Crisis in the Fields: Examining the Root Causes of Agrarian Distress in India

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Abstract

Agricultural distress in India is a multifaceted issue marked by rising farmer suicides, decreasing incomes, food security, threatening rural livelihoods and unequal resource access,. According to the National Crime Records Bureau, suicides increased by 3.7% in 2022, with 11,290 cases reported, translating to one farmer's death every hour. Key factors include erratic weather, limited access to credit, fragmented land ownership, and volatile markets, exacerbating economic instability and debt. The crisis is further intensified by ecological challenges and natural disasters, although government initiatives like the PM Fasal Bima Yojana aim to address these issues. Effective solutions require diverse strategies and better resource utilization, with agricultural extension services crucial for promoting technology and financial literacy. Collaboration among policymakers and institutions is essential to create a resilient agrarian future.

Key Words

Agrarian crisis, Farmers, Indian Agriculture, Indebtedness, Rural Development,

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1. Introduction

Indian agriculture sector still holds a greater importance in the overall growth of the country's economy as it provides employment to nearly half of its population and contributes about 18 % to the GDP. Nonetheless, the agricultural sector, globally admired as the largest producer of milk, pulses, and spices and the second-largest supplier of wheat and rice, has some grave problems. Again, pointing out Myrdal, Singh & Dutta (2020) observed that it is high time India makes a strategic harmony of agriculture to bring about balanced economic growth. India ranks 102 in the 2019 Global Hunger Index, which means it is a major problem and this is why the Indian Government must focus on Agriculture. Vocabulary: Non sustainable agriculture, unpredictable weather conditions, trade volatility, crop disasters, and remunerations that do not meet the cost of production for farmers, all contribute to a situation referred to as agrarian distress. Some of them are the inability to absorb distress, leading to high farmer suicides, rising absolute debt and poor irrigation facilities. The general economic consequences are daunting as farmers receive poor revenues, huge risks, depleted input resources and slow progress in the adoption of new technologies because many of them cannot afford the techniques or extension services (Mech, 2018). The social implication of the financial risks arising from these vulnerabilities of the farmers affects sources of income, wealth, and cultural facets of the farmers (Verma & Kumar, 2018).

2. Historical Foundations of Agrarian Distress in India

2.1 Agrarian Crisis in Pre-Independence India

The agrarian crisis in India began during British imperialism when social and other sectional interests were given more importance, thereby widening internal cleavages (Patil, 2014). Some of these were the establishment of a land market, increased rent, high levels of indebtedness, growth of intermediary categories of civilization, frequent famines, and high levels of poverty. Another outcome of these systems was that the class of zamindars and other intermediaries were able to continuously oppress the tenant farmers which led to an unjust distribution of land. By 1948 a few huge landlords owned most of the land while a vast number of Agricultural workers were thrown out of cultivation. Daniel Thorner referred to this as a 'Built-in Depressor', arguing issues of law and economics upheld the monopoly of land. This commercialization further deepened the existing inequalities by enriching the few landlords while the poor peasants were at a disadvantage. The British policies that were instrumental in causing a decline in food grain production, inimical quality of labor, and a high level of poverty led to an agrarian crisis in the rural India characterized by tensions and conflicts (A.R. Desai, quoted in Patil, 2014).

2.2 Agrarian Crisis in Post-Independence India

After independence, India's agrarian discontent persisted despite efforts to improve farmers' welfare through land reforms. The "Report of the Congress Agrarian Reforms Committee, 1949," led by J.C. Kumarappa, recommended critical changes like removing intermediaries, redistributing land, and amending tenancy laws (Patil, 2014). However, poor implementation, legal ambiguities, and political interference allowed wealthy landowners, such as Zamindars, to avoid these reforms. The lack of government commitment further hindered progress. By 2011, about 5.4 crore households were classified as landless workers, revealing the persistent rural inequality (Patil, 2014). The Green Revolution, introduced to increase agricultural productivity, achieved initial success by doubling crop yields, especially in regions like Punjab and Haryana. However, it also worsened social and economic disparities as wealthy farmers, with better access to irrigation and inputs, benefited more than smaller farmers (Mech, 2018). Additionally, the extensive use of chemical fertilizers and pesticides led to environmental degradation, particularly in Punjab, where overuse of these chemicals made the region prone to cancers (Mech, 2018).

3. Contours of Agrarian Distress

Agrarian distress reflects a deep sense of despair, helplessness, and insecurity experienced by farmers due to unpredictable conditions in their work and social relationships. In India, where illiteracy is widespread and access to information and support services is limited, farmers face significant challenges in decision-making. This distress is complex, stemming from a variety of interconnected factors, each worsening the others in a domino effect (Verma and Kumar, 2018).

3.1 Stagnated and Uneven Growth in Agriculture

The path of agricultural advancement in the country has offered various issues; such as the regional imbalance in agricultural development the decreasing proportion of the GDP and the shift away from food grains. The literature survey and analysis of agricultural history suggest that although the Green Revolution strengthened yield and agricultural advancement, regional differentiation remained intact in India. There are two phases to the green revolution, the first phase lasted up to the mid-1970s and benefited only the irrigated areas of the north-west and south along with some parts of central and east India (Bhalla & Tyagi 1989; Bhalla & Singh 2009). Percentage increases in output were registered only where basic inputs like irrigation facilities and rural physical infrastructure existed. The second phase of the green revolution, beginning in the mid-seventies has attempted to spread the impact to the monsoon-dominated areas but at a slower rate.

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3.2 Landlessness and Marginalization of Landholdings

Land plays a strategic role in agriculture and due to the importance of sector reforms aimed at land questions were made in the early decades of independence. Post-independence India which embarked on land reforms paid much emphasis on tenancy problems but not much on the problem of inequality in the distribution of land. The Green Revolution that placed emphasis on output growth even delayed the reallocation of land reforms. Data from the National Sample Survey Organisation (NSSO) indicated a decrease in landlessness from 10.04% in 2002-03 to 7.41% in 2012-13 (NSSO 2014: Alam). But Rawal (2008) pointed out that the NSSO figures are misleading and it suggested approximately 40 percent of rural households were landless or nearly landless

3.3 Erosion of State Support and Declining Investments

Lack of government support for the Indian rural population, and low public investment in agriculture have negatively impacted the countryside. Sharma (2019) further explains that after removing state aid, the poor farmers remain trapped in commodity production as what she regards as the 'post-colonial capitalist democracy'. Outlays on development expenditure of the agriculture and rural sector have reduced sharply to an estimated 5.9% of the GDP in the year 2000-2001, from the 7th five-year plan (1985-90) 14.5% of the GDP. Likewise, the agriculture's contribution to the economy's gross value addition reduced from 35 percent in 1990-91 to 15 percent in 2022-23. Furthermore, the 'gross capital formation in agriculture' (GCFA) has declined from ₹ 48,505 crores in 2013-14 to ₹ 32,260 crores in 2020-21, which shows declining growth in agriculture.

3.4 Increasing Costs of Farming – Rising Expenses on Agricultural Inputs

The central government and other development partners have greatly reduced their subsidies hence increasing the costs of the input in the agricultural sector (Posani, 2009). High-yielding varieties (HYVs) require regular use of inputs such as fertilizers, modern seeds, electricity, pesticides, insecticides, and irrigation to attain expected yields (Patil, 2014). Shiva refers to this as seed monopolization to meaning bio imperialism as it increases poverty and negatively affects India's seedy independence. For instance, Shiva discussed Monsanto, a principal producer of cotton seed, in which seed price has been increased by 8,000%. Even though they buy such seeds for better yields the poor farmers just get ensnared in poverty and debts when they harvest (Shiva, 2013).

3.5 Casualization of Rural Workforce and Increase in Poverty

As earlier highlighted, agriculture contributes little to Ghana's GDP these days; however, it provides work for a segment of the population. The non-farm employment has remained stagnant and thus has not been capable of absorbing the increasing drop in employment for agriculture. Many writers including Bhalla (2005) Patnaik (2003) and Ramachandran & Swaminathan(2004) opined that jobless growth is a characteristic feature of rural non-farm employment which leads to the creation of fewer jobs and casual employment in rural areas. Patnaik (2003 b) pointed out that the number of jobs or working days lost was noticeable in the post-reform period and the unemployment rate increased from 15 per thousand in 1993-94 to only 21 per thousand in 1999-2000.

3.6 Decline in Irrigation Facilities

There are some issues that need consideration and the first one is the decrease in free availability of water for irrigation in India especially with emphasis made on watering cash crops that require a lot of water. Whereas in Andhra Pradesh the area under irrigation came down from 43.5 lakh hectares in 1990-91 to 37.1 lakh hectares in 2004-05 (Posani, 2009). At national level, irrigation covers 47.68% of the cultivated area, though the distribution is uneven across the states. For instance, the level of irrigation in Maharashtra where cropping density is low due to low second irrigation resulting from the fact that only 18% of cultivable land in Maharashtra is irrigated (Shroff, 2019).

3.7 Variations in Production and Reduced Prices of Produce

Seasonal variations on the model of agricultural production are a problem to farmers, as are issues of water or food overabundance; perhaps the newest form of a problem is counterfeit seeds and adulterated pesticides sold by unauthorized private traders. These unsavory inputs tend to result in crop failures consequently placing the farmers into further debt. Besides these production-related challenges, frequent and unpredictable price swings are the other events that inflict more poor farmers' pain, as they destabilize any possibility of rational income /livelihoods (Posani, 2009).

3.8 Market Imperfections and Inefficiencies in Value Chain Linkages

There is no well-developed marketing structure to support this; and, as we have seen, poor rural road networks mean that transportation costs are high. Also, small and inadequate cold storage and market oscillators lead farmers to sell their products to the intermediaries at lower prices. Borrowers are under pressure to sell their produce, or parts thereof, to repay such loans to traders who afford credit for the purchase of agricultural inputs (Mech, 2018).

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3.9 Accessibility to Credit and Issue of Indebtedness

Credit from institutional sources is still a challenge that farmers experience especially with increasing costs of production and changing prices of produce. According to the Johl Committee (2006), payment obligations above fifty percent of the farmer's income are problematic. According to the NSSO 2005 Situation Assessment Survey, while 48.6% of farmer households were found to be indebted in 2003, 42.4% of farmers had taken loans from non banking sources. The Radhakrishna Committee (GoI 2007) underlined that indebtedness was far higher in input-intensive farming and states with well-developed banking structures, like Punjab, where the average household was ₹ 41,576 against ₹ 12,585 of India's average. Increases in farming households institutional indebtedness were from 18.7% in 1961 to 66.3% in 1991 and reduced to 61.1% in 2002. Borrowing from non institutional money lenders which was 30.6% in 1991 rose to 38.9 % in 2003 due to shrinkage in rural branch networks in the post-reform period.

3.10 Declining Profitability and Viability Issues in Agriculture

Another challenge that agriculture is grappling with today is that it is no longer as economically attractive as it was in times past when compared with the other sectors. This model is not profitable for farmers as most of them get an income below their cost of production (Dhas, 2009). NSS 70th round data (2014) revealed that 63% of farmers were spending more than their income from farming and 71% of farmers had to take loans. The 2021 Economic Survey explained how this trend negatively affects capital formation in the agricultural sector. Smallholder producers suffer from increasing input prices and declining producer prices. The profitability of crops and regions and the different classes are not the same, and even the MSP fixed by the government is not sufficient to recover the costs of production excluding family effort and land interest. Many a times the farmers lose money and have no capital to invest (Murthy, 2013).

4. Initiatives for Supporting Farmers in Distress

- Increase public investment in agricultural infrastructure and rural development.
- Implement comprehensive and effective land reforms.
- Strengthen and expand irrigation infrastructure and water-efficient technologies.
- Ensure the Minimum Support Price (MSP) covers all production costs and expands procurement.
- Promote sustainable and diversified farming practices.
- Improve market infrastructure, rural connectivity, and direct market linkages.

- Enhance agricultural extension services and farmer education.
- Promote crop diversification and alternative income sources.
- Address debt issues by expanding access to affordable credit and debt restructuring.
- Empower farmers through policy reforms and active participation in decision-making.

Conclusion

The agricultural crisis facing India is a multifaceted issue with significant repercussions for its economy, environment, and social structure. This crisis arises from various factors, including ineffective policies, unequal land distribution, water scarcity, and market volatility, leading millions of farmers into distress, worsening poverty, and increasing societal inequalities. Urgent and coordinated action is essential, both in shaping policies and fostering grassroots initiatives, to comprehensively address these challenges. This calls for impactful agricultural reforms, significant investment in rural infrastructure, the promotion of sustainable farming practices, and equitable access to resources and markets. To conclude, I would like to say that only through united efforts India can alleviate the agrarian crisis and build a more resilient and prosperous agricultural sector that benefits all members of society.

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