

Rs. 60, 000 Crores: Will The Magic Number Solve The Plight of The Indian Farmers?

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INTRODUCTION

Since independence, the governments - the Central and the State - have been taking constant efforts to develop the agricultural sector. In every Five year plan, considerable amount is being allotted to the farm sector, with ample budgetary supports. The development of agriculture in India since independence is remarkable. Advanced technology has been introduced in the farming sector. Hybrid seeds for majority of the crops were invented. NABARD provides high incentives such as financial assistance to the farmers in the form of crop loans, long term loans for erection of pump sets and digging wells, etc. Still, the plight of the Indian farmer today is unenviable. Majority of them are still under the clutches of private moneylenders. The farmers are not able to repay their loans to the banks and local money lenders. Many of them migrate to industrial towns and face many difficulties in their daily lives. It is miserable to see that some farmers in Andhra Pradesh and Maharashtra states commit suicide along with their family members. Though the government takes initiatives and various measures in every budget, it is unable to stop the suicide attempt by the farmers in many places.

One of the important sectors on which the budget will have to concentrate is agriculture. The country pays a heavy price due to comparative neglect of the needs of the farm sector in the recent past. The yields of food grains have not risen. The production is not adequate to meet the growing demands of the increasing population. This is likely to lead to a potentially inflationary crisis; even though the Government is trying its best to import the balance from Australia and the US. But, this is difficult in view of the rising prices of food grains in the world as a whole. The farm crisis is one that cannot be solved merely by budgetary provision. There has to be an integrated policy on the lines suggested by Dr. M. S. Swaminathan in his report to the government. Excellent as the report is, it needs to be supplemented by concrete and integrated action on the input supply front.

SHORTAGE OF FERTILIZERS

The important problem of farmers is the shortage of necessary fertilizers. This is because of the lack of an adequate policy response to the legitimate demands of the fertilizer industry to provide reasonable compensation for increased cost of production. This failure is typical of a 'penny-wise and pound-foolish' policy under which the fertilizer industry is compelled to sell well below its cost of production while its costs are increasing. If the government wants to satisfy farmers by keeping the sale price low, there is no alternative, except for the government to absorb the difference between the cost of production and sale price. The present mechanism for determining this subsidy has failed to induce extra production. In effect, there is a false air of complacency in government circles that we can import fertilizers from oil-rich countries. This will detract from food security - as risky as our dependence on import of food grains.

PRIORITY TO AGRICULTURE

All indications make it clear that India will face a grave risk on the food and agricultural fronts unless immediate steps are taken to step up investments to increase agricultural production and productivity. Production figures have begun to show a decline even in states which formerly had a good record of performance earlier. Even in a state like Tamil Nadu, which had been doing well in the past, there has been a fall in rice production from 9 million tonnes to 6 million tonnes.

Agriculture, apparently, is not proving profitable. This calls for a thorough and intensive reappraisal of the working of entire range of policies and mechanisms bearing on the availability of fertilizers, seeds and credit, and computation of remunerative prices for farmers based on a realistic cost structure.

The Agricultural Extension Service and Lab-to-Land transfer of best practices by means of demonstration plots had been as good as wound up since 1989 and needs to be urgently revived. It is necessary to revise upwards the targets laid down by the National Food Mission (2007) for raising production of rice, wheat, pulses and other commodities.

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Agro processing is an area which can pay rich dividends, giving a powerful boost to economic growth. The International Commission on Peace and Development, whose prosperity 2000 strategy had already been included in the Budget proposals of 1992 - 1993 had estimated that exploiting the potential for agro-processing will result in the creation of 100 million jobs and double the export receipts.

A country which had attained self sufficiency in food, with more than adequate buffer stocks to run its public distribution system and act as an insurance against emergencies and was also exporting food grains is now inexplicably backsliding with two farmers committing suicide every hour in 2007. No amount of efforts and resources would be too much to ward off food insecurity which has often been a precursor to violence and upheavals.

Continuously declined share of Indian agriculture in GDP and increasing suicides by farmers has been an issue of concern for the Indian government in the last few years. Estimates from Tata Institute of Social Sciences suggest as many as 1, 50,000 farmers committed suicides over the past ten years because they could not repay the debt owned by money-lenders. According to the latest official data, Maharashtra saw 4,453 farmer suicides in 2006, while the number was 2,607 in Andhra Pradesh, 1720 in Karnataka and 2,858 in Madhya Pradesh - Chhattisgarh.

INDIAN AGRICULTURE - SOME VITAL STATISTICS

The following facts and figures show the state of agriculture in our country.

1. A Government report says that because of their debt, nearly 1 lakh members of the farming community committed suicide between 1998 and 2003.
2. Hardly 10 percent of the Indian farmers are covered by crop insurance.
3. 7,000 farmers and their kin killed themselves within a span of six years.
4. 12 percent of all suicides in the country were in the farming community.
5. 2002 - worst year - 16 percent of the suicides among farmers.
6. Total annual rural debts of Punjab were Rs.24, 000 crores in 2003 - 2004 which is more than its gross annual earnings from agriculture. (Source: The Telegraph, April 24, 2006)

There is a total of about 455 million acres of land that is cultivated in India and only about a third of it is covered by irrigation. The share of agriculture in the GDP has registered a decline from 36.4% in 1982 - 1983 to 18.5% in 2006 - 2007. Yet this sector continues to support more than a billion people providing employment to 52% of the workforce (Source: The Hindu dated February 29, 2008, p. 12) and the expenditure on agriculture research is only 0.3 percent of the GDP.

FARMER'S INDEBTEDNESS

The economic survey 2007 - 08 endorses the view of National's Sample Survey Organization which had pointed out that 48.6% of the farm households were indebted. Of the total number of indebted farmers, 61% had operational holdings below one hectare. It is estimated that 57.7% of outstanding amount was sourced from institutional channels and the balance, 42.3% from moneylenders, traders, relatives and friends.

The first decade of the present century, no doubt, is at par with the contemporary decade of the yester century, which witnessed the "Bengal Famine" recorded in the pages of economic history of India. While lack of food was the reason for that, the paucity of funds due to 'price' volatility is the cause for the farmers' 'suicide' now. Nature is the cause for the first and negligence is the reason for the present. After Lord Linlithgow, who cared for the agriculturists, very few have taken them into account. The present budget is no doubt an 'Oasis' to the Indian farmers from Sivaganga to Siliguri. The Ministers were keen on "Revolution" (Doubling the production from 50 m.t. to 100 m.t.) but did not pay much attention to the "arch stone" which is now given as "Second Revolution".

MAN - LAND RELATIONSHIP

Telecasting waiving of loans by the Finance Minister and waving of hands by the Prime Minister to those standing beyond the barricades will not lead the nation to the second revolution.

The man - land contact through toll free 1551 is not going to give rich dividends because majority of the farmers do not possess T. V. or Radio, land line or Mobile phone connection. A farmer should be contacted not through a media but through a man - man (land) relationship.

The young ones, both men and women in the villages, are migrating to urban areas. U. N. Report of 2008 (The Hindu dated 28th February, 2008) states that 50% of the world's people will live in urban areas by the end of this year and 70% by 2050. India is expected to remain with the largest rural population. The exodus has pushed those remaining in agriculture not to cherish their own occupation.

Yet another feature is the untowardliness about the dependents on agriculture. They consist of the tenants, the

cosharers, the lessees (lease holders) and the herdmen like the Konars (cattle rearers), in the Keedheris (wine rearers), in the Duck farmers, inland fisherman and the poultry keepers who recently have been affected by the 'Bird flu'. They constitute nearly 46.2% of those engaged in farming. They have borrowed money from money lenders and the marketers (as well middlemen) in the form of advances with abnormal interest rates. Out of the total debt, this is about 42.3 percent.

FARMERS EXPECTATION - THE BANANA FARMERS OF JALGAON WANT MORE "PERMANENT SOLUTIONS" FROM THE FINANCE MINISTER RATHER THAN JUST LOAN WAIVERS

Farmers of India are expecting a huge bonanza from what is perceived and election - year budget. In the Jalgaon belt, the man who has pioneered drip irrigation in India and can take the credit for the popular farm slogan in this belt - 'Jaha keli waha nali' (where there is banana there is a tube) has a simple answer for the continuing distress of Indian farmers. "For the lot of farmers to improve, the policy makers need to be farmers. But they are from Harvard and other business schools, where they don't teach farming".

Bhavarlal H. Jain, Chairman of Jain Irrigation Systems Limited, comes from an agriculture background; last year his company clocked a turnover of Rs.1, 200 crores (this year's target is Rs.1, 800 crores), but he has never lost touch with farmers. At the lush green Jain Hills, the company's headquarters in Jalgaon, about 400 km from Mumbai, he greets a group of farmers led by V. K. Mahajan, who has bagged an award from the All India Banana Research Institute. Jain sets great store by direct contact with farmers; "my doors are always open to farmers, traders, dealers. For me, talking to them is a rejuvenating experience. I've cut short layers of bureaucracy and am in direct contact with them".

Mahajan admits that not all farmers are smart enough to switch over to new technology and more profitable crops. He rues that while the other Indian sectors are growing rapidly; agriculture is stagnating, and challenges the government to find out the reasons for the stagnation in the agriculture sector. They do believe that the farmer should get more for what he grows "but the problem is that even if prices go up a little in food, the general public starts screaming, and 'koi bhi party ho, government ko jeena hai logo ke vote say' (be it any party, its government survives only on votes)", says Mahajan.

CRUCIAL INPUT FOR FARMERS

Unfortunately in our country, both forms of infrastructure - 'hard' (Roads, Ports, Warehouses) and 'soft' (Information, Education, Extension) are woefully inadequate. It is necessary to invest a lot more in both forms of infrastructure than we do at present. Our agriculture statistics - regrettably - seem to mislead rather than inform. Sugarcane, cotton and oil seeds are the three largest commercial crops of the country, in volume and also value. Millions of growers are engaged in cultivating these crops which are the raw materials for several hundred industrial units that process them. Often, government decisions are based on crop production and the related data. Policy changes based on data of doubtful authenticity can wreck havoc, as was evident in the case of the ban on sugar exports last year. Sugar mills lost export opportunities and cane growers lost remunerative prices.

There has been at times a difference between the agriculture ministries' cane output estimate and the food ministries sugar production estimate. Data relating to cotton and oil seeds too fail to inspire confidence. As for oil seeds, the latest rap seed / mustard output estimate of seventy lakh tonnes has been disputed by the apex body of the industry and trade as being unrealistic, or over - optimistic. Grains-estimates are not different. If rice production in 2007 - 2008 is claimed to be an all-time record of 94 million tonnes, is the restriction on non-basmati export justified? There is a looming suspicion that, from time to time, the government tinkers with acreage and production data of major crops. The ministry of agriculture has a tremendous responsibility to ensure statistical data are collected scientifically with an unswerving commitment to accuracy and authenticity. The last budget of the NDA regime in 2003 - 2004 saw the finance minister, Mr. Jaswant Singh, attempting to nudge the Indian farmer from a "grain mindset" to a "fruit mindset", by aggressively promoting the cause of horticulture and floriculture. Mr. Sharad Pawar, who followed as agriculture minister in the UPA regime made a whopping provision of Rs.10, 000 crores for the promotion of horticulture.

Nothing much came out of both exercises for the ordinary Indian except that some mangoes were sent to the US, which had been a taboo until then. The facts speak for themselves.

Even at the peak of the fruit season, one would need to pay not less than Rs. 40 to 45 for a Kilo of good oranges - more than a US dollar.

Now, where would a labourer, earning Rs.100 - plus a day go to mop up Rs. 45 for his sick child or pregnant wife

who needs some extra nutrition? Who is gobbling up the money between the farmer and consumer? More recently, in 2005 - 2006 budget, Union Finance Minister scaled up the allocation for agriculture from Rs.4,799 crores, the previous year to Rs.6,425 crores, a clear 34 percent increase. A break up shows Rs.400 crores for micro-irrigation, Rs.630 crores for horticulture, Rs.100 for a (knowledge centre) and Rs.50 crores for "strategic agricultural research" - whatever it may mean! And two years down the line, farmers are still taking their lives in the thousands, despite the prime minister's "relief package" in Vidarbha district of Maharashtra, the "cotton - bowl" of India. One is at a loss to know what the strategic agricultural research has delivered or what the centre is doing.

DEBT WAIVER FOR FARMERS IN BUDGET 2008-2009

The UPA government announced 4 budgets already. In all the four budgets, no adequate fund was allocated to the farming sector. The farmers could not repay the loan borrowed from money lenders. Further for the past four years, the farmers could not get loan from the commercial banks and co-operative banks. They suffer a lot due to rainfall failures, lack of adequate yielding from the land, fluctuations in the price of cultivated crops. The government announced **Rs. 60,000** crores of debt relief for farmers. The proposal to write-off loan to the tune of **Rs. 60,000** crores extended to the farmers is seen as one single measure that could have a great impact on the country's economy. Three crores small and marginal farmers will benefit from the scheme, according to the Finance Minister. Further, the finance minister has proposed that all agricultural loans distributed by scheduled commercial banks, regional rural banks and co-operative credit institutions up to March 31, 2007 and overdue as on December 31, 2007 will be covered under debt waiver and debt relief scheme. There will be a complete waiver of loans that were over due on December 31, 2007 and which remained unpaid until February 29, 2008.

STATE OF FARMERS IN THE RECENT PAST

Majority of the farmers are not able to get a loan from the bank due to security and other problems.

1. Normally, the farmers borrow loan frequently from the local money lenders as there is limited formalities for obtaining loan.
2. Farmers in many areas turned to other small wage earning labourers due to very limited income from their land.
3. They even could not meet their day to day requirements of the family members.
4. Some of the farmers started to shift their family to the urban areas where there is more industrial development.
5. Most of the farmers in rural areas arrange money from the commission agencies, who sell their products to the business men.
6. No guaranteed price for the agricultural products that lead to heavy loss to the farmers.
7. It is feared that much of the subsidy may drain out en-route, with only a small portion reaching the end user - viz., the farmer. Hence, though the figure pronounced by the Finance Minister is fantastic, the results may not be as much as expected.

REMEDIES TO SOLVE THE PROBLEMS OF THE FARMERS

1. The government should find the measures to increase the productivity of the land.
2. The inputs of the farming sector needs more amount of funds for getting them in the right time. Further, there is no stability in the prices. Rapid rise in prices of the inputs affects the farmers very much. The government should monitor the price of such items and measures should be taken to control the price.
3. The government should try to fix the reasonable guaranteed price for the agricultural products which will help to increase the income of the farmers.
4. The government and NGOs should organize the awareness programme for the farmers in the rural areas to provide necessary information about the crops and diseases in the crops, proper pesticides and fertilizers for improving the yielding capacity of the land.
5. The government should strengthen the act to monitor the problems created by the money lenders in the rural areas and
6. New technology should be introduced in farming sectors to increase the income of the farmers.
7. Awareness about the crop insurance should be made to the farmers by way of arranging awareness programmes in rural areas. NGOs may contribute much for creating awareness about crop insurance among the farmers.
8. Efforts should be taken by the governments to find hybrids for all types of crops which will help the farmers to fetch income frequently.
9. Agriculture should be at the top agenda of policy makers.

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CONCLUSION

The farmers of the country face multifarious problems. Water problem is the main reason for decrease in the yielding of the land. The farmers use traditional method of farming which is not suitable for modern crops. Using Bio-fertilizer will minimize the expenses. The government should try to eliminate such types of problems frequently faced by farmers. That will be the proper remedy to safeguard the farmers. The landlords only borrow huge amount of loans from various banks as they have more influence in the local areas. Only limited small farmers will be benefited through this scheme. The debt waiver scheme in the budget is announced for Rs.60, 000 crores. It will not benefit all the farmers. It will be more useful only to the land lords who have influence in the local areas and in banks. So the government should find a permanent solution to solve the problems of the farmers. What is needed is an integrated bottom to top approach for increasing the productivity, reducing the cost, and fetching remuneration prices for the farm products, and to ensure a decent life to the food provider of the nation - the farmer.

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