening JLG models and link with Agriculture departments and banks. Identifying each and every individual tenant farmer every season and issuing LECs will not work.
Regarding RBI guidelines, one clause says that loans up to Rs.1 lakh don’t need any guarantee and the next clause says that collection of loan is manager’s responsibility. Third guideline says the accountability of the banker to see that the money which is taken should be spent for the purpose it is taken. This makes it difficult.

Raghu: Since this is a session on support system for disadvantaged, we should recognize that the social composition of the cultivators is increasingly Backward Castes (BC) and Dalits. Because of the land distribution, Dalits have also got some land. Unless we have special protections for Dalits and BCs, it is very difficult because crisis will have differential impact on these groups. This needs to be part of our analysis as well as recommendations.

Bhanuja: The LCA Act is not publicized well and even Revenue officials don’t have good understanding. There should be deadline for giving cards and punishment if it is not done.

In MNREGS, single women have lot of issues. In every village there are 10 to 30 single women but they are not taken for work because most of the works call for wife and husband together. This aspect has not been covered in the MNREGS session.

RESPONSE (Kiran Vissa):

The old type of tenancy of a few big land lords holding most of the land and tenants cultivating the same piece of land for generations has mostly disappeared. Tenants may shift to a different plot of land from year to year. Even in the irrigated belt, we don’t see the same tenant cultivating the same land for many years. Every year there is some sort of bidding for the land. So yes, there is a demand for renting the land.

We have found two kinds of tenancy. In the irrigated coastal belt, majority of cultivators are landless, many of them Dalits. Other work opportunities going out of the rural areas have not opened up. In these areas, the tenants themselves are bidding up the land rent because of assured irrigation and a certain assured income they can get. But when there is a natural disaster, they face double loss because they don’t even get the compensation.

In the rainfed areas of Telangana, we find that marginal farmers with 1 or 2 acres find that their land is not enough to make sufficient income even if the crop is good, so they need to rent another 3-4 acres of land to make it a viable full-time occupation. Most of the land owners who are leasing out are not big landlords but medium farmers. That’s another reason it may not be practical to push for implementation of tenancy laws which were framed with a different context in mind.

Regulation of the tenancy rates and implementation of the provisions is something we should demand. Rythu Swarajya Vedika has been demanding this, but the question is how this will practically be done when the tenancy itself is not in the revenue records.

It is a big progress to have recognition that this particular person is leasing this particular piece of land, and an identity card to go with it. That may give us a wedge to bring in the other issues. Politically that is how I see the situation currently.
It is right that the banks are supposed to give crop loans up to Rs.1 lakh without collateral. In many places, when the tenant farmers approach the bankers with LEC cards, the bankers are still refusing on the grounds of not having land. But that is not the universal experience. We should be cautious not to focus too much on the negative experience, then we won’t be able to build on the positive experience. The fact is that out of 5 lakh LEC cardholders, 1.5 lakh farmers have got loans. This means that they have overcome that barrier of bankers not giving the loans. In many places, we spoke to farmers who got crop loan, repaid it and got another round of crop loan for the next year. They also got crop insurance and so on.

I believe that the experience has demonstrated the practicality of the basic idea of issuing identification the real cultivators, and then using that to get bank loans or crop compensation. It is wrong to put it in the realm of impractical, then we won’t even be fighting for the implementation of it. If we take the example of NREGS which was a flagship program with much greater publicity and political will, it took 3 to 5 years just to create awareness among villagers to apply and get the cards. And then they learnt to apply for work, create Shrama Shakti Sanghams, etc. So, one cannot expect that an Act will automatically lead to the perfect implementation. Much more work in terms of mobilization advocacy at the ground level and higher level is needed.

**RESPONSE (Dr.Rukmini Rao):**

Regarding extension systems, in some states initiatives have been taken to employ women in extension system. Currently at the national level, the National Rural Livelihoods Mission program is using women from Andhra Pradesh to spread the NPM kind of program in other states. I think there is potential there which can be realized if all of us push for it.

Regarding gender budget, you are quite right. People are giving just any figures. When the army was asked for gender budget, they put together all the money spent on uniforms for women officers and they say this is the gender budget. Right now, UN Women is making an effort again to try to build agriculture gender budget from below. Usha Seethalakshmi is working on that and we can hope something useful will come out of it.

Coming to the agrarian crisis, it is not gender neutral. When crisis occurs it affects women and men differently. We should be very aware that the crisis affects all farmers but the women are going to be in a much more difficult situation because of the very nature that they are always being marginalized.

Regarding education for women, we believe in a holistic framework, so yes, education is definitely important. Regarding inheritance of land, the Hindu Succession Act already gives equal right for women in property. I am happy that in U.P. there is an effort to actualize it.

A comment about tenancy: In Medak district, women used to be able to get 1 acre of land for Rs.500 in 1990’s but now the lease rate is Rs.20,000 so there is no way a woman can lease an acre of land.
This session was chaired by Dr. D. Rama Rao, Director, National Academy of Agricultural Research and Management (NAARM). In the context of farmer suicides and agrarian crisis, there is a need to look at the experiences of alternative practices, and learn how they can provide a better way to make agriculture profitable and sustainable. Dr. Rama Rao invited the presentations on alternatives on two different fronts – ecologically sustainable agriculture, and farmer producer organizations.

A. Ecological Agriculture as a Way Forward – Dr. G.V. Ramanjaneyulu, Centre for Sustainable Agriculture (CSA)

Dr. Ramanjaneyulu started by stating that it is not just about natural farming or organic farming techniques, but about an approach that is both economically and ecologically sustainable. A three-pronged approach is needed which includes farmer-level sustainable agriculture practices and collectives, policy support for sustainable models and income security for farmers, and market support.

Community Managed Sustainable Agriculture (CMSA) approach was used to scale up the sustainable agriculture practices to lakhs of farmers in Andhra Pradesh through women’s self-help groups. At the centre of CMSA were regenerative, ecologically sound practices and community ownership, with the government and NGOs playing a facilitating role including knowledge and skill based extension.

Why is the sustainable agriculture approach not being taken up in a more widespread manner? The mainstream agricultural universities do not have a proper framework to evaluate and understand these practices. Modern science proceeds from theory to practice,
but when practices precede or contradict theory, it clashes with the institutional thinking. There is a lack of accountability of mainstream public institutions, and budget allocations and investments are driving the model of agriculture.

**Water harvesting and conservation** form an important dimension of sustainable agriculture. Every 1 cm of rainfall over 1 hectare of land gives 1 lakh litres of water. Accounting for evaporation losses and run-off, even if 50% can be harvested, we can get 250,000 litres of water per hectare even with 5 cm rainfall. However, a comprehensive approach is needed because watershed programs typically do not deal with the cropping pattern to ensure judicious use.

In addition to water conservation and use, an important initiative has been collective use of borewells. In a pilot project in Gorantlavandlapalli village in Anantapur district, there are 72 farmers cultivating 370 acres with 33 borewells. The entire village has agreed to collectivize the borewells with the following conditions:

- No new borewells
- All rainfed land must be covered for critical irrigation
- Non-borewell-owners must also be covered
- Cost-sharing among all farmers

Similar effort has been taken up in Malkaipet thanda in Rangareddy district over a smaller area of 50 acres.

**Non-Pesticidal Management (NPM)** taken up on a large scale in Andhra Pradesh has shown results at the macro level in terms of reduction of pesticide usage. Between 2005-06 and 2009-10, pesticide utilization in A.P reduced from 1997 metric tons to 1015 metric tons of active ingredient. The comparable state of Maharashtra showed an increase from 3198 MT to 4639 MT in the same period.
Another important aspect is increasing soil organic matter using biomass, crop rotation and biofertilizers like jeevamrutam.

Community Managed Seed System (CMSS) is being used to conserve, use and market traditional and improved varieties. Farmer producer organizations (FPOs) are now engaged in seed production and marketing in paddy, soybean, wheat, Bengal gram, red gram, green gram and vegetables. Participatory plant breeding is being used to produce hybrid seed in maize and cotton. An Open Source Seed Network is being established which rejects exclusive intellectual property rights over seed and promotes sharing and cooperative use.

Valuing Eco-System Services is essential to encourage and incentivize farmers to adopt ecologically sustainable practices. For example, a farmer cultivating paddy using System of Rice Intensification (SRI) method may save about 2000 litres of irrigation water per kg of paddy produced. But there is no clear economic incentive for the farmer to do so because he or she gets the same price as the paddy produced through water-intensive method.

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**Source:** [http://ppqs.gov.in/lpmPesticides.htm](http://ppqs.gov.in/lpmPesticides.htm) MT of active ingredient
By valuing the services rendered to the ecosystem through water conservation, carbon sequestration and non-toxic methods of cultivation, the farmers can be incentivized to move towards ecological farming. This involves designing a scheme that moves away from the present approach of passing all the risk to the farmer through the operation of market mechanism. Payment for eco-system services is prevalent in many countries in different forms.

**Public Policy Recommendations:**

- Increase Budgetary allocation to agriculture and allied sectors to 10-15% of the total budget.
- Programmatic support to time-bound shift to ecologically sustainable agriculture
- Support to farmers’ own labor, resources and knowledge
- Modify the Research and Extension system to provide more informed choices to farmers than a prescriptive approach driven by institutions which are captive to their own budget and investment constraints
- Implement system to evaluate Ecosystem Services and make corresponding payments to farmers
- Infrastructure support for ecological agriculture
- Price compensation and decoupled income support
- Farmers Income Commission
B. Organizing Farmers for Markets: Experiences of FPOs – VRUTTI

Shri Giridhar and his colleague from VRUTTI gave a presentation on the experiences of VRUTTI with establishing Farmer Producer Organizations (FPOs), sharing about the learnings, issues and challenges. Vrutti has been working since 2011 in the establishment of FPOs. So far, with support from various agencies such as SFAC, NABARD, DFID and World Bank-DM, they have established 68 FPOs in 7 states with 95,250 farmers. The important points are summarized below.

- Small farmers are suffering from small landholdings, poor access to market information, low volumes of production leading to higher unit costs, and lack of holding capacity. Farmers need to be organized to remove dependency on traders and intermediaries, have better access to credit and capital.
- FPOs provide economies of scale, lower unit transaction costs, help small farmers integrate with markets, collectively own processing units and control the supply chain.
- Government has identified FPOs as the most appropriate institutional form to mobilize farmers and collectively leverage their production and marketing strength.
- A successful FPO needs the following:
  - Run on business principles and business plan and not on grants
  - Needs viable scale in terms of production volume and number of farmers
  - Informally aggregate small farmers into groups of 10-20, then build formal institution.
  - Management by professionals and Governance by farmers (accountable, elected leaders)
- Cluster approach has worked well, with each cluster having about 5000 farmers. There may be 3-5 FPOs in each cluster. A cluster might have one dominant product but supports other commodities based on demand from farmers.
- Time for building an FPO has come down from 4 years to 2.5 years.
- Mobilization of membership can be staggered, with a target of 300-1000 farmers in first 2 years. Important to do a full marketing cycle in first year even if membership is low.
- Challenges are in scaling up commodity marketing and supply chain, getting investments, information flow to and from farmers and integration of all services.
- What is needed from the government:
  - Working capital and Credit Guarantee to enable institutional finance
  - Time period required for sustaining an FPO is at least 5 years
  - Integrated support from multiple agencies needed at the same time – government, finance agencies and marketing
**THEME VI: POLICY SUPPORT MEASURES FOR SMALL AND MARGINAL FARMERS**

This session was chaired by Prof. D. Narasimha Reddy. It involved presentations by Shri S. Malla Reddy of All India Kisan Sabha on the recommendations from various Commissions appointed to propose a way out of the agrarian crisis, by Dr. Nilachala Acharya on public investments in agriculture and rural economy, and by Shri Devinder Sharma on the key policy reasons underlying the continuing agrarian crisis. This last session was important in bringing out a deeper discussion on the policy support measures required to make agriculture viable for small and marginal farmers in India.

A. **Learning from earlier Commission Reports – Shri Sarampalli Malla Reddy,**
   **National Vice President, All India Kisan Sabha**

Shri Malla Reddy stated that government policies are the main reason for the stagnation in agriculture which is responsible for farmer suicides. The Central and State governments have appointed various Commissions – many of them in response to farmers’ agitations and political mobilization. These Commissions have submitted their reports, and in many cases the Parliament or State Assemblies have accepted them and submitted Action Taken Reports. In many cases, the recommendations have not been implemented. We need to understand the recommendations of various Commissions and what happened to them.

**National Farmers Commission (M.S. Swaminathan):** The Swaminathan Commission is popularly known for its recommendation that Minimum Support Price should be 50% above Cost of Cultivation. But there are many other important recommendations out of which there are 10 important ones.

- Ensuring Farmers’ Incomes should be the focus of agricultural policy, not just increasing Production. Agriculture should be incentivized to attract and retain youth, and make it intellectually challenging. Special focus on sustainable rural employment.
- Prices should be fixed to enable farmers getting minimum economically viable net income. MSP should be C2 Cost of Cultivation + 50%. Establish Market Stabilization Fund for effective market intervention when there is price fall.
- Complete the land reforms agenda. Homestead land in the hands of poor will help in income and nutrition security. Landless agriculture workers should be given at least one acre of cultivated land. Real cultivators should be identified and recorded.
- Land Use policy should be made to prevent agricultural land from getting converted at a large scale to non-agricultural purpose.
- Take appropriate measures to protect land, water, biodiversity and climate. Strengthen biosafety in crops, animals and fish. Special focus on animal husbandry, poultry and fish cultivation.
India should become a global outsourcing hub for input supply and food processing. Biotechnology, information and communication technology should be strengthened.

Farmer cooperatives and services cooperatives should be promoted. Tube wells and lift irrigation schemes in villages can be handled by them. Self Help Groups should be facilitated to take land on lease and cultivate. Farmer producer companies should be formed which can produce seeds, biofertilisers, biopesticides, and move towards sustainable agriculture. Their lands should not be converted into a share capital.

Every cultivator should get access to affordable and timely credit with adequate scale of finance and low interest rates.

Establish ‘livelihood boxes’ to support Tribal and women farmers. Agriculture courses should be redesigned to suit women. Ensure nutritional security to all, especially children and women.

Impose restriction on imports to increase incomes for farmers.

So far, most of these recommendations are not implemented despite repeated popular demand. Recently, the Central government even gave an affidavit in the Supreme Court that they cannot implement the recommendation on MSP.

Similarly, the Jayati Ghosh Commission established by the A.P. government gave a very good report in 2005. The recommendations included limit on accumulated interest not to exceed the principal, comprehensive insurance for all, and expansion of extension system to have one agriculture officer for every 3 villages, 1000 farming families or 10,000 acres. Most of these recommendations are not yet implemented.

Koneru Ranga Rao committee was a landmark committee established in 2004 with a mandate to look into all issues related to land rights in Andhra Pradesh. Many important recommendations on land distribution, enforcement of land ceiling, protection of assigned lands and rights of tenant farmers have not been implemented despite Koneru Ranga Rao Committee cells being formed in every District Collectorate to oversee the implementation. Justice Ram Chenna Reddy Commission and Justice P.A. Chowdary Commission were also established in A.P.

Bhupinder Hooda Committee was established by the Central government in 2010, consisting of four sitting Chief Ministers as a Working Group on Agricultural Production. One of the important recommendations was to drastically revise the norms for the Calamity Relief Fund (CRF) and increase compensation for crop loss due to natural calamities to at least Rs.10,000 per acre but this was not done for the next five years.

An Expert Group on Agricultural Indebtedness was established with Prof. R.Radhakrishna as Chairman. The report in 2007 gave many useful recommendations including interest waiver for rescheduled loans and swapping of all private loans with bank loans so that
every farmer is brought into institutional credit system. Yet, more than 60% of farmers remain outside the ambit of institutional credit – thus continuing the debt trap of informal loans with high interest.

Vaidyanathan Task Force (2004) on rural credit cooperatives came up with recommendations to revamp the credit cooperative institutions. This included merging the loss-making cooperatives with other cooperatives, and removal of credit to cooperatives which have less than 30% recovery and so on. The implementation of the Vaidyanathan task force recommendations was protested by many farmer unions. A later Task Force under Dr. Prakash Bakshi (2013) came up with more drastic recommendations that would dismantle the Primary Agricultural Cooperative Societies and convert them into mere business correspondents of commercial banks to function on a commission basis.

Shri Malla Reddy said that the Government has moved very quickly to implement the recommendations from committees such as Vaidyanathan and Prakash Bakshi which weaken the cooperatives and reduce the credit availability for small farmers. However, many of the farmer-friendly recommendations of the other Commissions have remained unimplemented. This shows the lack of sincerity from the government to address the agrarian crisis.

B. Agrarian Crisis: A Policy Paralysis – Shri Devinder Sharma, policy expert

Eminent agriculture and food policy analyst Shri Devinder Sharma gave an illuminating lecture on the fundamental issues underlying the agrarian crisis. He began with two incidents to illustrate these points.

When Lech Walesa was fighting the Polish Solidarity struggle, the Nobel Prize committee constituted a committee headed by Norman Borlaug to recommend whether he should be given the Nobel Prize. Borlaug recommended No because Lech Walesa was only campaigning for cheaper food for his workers but not talking about what will happen to the food producers. But ultimately, as we know, Lech Walesa and the Solidarity movement got the Nobel Prize. Over the decades and all over the world, governments want the farmers to be kept down producing cheap food.

The second incident is a conference organized by MS Swaminathan Research Foundation (MSSRF) in 1996. Ismail Serageldin of the World Bank who was then Vice President for Environmentally Sustainable Development, and also the Chairman of CGIAR, made a statement that in the next twenty years, the number of people who will be migrating from rural to urban areas in India will be double the combined population of U.K, Germany and France. The combined population of the three countries was 200 million, so the World Bank had already said that 400 million people will be migrating from rural to urban in India by 2015, and now we are in 2015.
He had always thought that this was a warning from the World Bank that this crisis is going to happen so India should change its policies. But in 2008, the World Development Report by the World Bank essentially tells India that we gave you a task but you haven’t done it so now you hasten this process.

Having set this context, Devinder Sharma presented his thesis which flows in the form of six key arguments.

**The crisis is part of a design – to hasten the process of migration**

We should be clear that this is all part of a design. It says that land which is a productive asset is now in the hands of inefficient producers *i.e.* farmers, so they need to be moved out of the land to give way to industrial production. The World Development Report (2008) suggested that we go for land rentals and land acquisition. It also suggested that since the younger people in villages do not know anything other than farming, India needs to set up hundreds of institutes to train the young farmers to become industrial workers. In 2009, Mr.Chidambaram was the Finance Minister and in the budget, he declared one thousand new Industrial Training Institutes (I.T.I.s) to be opened. The government was literally following what the World Bank was telling them.

They actually want agriculture to diminish and that India should shift its focus away from it and generally believe that unless people move into urban areas, economic growth cannot be achieved. It is an illusion to think that the government can be somehow persuaded to focus on farmers or that they are somehow not aware of what they are doing.

**The reality of economic growth and urban job creation**

The new Finance Minister is talking about creating 300 million new jobs. But the question to ask is that when 300 million new jobs have not been created in 68 years since independence how that can be expected in a few years. When people are moved out of the rural areas, they will become daily wage labourers. That’s not what we would think of as job creation but that is the reality. We should ask them where the roadmap for creating 300 million jobs is.

The mainline thinking is that the only way to grow is to create enough jobs in the urban areas. Higher growth means higher job creation. This also needs to be debunked. Let’s look at last 10 years. During 2004-05 to 2009-10 the high growth period the net new employment created is only 2.7 million.

In the last 10 years, average GDP growth was 7.5% but only 1.5 crore jobs were created. Meanwhile, every year we are adding 1.2 crores to the employment bracket! We are led to believe that if your GDP increases then all the problems are solved. There are countries which raise their GDP by including proceeds from prostitution and drug sale into it.
Moving all the people from rural to urban is not going to work. Why can’t we go the other way? 60 crore people are depending on agriculture. Why can’t we provide them support instead of divesting them of land resources? Why can’t we provide income support to them and also create small industry and provide jobs in rural areas, instead of pushing them all into urban areas? UNFPA report says that by 2030, 50% population would live in urban areas but those urban areas would be only 2% of the geographical area. So we are talking about packing 50% population into 2% area.

**It is the economic framework that makes agriculture unviable**

The mainline discourse is that we have no other choice except to move these people out of agriculture. We are made to believe that agriculture is economically unviable. The problem is we are trying to find economic viability within the same framework.

In the past 3 months, there has been a spree of farmer suicides in states like UP which didn’t see earlier. Why? CACP reports show the net return from cultivating wheat in U.P. is less than 11,000 rupees per hectare. Since wheat is a 6-month crop, this is less than 2000 rupees per hectare per month. In Punjab which is supposed to be better off, we find that net income for wheat is Rs.18,000 per hectare, and rice is Rs.17,000 per hectare. This is at a high productivity level of 5 tons per ha for wheat and 4.5 tons per ha for rice. This comes to about Rs.3000 per hectare per month. This is in a state which is best placed. There are other states where the net return is negative. In last 4 years, MSP has only been raised by Rs.50 or Rs.100 - which is hardly 3% which is nothing when the inflation itself is above 7%.

CACP said that they have deliberately kept cotton MSP lower by 30% to keep the industry afloat. We are mistakenly made to believe that farmers are being subsidized, but actually farmers are subsidizing the industry and subsidizing the consumers. This is in line with what Norman Borlaug had said about Poland.

We are told that there is no income in agriculture, that every sector is prospering but not agriculture. Let us see how that has come about.

Wheat procurement price of 1970 was Rs. 76/qtl. In 2015, it is Rs.1450/qtl. In 45 years the price has grown by 19 times.

Salary increase of other sections of society (Basic salary + DA):
- **Central government employees:** 130 times
- **Professors/lecturers:** 150 times
- **Teachers:** 280-300 times
- **Corporate sector:** 300-1000 times
Agriculture is the only sector where it has gone up only by 19 times. To keep parity with the other sectors, farmers should have got at least 100 times MSP! Wheat price should have been Rs.7600 per quintal. I am sure that if that had been the case, there would be reverse migration and youth will be enthusiastic about agriculture, and so on.

We can go on trying to find answers within the existing framework - water harvesting, natural farming, producer companies etc. But it won't solve the problem unless we consider what is happening in the larger economy outside agriculture. When the farmer is not getting his due how do you expect him to make investments and so on?

**Productivity is not the solution – How farmers in other countries receive support**

Technology has not helped. The assumption in agricultural universities is that raising productivity will make farming viable. The popular thinking is that unless he is globally competitive, farmers cannot survive. Scientists also try to put the same view into the heads of policy makers. Let us examine whether this is really true.

At the Cancun Ministerial of WTO, there was focus on cotton subsidies in the US – leaders of four Western African countries had written an article in New York Times that subsidies to US farmers kill their farmers. India has the largest area in cotton is in India. We are told that unless we raise the productivity to American level we cannot survive.

In the US, there are 20,000 cotton farmers. Productivity is the highest in the world. In 2005, they produced cotton worth 3.9 billion dollars. They were given a subsidy of 4.7 billion dollars. Indian farmers can also raise their productivity so high but who will give them the subsidy at that level? Despite such huge subsidies, they sell at lower prices so that the farmer in Vidarbha is priced out. So it looks very efficient.

On top of it, US government pays 180 million dollars to textile industry to purchase the subsidized cotton. In WTO, this became a big issue and Brazil took them to WTO Court. After getting several adjournments, the U.S. lost the case. They paid 147 million dollars to Brazilian cotton farmers for 10 years so that they keep quiet – making it a case of international bribery. The international prices remained the same.

Still, we keep saying that Indian farmers are not productive, that’s why they die. Rice productivity in India is 3 tons per ha. American is 7 tons per ha. Total value of American rice is 1.2 billion dollars output but they get 1.5 billion dollars subsidy. If 7 tons per ha is going to make farmers viable then why are American farmers still getting subsidy? The argument that low productivity is what is keeping Indian farmers poor is bunkum.

**Need to move beyond Minimum Support Price as the main solution**
Farmer unions in the country have also become so programmed in their thinking that if MSP is raised all the problems will be solved. During the interaction with Shantakumar Committee, the FCI chairman informed us that only 6% of the farmers benefit directly from MSP. Swaminathan Commission’s recommendation of C2+50% will also benefit only the MSP. Swaminathan himself agrees that C2+50% is not the answer, and agrees that direct payment to the farmers is the answer. The days of MSP are numbered. We have to find out mechanisms to sustain agriculture for a long time.

To make the price system effective, we need to expand the APMC mandi system and access to the farmers. Economic Survey says that they have already removed the fruits and vegetables from the APMC mandis, and the next target will be the grains. They want everything to be integrated with a National market which means providing to the agribusiness giants.

We can look at the Bihar experience. In 2007, Bihar revoked APMC Act. But Punjab and A.P. has APMC markets. In Punjab, procurement price of wheat is Rs.1450. In Bihar is Rs.800-900. Once you remove the APMC from Punjab, they also become Bihar farmers. That is what the industry wants. Unfortunately, a few economists who sit in the TV discussions influence the discourse. We have stayed quiet and let this kind of hypothesis prevail. We have also faltered and failed our farmers.

Now we have 7000 mandis. If we have markets within every 5 kilometer radius as per the original APMC Act, we would require 42000 mandis. Developing rural infrastructure should mean investing in mandis.

The economic thinking in the world has also changed from price intervention to income support. As per WTO also we cannot keep enhancing MSP. In rice, the de minimis level was 10%, and it has already crossed 24%. So there is no scope to enhance it further. The MSP era is over now if we have to go with the international regime. US Trade Representative is insisting that Indian government should not provide MSP to its farmers. US farmers have written to their government that India’s Food Security Act will hurt their commercial interests. The US government knows how to protect their interests. Unfortunately Indian government is also thinking about how to protect US commercial interests.

The process to dismantle MSP has already begun. The states have been told that wherever the state government gives MSP bonus, the procurement will stop. Ministers in Punjab and Chhattisgarh are worried about what will happen to their farmers.

**Assured Income is the solution**

Instead of dividing the debate into questions like whether crop compensation is better or crop insurance, we should focus on ensuring farmer’s income.
In a recent conversation when Bombay’s top industrialist was told that farmer income is the biggest issue in agriculture, he said he expects the farmer's average family income to be Rs.5000. There is a presumption among the elite that it is fine for farmers to be kept at that level.

As per NSSO 2003, the average farmer income was Rs. 2115 per month, with only 3 states – Punjab, Tamil Nadu and Jammu & Kashmir – above that level. As per NSSO 2013, we are told that that average farmer household income is Rs. 6000 per month, but only Rs. 3200 is from cultivation.

In the U.S., average income of farming household is 4.5 times the average income; in Holland it is 2.6 times the average income. But in India we never cared to give income to our farmers. This is the reality.

Our challenge is to pressurize the government to make agriculture profitable and sustainable, so that farmers make a dignified living. We need an economic model based on farming which leads to socio-economic growth, if the Prime Minister’s slogan sab ka saath, sab ka vikas is to be really meaningful. We need to put income in the hands of farmers. Credit is not the answer. We would loan more money to farmers and increase their debt. More Green Revolution is not the answer. Once your natural resource base is destroyed we find that agriculture would not be viable.

We have no other option but to provide Direct Income support to farmers. The answers about the exact mechanisms can be worked out. A Farmers Income Commission should be formed with people who understand farming and economics. Their Terms of Reference should be that a farmer should get a minimum assured income per month.

Let us not be under an illusion that we can save farmers by providing ecological agriculture or Farmer Producer Organizations. Unless we can buttress the farmers’ incomes, we cannot hope to save Indian farming.

C. Public Expenditure in Agriculture in the context of Fiscal Federalism – Dr. Nilachala Acharya, Centre for Budget Governance and Accountability (CBGA)

Dr. Nilachala Acharya of CBGA, New Delhi, made a presentation on the trends in public expenditure in agriculture and rural economy since 1950’s, with particular focus on the past one year after the implementation of “fiscal federalism” through higher devolution of taxes to the states. The main points are summarized here.

- In terms of public policy in agriculture, there are three distinct phases: from 1950 until late 1960’s; from 1970 until end of 1980’s; 1991 to present.
Phase I: In 1950’s and 1960’s, the focus was on land reforms, Community Development Programs, and substantial investments in power and irrigation projects, and direct public investments in agriculture. In the 1st Five Year Plan (FYP), 37% of plan expenditure was towards agriculture, irrigation and flood control. Despite this, there were serious lacunae and policy failures, leading up to the agrarian crisis during mid-to-late 1960’s.

Phase II: From 1970 to late 1980’s may be seen as “pulling up” of agriculture, with substantial investments as part of the Green Revolution package – which was driven by the adoption of seed-fertilizer-water-technology. Nationalization of banks in 1969 and priority sector lending for agriculture critically helped farmers. Subsidized fertilizers and inputs, and investments in research and extension were crucial to the spread of Green Revolution. As a result, GDP of primary sector grew at 4.7% in 1980’s compared to 1.3% in 1970’s and 2.7% earlier.

Phase III: Since 1991, the ascendancy of neo-liberal economic paradigm has seen the country witnessing serious agrarian crisis manifested in farmer suicides which have now spread to many new states including Punjab, Haryana and U.P.

The decline in public investment in Agriculture is clear from the graph below:

Share of Public Sector Plan Expenditure towards Agriculture Sector out of Total Public Sector Plan Outlay since Third FYP (in %)

In 2015-16, the Central allocation to key schemes has drastic reductions.
The Central government says that since the states have been allotted higher share of tax revenue, the share of Central government allocation in all these schemes has reduced. It is expected that the states will contribute to cover this deficit.

However, in 2015-16, many states have also reduced their allocations, so this is resulting in a squeeze for funds for many of the key schemes meant to help farmers.

In particular, the Rashtriya Krishi Vikas Yojana (RKVY), the flagship scheme introduced to address agrarian crisis, has seen a drastic cut of 54% from Central funds from Rs.9864 crores in 2014-15 to Rs.4500 crores in 2015-16. This cut is supposed to be compensated by increased allocation by the States.

However, the State budgets show that the States have further reduced their allocations for RKVY instead of increasing the share of the State. Thus, the total State allocations for RKVY which was Rs.7889 crores in 2014-15 has reduced to Rs.2958 crores in 2015-16.

### State Allocations under RKVY

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Therefore, the changes brought in this year in the name of 'fiscal federalism' have further undermined the public investments in agriculture. This situation needs urgent attention. Both the Centre and the States need to re-prioritize their respective budgets towards agriculture and allied sectors.

**Remarks by the Chair (Prof. DNR):**

Prof. DNR opened the discussion with his remarks. What has been unfolding on the budget front in the past few decades and especially last year is more seemingly fiscal federalism, with 42% being allotted to states. It is presumed that as agriculture is a state subject states should spend more on it but that is not happening. The NITI Ayog vice president’s statement about agriculture not being important gives us a strong message – no person in such a position can put such an article on the Niti Ayog website unless there is a strong government support for that view. So, this is a message from the government itself.

Dr. Devinder Sharma’s dimension of incomes to farmers has not been given enough importance. It may seem as if the whole demand is made on the basis that there is a crisis and they are not getting enough income. But there is a basic philosophy behind it which is captured in economics by the Principle of Fair Relativities. Even the 1st Pay Commission said that we cannot look at the government servants detached from the rest of the society. We need to look at relative incomes.

One of the injustices done with the comparision of agriculturists and non-agriculturists is that we have got stuck in the concept of "Terms of Trade" which doesn't much about how much the farmers get – it only talks in terms of prices. When it comes to earnings and
incomes, it has no relation to the so called prices shown in terms of trade. We only used to say 1% less or 1.5% more. If we find that terms of trade are better for agriculture then the conclusion was that farmers are better off. This is clearly not true.

**Fair Relativities:** If we take the income of teacher in a village and 5-acre farmer, what they were getting in the 1950’s was probably the same. If we compare what they are getting now we see the difference. This is exactly the concept of Fair Relativities. We are assuming that the teacher is doing the same work, and the farmer is doing the same work. It is not that the teacher’s productivity has increased dramatically – the output in eight hours a day has probably remained same. But now there is a vast gap in the incomes. Any farmer’s son now prefers to work as a government peon because the entire relativities are disturbed.

If we look at the price mechanism alone, perhaps it cannot go far. As someone remarked, the single business of the Governor heading the Reserve Bank seems to be Inflation Watch. This means that we are so sensitive to the issue of price. There is such hue and cry about food price inflation, so there is huge resistance to raising MSP. If you look at how to keep these fair relativities, perhaps there is no other way but to that of income support.

In the latest issue of the Economist, there are two papers on China. One talks about how Chinese agriculture gets 168 billion dollars subsidy, the highest in the world, higher than combined subsidy given in US and Europe. The second paper talks about how China doesn't care about international restrictions on tariffs. They put very steep duties on sugar but soybean is duty free because they want it cheap for their livestock.

Each country has its own strategy to protect its interests. When someone remarked that China is wasting such an enormous amount on procurement, the chief of procurement replied that this is “cheerful waste”, that a country like China pays the price for food security and it is proud of its huge buffer stocks. The issue should be understood from that national perspective. It is disturbing that the Indian government doesn’t seem to realize this. We don’t seem to have our own national interest and key sector in perspective.

Therefore, when it comes to Dr. Devinder Sharma’s insistence on farmers’ incomes, it is a deeply philosophical way to look at your country and different sections of people. Unless we look at the relativities, we cannot address the crisis. We should at least use the route that others are already using. When China is able to give 168 billion dollars, India can at least give 16 billion dollars.

Malla Reddy's presentation shows that Commissions are not in shortage, recommendations not in shortage. There is a kind of game that is being played. Now we have Shantakumar chairing a Commission and those recommendations may well be implemented.
The incomes demand should not be seen as just a populist demand. We need to look at it from a deeper perspective; at least this group should do so and take forward the demand for fair incomes. If this is not done, then whatever we are trying to struggle with sustainable agriculture and so on, it is necessary but it is not sufficient.

**Discussion:**

Dr. Suman Chandra: After consolidating all the recommendations from this consultation a small core committee will be formed to refine them and they will be sent to Telangana, A.P. and Maharashtra governments. Efforts will be made to reach them to the Central government.

K. Sajaya: The age group of farmers who commit suicide is very bothering, it is around 30. They are the new generation and new sections. Majority are from Backward Castes and some from Scheduled Castes and Scheduled Tribes. The reality is that women are carrying out agriculture and if we do not take all these seriously we will not go anywhere.

Rajan: Why are the Commission reports are not implemented. Consultation after consultations happen and nothing materializes from them. Government said it cannot implement Swaminathan’s recommendation on MSP, whereas we activists have been telling farmers that our demands will be implemented. I want to know what activists like me should be saying to farmers after going back from here.

Dr. Aldas Janaiah: We need clear suggestions to bring economic empowerment of farmers. Question to Dr. Nilachala Acharya: Even though the RKVY component is minimal in the budget, how do you say that it contributed to growth?

Dr. Aribandi Prasad Rao: So many Free Trade Agreements are being signed. What can we do about them?

Dr. R.K.Yogi (ICAR): Only 6% of the farmers access MSP as per studies, and policy consciousness and awareness is very less among farmers. But MSP is much higher than what tribal people sell their Non-Timber Forest Produce (NTFP). We should have support for the produce of the tribals also.

Pasya Padma: Private traders are purchasing from the farmers in the villages, they become a syndicate and fix a price. What is the government is doing about implementation of MSP?

Divya Thejo Murthy: We recently conducted a survey on the effect of crop holiday (2011) in Godavari districts. We found that the tenant farmers have migrated to towns, and the small and marginal farmers are in pathetic condition. Farmers in drought prone areas are even more distressed. In this context, how can the public support be strengthened?
Dr. Madhusudhan Bhattarai (ICRISAT): We need to discuss implications of Income support. Is the Income guarantee system per unit area or per household? Equal percentage of the farmers are not just cultivators, there are agriculture laborers, etc. Can you explain how the Income Security system is going to work for them? Is it based on unit area? If so, the smaller farmers will get less and larger farmers will get more.

The income support may work for countries where farmers consist only 2% of population but in India, it is 60% so we may not be able to protect. What is the practical mechanism should be discussed.

Providing minimum social security is very important. This exists in most countries including Asian countries. The psychological aspect of farmer suicides and their depression should be addressed. If you look at South-East Asian countries or China, a large number of people are being moved out of villages. Though we don’t want forced displacement, we should be open to voluntary displacement.

Saroj Mohanty: There is no alliance of farmers unions to put pressure on government at national level. While most farmer unions are struck on MSP or fertilizer subsidy, the Left movements revolve around land issues, and they do not talk on agriculture policy. They are two different strands, but there is no national organization which talks about both in a holistic manner. Unless that process takes on there can be no way out. Farmers’ organizations and research academics should come to a common understanding, we need a bigger commitment.

It was pointed out that there was an election promise to give farmers a pension of Rs.5000/month, and our consultation should strongly recommend for that.

Response by Devinder Sharma

The questions and comments show the extent of concern present among the people here. Younger people are committing suicide leaving behind widows and young children – this is happening in Punjab also, it is a very serious situation.

Regarding assuring incomes to 60% of population: When this issue was discussed with Prime Minister Manmohan Singh, he said that 9.5 crore farming families is too large a number for income support. But I believe that it is not too large for the government to handle – which represents 130 crore people. The message is that the government is really not keen to take on this particular issue of farmers’ income.

Farmers, as the largest constituency, have failed to make the demand in the manner that could have an impact. All trade union work together but Kisan unions don’t. Prof. Nanjundaswamy used to say that at state level we are heroes, national level we are zeroes.
Ideological egos come in the way of unity. If farmers all come together we can get Income Commission and any other demand.

**MSP not being implemented:** There are a couple of more products also recommended for adding to the MSP list. Even as per FCI reports, only 6% are getting MSP and 94% are outside it. We should look at how our demands will cover the 94% who remain outside the MSP. Now even this 6% will go away unless farmer unions put pressure on this.

**Income for different sections of farmers:** There is lot of analysis available of different sections, how much income they obtain from different sources. We need to work on the averages – if the average land holding is 1.3 hectares we need to look at how much a 1.3 hectare farmer is making and make calculations accordingly.

We are not against “pull” migration but we are against “push” migration. When government says we have to push these many people out, it is push migration. If people are automatically coming to do better work that they like, no one is stopping them. But if they are coming to cities and becoming rickshaw-pullers that is not pull factor, it is push factor.

Someone said US has less than 2% farmers. Roughly 100 years back, by 1930, they pushed roughly around 100 million people out of Agriculture forcibly and the remaining people left after the 2nd World War. Now, I think there are only 1%. There are more people in American jails than in farms. We should not follow that model. We should avoid the same economic thinking of how America/Europe has done it.

Government is saying they will provide 300 million jobs. We have to blame ourselves that we didn’t ask tough questions about where they will create 300 million jobs from. In the last 10 years, they created only 15 million.

**Regarding FTA’s,** each FTA should be looked at separately. Each of them is worrisome with their own negotiation. For instance, Europe-India FTA asks India to reduce the import duty on fruits, milk, vegetables and even chicken legs. One can understand Europe pushing for it, but one cannot understand Indian policy-makers like Ashok Gulati making the same argument. Chicken legs in Central Europe are called push legs because they are pushed into their countries from America and Western Europe where chicken legs are considered waste. They want to push those and destroy the poultry industry here.

**When we import food, we import unemployment.** Today import duty is 60% now they want to reduce to around 30% so cheaper milk can come into India. In Europe and America, each cow gets the kind of subsidy that it can travel business class around the world. We need to do capacity-building for youth from farming community so that they can be gainfully employed in dairy, poultry and so on, rather than importing food.
Intellectual Property Rights (IPR) laws are also changing significantly and need to be examined carefully.

There is an agreement coming up with China which is worrisome. From 2010 to 2012, China has setup one milk plant every month. Chinese don’t drink milk. Why are they constructing those milk plants. They are waiting for India to open up the trade so that they can flood India with milk.

In the FTA with Australia, they want us to open up wheat import. The tariff is already at 50%, now they want to make it zero. We already have the lessons from oilseeds.

In 1984 when Rajiv Gandhi became PM, out biggest imports were Petroleum, Fertilizer (both we can’t produce) and 15000 crores of Edible Oil. Technology Mission on Oilseeds was started, and in 10 yrs (1993-94) India became almost self-sufficient in edible oils. 97% was being produced within India. We had a bound import duty of 300%. In another 4-5 years we reduced it to 150%. Now it has become almost zero. Result of that we are importing edible oils worth Rs.60,000 crores. We should be producing oil.

This is one illustration to show that Food security is related to trade policies. All these impact agriculture so we should be watchful about FTAs. Now the same argument is being used by the scientists pushing GM Mustard saying that we need to increase productivity to reduce dependence on oil imports. This is a false argument – our imports increased due to the tariff policy not because our productivity was low.

**Economic empowerment of farmers:** We are being told that 2.5 lakh crores is being spent to subsidize the poor, we cannot afford to increase this. Arguments are being made that if we cut Rs.48,000 crores of food subsidy, that can be used to provide irrigation. Instead of demonizing the subsidies for the poor, the government should look at the Rs.42 lakh crore of corporate subsidies given in the past 10 years. The point is that India has no dearth of money to provide subsidies.

If the government gives Terms of Reference to the Farmers Income Commission to work out how much monthly income a farming family should get, depending on production level and the area that a farmer cultivates, income should be distributed. It needs to be worked out separately for different regions, but there are methods to do it. The subsidy funds can be put together in that basket. This can be linked up with industry.

Punjab is the biggest producer of surplus wheat. But most of the wheat consumed by the people of Punjab comes from Madhya Pradesh – because people believe that the wheat from M.P. has less pesticide. Instead, Punjab farmers can focus on cultivating with zero or low pesticide. The government should encourage or give incentives and provide support to local farmers to produce foods that are locally consumed.
Primary focus should be on enhancing farmers’ income, while other initiatives are needed such as providing irrigation.

**Too many committees:** There are many Commissions on the issues. People who are responsible for this crisis, you cannot expect solutions from them. The kind of people who are on these committees should change, otherwise you have people of the same mindset.

**Response by Dr. Nilachala Acharya**

- There are clear ways of generating funds to provide the subsidies. The corporate subsidies amount to Rs.5,70,000 crores every year. We only need to reduce this by 25% or one-fourth – that will give us about Rs.1,50,000 crores.
- Secondly, the Tax vs GDP ratio is 16% in India, even in BRICS countries we are the lowest. Increasing this even by 2% will fetch 2 lakh crores. Despite this, the government has announced a fresh reduction of corporate tax from 30% to 25%. Corporates get 25% tax concessions, if these can be reduced there is enough money.
- There is a way but political will is lacking to provide incomes to farmers. Government is fooling us by saying there is no money, we have to come out of this mindset that we do not have money.
CONSOLIDATION OF RECOMMENDATIONS

Dr. Ramanjaneyulu summarized the key points that emerged from the two-day consultation. The important outcome of the consultation would be to evolve a long term relationship between all the diverse participants, and develop a common understanding on the issues and demands. He requested further feedback on all the points raised, and that the dialogue should continue.

He proposed that we should evolve an “Agri-Watch” group – an independent monitoring group on the various developments, to put together information and use it as an advocacy tool for all of us. We should work toward putting together segregated data on gender and other social categories. We also need to work with the farming community on sustainable models and to strengthen collectives.

Dr. Ramanjaneyulu invited all the participants that we pool our collective energies to work together. The crisis is so deep and the concern among all the participants is also equally deep which shows in the energetic participation and detailed interactions over the two day consultation. He ended with the hope that there will be a day when a farmer doesn’t feel so desperate as to commit suicide in Delhi to draw attention to the problems.

Recommendations of the National Consultation

After extensive, multi-dimensional discussion on policy alternatives to address agrarian distress, the National Consultation expressed deep concern at the de-prioritization of agriculture and small farmers in the national policies. The important policy recommendations which emerged from the consultation are summarized below.

1. A Farmers’ Commission should be established at the state level with statutory powers. This should have representatives from farmers’ collectives, and the relevant experts who are sensitive to the priorities of the farming community. The Commission should have the mandate of ensuring dignified livelihood for farmers and preventing distress, and its functions should include recommending state-level price support, as well as other policy measures, support systems and institutions.

2. Income Security policy should be adopted which assures a minimum income level to all farming households for a dignified living. Various policy measures including price, subsidies, support systems and disaster compensation should be used to achieve the assured income level. Direct Income Support should be used if there is a shortfall. This would directly bridge the huge income gap faced by the farming community, leading to economic growth which is broad-based and sustainable.
3. Minimum Support Price (MSP) should ensure a profit margin above the real cost of cultivation, and MSP should be guaranteed to the farmers as a statutory measure. MSP implementation and procurement should be extended to dryland crops such as millets, pulses and oilseeds. Shanta Kumar Committee recommendations on procurement and PDS should be rejected.

4. Budgetary allocation to agriculture and allied sectors should be increased to 10-15% of the total budget at the Centre and States. The reduction in allocations in the Union Budget 2015-16 for agriculture and allied sectors has not been matched by corresponding increase from States. This is a cause for concern which should be addressed immediately.

5. Ecologically sustainable agriculture should receive systematic support from the government in mission mode to enable time-bound shift away from resource-incentive, chemical-based agriculture.

6. A clear system of identification of the Real Cultivators should be established to protect the rights of tenant farmers, sharecroppers and women farmers and to ensure that they get access to all the government support systems. Tenant farmers should get access to bank loans, crop compensation and all support systems through mechanisms like Loan Eligibility Cards and Joint Liability Groups. Based on the learnings from the Licensed Cultivators Act from Andhra Pradesh and Telangana, other state governments should also put in place effective recognition systems for real cultivators.

7. Women farmers who do 60-70% of the farming work should get full recognition and support as farmers – in terms of land rights, land records, access to credit and other support systems, legal mechanisms, budgetary allocation, and promotion of women farmer collectives. A Women Farmers’ Rights Act should be passed to enforce the rights.

8. Earlier priority lending norms should be restored, including 13.5% to direct lending, and at least 50% of direct lending should go to the small and marginal farmers who constitute 85% of the farming community.

9. Farmer Producer Organizations should be widely established for small and marginal farmers with financing support from the government. FPOs should be independent and establish control over the value chain through processing units, consolidation and marketing.

10. Identification of farmer suicides should be made more simplified and accountable, and the farmer suicide families should get immediate ex gratia and one-time settlement of
all outstanding loans. The ex-gratia should be set at Rs.5 lakhs, and revised regularly. The children should get education and livelihood support.

11. Disaster compensation for crop loss and damage due to natural disasters including drought should be given as per the Hooda Committee recommendations, with a minimum of Rs.10,000 per acre, to be revised regularly. The compensation should be disbursed within a short time with a deadline to enable farmers to plant the next crop – not exceeding 3 months from the time of crop damage.

12. International trade agreements and WTO should not be allowed to dictate anti-farmer policies in the country. Livelihoods of farmers and Food sovereignty of the country should be the two paramount concerns, and any agreements which undermine these concerns should be rejected.

13. Agricultural insurance should be made more effective and farmer-friendly, expanded to cover more crops and the unit of insurance should be village or a sub-unit of a village. The premium subsidy should be increased to make it affordable for most farmers. A regulatory body should be established to ensure fair implementation of insurance scheme in the interests of farmers.

14. MGNREGS should be strengthened and implemented properly to ensure productive work opportunity and social security to the rural workers, and emphasis on works that enhance agriculture and allied occupations.

15. A comprehensive social security system should be put in place for the farming community and all rural unorganized sector workers, including a pension of Rs.5000 per month, to be revised regularly for inflation.
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<tr>
<th>S.No.</th>
<th>Name</th>
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<tbody>
<tr>
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<td>13</td>
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<td>14</td>
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<td>Dr. Thiagu Ranganathan</td>
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<td>18</td>
<td>P.S.M. Rao</td>
<td>Columnist</td>
<td>Hyderabad</td>
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<td>19</td>
<td>Sarampally Malla Reddy</td>
<td>Vice President, All India Kisan Sabha</td>
<td>Hyderabad</td>
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<td>20</td>
<td>Kiran Kumar Vissa</td>
<td>Rytu Swarajya Vedika</td>
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<td>Potu Nagarjun</td>
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<td>22</td>
<td>Raji Reddy</td>
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<td>Uma Shankari</td>
<td>Rythu Swarajya Vedika</td>
<td>Vallivedu, Chittoor, A.P.</td>
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<td>Gandhi Babu</td>
<td>Director, ASDS</td>
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<td>Kadiri, A.P.</td>
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<td>V. Divya Tejo Murthy</td>
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<td>Guntur, A.P.</td>
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<tr>
<td>29</td>
<td>Sabita Parida</td>
<td>Oxfam India</td>
<td>New Delhi</td>
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<td>30</td>
<td>Byomakesh Kr Lal</td>
<td>Program Manager, Action Aid</td>
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<td>31</td>
<td>Dr. R.K. Yogi</td>
<td>Scientist, ICAR</td>
<td>Ranchi, Jharkhand</td>
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<tr>
<td>32</td>
<td>Rohini Mohan</td>
<td>Asst Editor, The Economic Times</td>
<td>Bengaluru</td>
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<td>33</td>
<td>Kamaraja Mali Patil</td>
<td>President, Karnataka Rajya Raitha</td>
<td>Raichur, Karnataka</td>
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<tr>
<td>34</td>
<td>V. Beemeswara Rao</td>
<td>KRRS</td>
<td>Raichur, Karnataka</td>
</tr>
<tr>
<td>35</td>
<td>Gajanan Kale</td>
<td>Apeksha Homeo Society</td>
<td>Amaravati, Maharashtra</td>
</tr>
<tr>
<td>36</td>
<td>Saroj Mohanty</td>
<td>Paschim Odisha Krushak Sangathan</td>
<td>Sambalpur, Odisha</td>
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<tr>
<td>37</td>
<td>C. Chandrasekaran</td>
<td>Joint Director, Agriculture</td>
<td>Tirunelveli, Tamil Nadu</td>
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<td>38</td>
<td>Naveen Ramisetti</td>
<td>Rytu Swarajya Vedika</td>
<td>Secunderabad</td>
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<td>39</td>
<td>B. Kon德拉 Reddy</td>
<td>Rytu Swarajya Vedika</td>
<td>Secunderabad</td>
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<td>40</td>
<td>Pasya Padma</td>
<td>Telangana Raithu Sangam</td>
<td>Hyderabad</td>
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<td>41</td>
<td>Akula Papaiah</td>
<td>All India Kisan Mazdoor Sabha</td>
<td>Nizamabad</td>
</tr>
<tr>
<td>42</td>
<td>Kanneganti Ravi</td>
<td>Editor, Tolakari, &amp; Rytu Swarajya</td>
<td>Hyderabad</td>
</tr>
<tr>
<td>43</td>
<td>Morthala Chandar Rao</td>
<td>Telangana Rytu Sangam</td>
<td>Warangal</td>
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<tr>
<td>44</td>
<td>P. Raghu</td>
<td>Action Aid</td>
<td>New Delhi</td>
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<td>45</td>
<td>K. Satya Prasad</td>
<td>Jana Vignana Vedika</td>
<td>Hyderabad</td>
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<td>46</td>
<td>Raja Ambati</td>
<td>Centre for Sustainable Agriculture</td>
<td>Hyderabad</td>
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<td>47</td>
<td>Dr. Rajendra Chapke</td>
<td>Sr. Scientist, Indian Institute of</td>
<td>HYDERABAD</td>
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<td>48</td>
<td>S. Sudhakar</td>
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<td>Hyderabad</td>
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<td>49</td>
<td>Dr. Madhusudan Bhattarai</td>
<td>Principal Scientist, ICRISAT</td>
<td>HYDERABAD</td>
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