



## Deepening agrarian crisis — the way forward



Dry lake in Karad, Maharashtra | Source: PTI

The crisis in Indian agriculture is not a recent phenomenon. It has been brewing for many years and is now hitting the tipping point. The severity of the crisis can be easily gauged from the spate of increasing farmer suicides and farm debt. Some of the key issues and challenges surrounding the sector are:

### Issues of low productivity

- Agricultural sector, which employs about half of the population, paradoxically contributes only 14% of India's GDP. Such small contribution to GDP shows that India's agricultural productivity is very low by international standards. According to the Economic Survey 2015-16, agricultural growth was below 0.2% in 2014-15 and is likely to remain low because of a deficient monsoon.
- Most farmers remain trapped in low value agriculture despite the demand for high value produce like fruits, vegetables and livestock. According to the NSSO Households Survey 2013, the average annual income of the median farmer net of production costs from cultivation is less than ₹20,000 in 17 states.

### Institutional and regulatory bottlenecks

- Agriculture is badly caught up in slow moving regulatory frameworks. Despite massive changes in production and demand for agricultural produce, market mechanisms for the same have not seen any meaningful change. For instance, the model Agricultural Produce Market Committee (APMC) Act that was passed some 13

years back is yet to find any positive response from the states. In the absence of viable pricing mechanisms and modernisation of agriculture, farmers continue to be deprived of getting a fair price of their produce.

### **Climatic and water issues**

- India supports 15% of the world's population, but has only 4% of the world's water resources. While irrigation remains a top priority for the Centre as well state governments, it is still an underutilised area. Farmers are left at the mercy of monsoon. While some states have made investments in drip irrigation and dry land farming, a real push is yet to come.
- On the top of this, there are free power and unsustainable agricultural practices being incentivised by many states. Ironically, many water stressed regions (Marathawada of Maharashtra) are found to be cultivating water guzzling sugarcanes. Free electricity to farmers is causing ecological havoc in states like Punjab and Haryana.
- Water stress is not confined to Punjab and Haryana alone. In some western and southern states, the water level in reservoirs has fallen drastically. According to recent reports from the Central Water Commission, water levels in the country's major dams were at 26% of their capacity, well short of the 10 year average.
- Apart from water stress, the inefficient power subsidy is leading to wrong cropping patterns. Part of this blame goes to the MSP scheme. Over the years, the demand for other types of food has increased; as a result, the demand for food grains has fallen. But, farmers are locked-in growing cereal crops such as rice and wheat, while India continues to import edible oils, corn, soya and pulses.

### **Infrastructure, research and development**

- The sector is woefully short of investment in critical farm enhancing infrastructure. While private investment made a good beginning, public investment is just about 2.6% of the agricultural GDP. There is also mismatch between agricultural expansion and research and development. Basic and strategic research aiding farm expansion and productivity have not received a major push in many years. Key national agricultural research system has little connect with premier universities and institutions such as IIT, IIMs and think tanks. This adversely impacts innovation and breakthroughs.

### **Sustainability Issues**

- Sustainability issues in agriculture have received scant attention. Issues on fast depleting water table, deteriorating water quality, severity of soil degradation, rise of chemicals and fertilisers can no longer be postponed. Excessive use of chemical

fertilisers has led to deterioration of soil quality and toxic ground water. These are carcinogenic and increasingly create health issues.

### **Critical questions**

- What are the crucial steps needed to raise the agricultural productivity and enhance its remunerative values for farmers? How can India transform agriculture from low value unsustainable farming to higher value produce?
- Should India shift from its current “supply-dominated” model to a “demand-drive regime” to address the woes of farm sector?
- Are there ways to revamp Minimum Support Prices (MSP) to enhance its coverage for more farmers? Isn't time ripe to revamp the existing agricultural marketing system to help farmers get real price of their produce?
- Are there more imaginative ways to address the negative fallouts of subsidies, for instance, free power? What are more efficient ways to enforce subsidies?
- Are there better ways to harness the potentials of sub-sectors of agriculture, such as dairy, poultry, piggery, fisheries and wool, among others, to enhance the productivity issues in the farm sector? What are the productivity issues involved in livestock and fishery that currently contribute 33.9% to agricultural GDP?
- How to grapple the issues of land fragmentation and tenancy laws creating biggest impediments to agricultural productivity? Is land leasing the answer?
- Should we opt for Special Agricultural Zones to address issues of water and drought?
- How to address ‘risk’ in agriculture? Is crop insurance scheme a comprehensive answer to frequent crop failures in India?
- Isn't it important to take a fresh look at state of agricultural research in the country?
- Is Indian agriculture tuned to the challenges emerging from global climate change?