

Professor V.K.R.V. RAO CENTENARY YEAR (2007-2008)



INSTITUTE FOR SOCIAL AND ECONOMIC CHANGE
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ISEC Public Lecture – 4

by

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on

**Farm Sector Distress and Agricultural
Policy in India**

on Friday, 26th October, 2007 at 5.30 pm
at Jnanajyothi Seminar Hall, Central College Campus, Bangalore-560 001

Presidential Remarks

By

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Farm Sector Distress and Agricultural Policy in India

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Indian agriculture has gone through phases of stagnation and growth intermittently. The phase of growth is characterised by complacency and agricultural produce prices remain depressed under supply pressure, but even in the phase of stagnation when the prices rise, low-level of production does not allow the net income of the farmer to increase expectedly. With this continuous cycle, the sector could not overcome its proverbial constraints on cash availability. As a result, the phases of stagnation are perpetually weakening the welfare of vulnerable farmers, each time making them increasingly sensitive even to a slightest economic shock. The decade of nineties witnessed a spate of such events compounded by the complacency in the policy. The situation became worse by the end of nineties, when the central government issued a first ever “hold-all” agricultural policy document consisting most of the perceivable ‘catch phrases’ without consulting the State Governments. In this lecture, I trace the genesis of farm sector distress and the reverine path of agricultural policy during the last three decades.

Farmers as an occupational group world over faces high risk and uncertainty in their income flow. In the factor market, farmer has to pay the prices dictated by the suppliers, whereas, in the product market, the purchasers determine the prices with farmer remaining a mute observer. The role of the farmers in influencing the prices in either market is astonishingly minimal. The decade of nineties witnessed a phase of complacency at the policy level. The problems of agricultural sector were taken casually. The situation aggravated with the successive droughts at the end of nineties and the prices also stagnated along with low production. The situation was quite alarming in Karnataka, Andhra Pradesh, Punjab and Maharashtra. The spate of suicides that emerged in these States was immediately associated with the performance of the agricultural sector. Quite erroneously it was dubbed as ‘*technological fatigue*’ despite a huge yield gap. The technologically potential yield is way ahead of the achieved yield in the demonstration plots and the farmers’ fields.

The studies conducted on farmers’ suicides in India could be grouped into three broad groups. The first group includes the reports Committees prepared to assist the State in policy formulations. Three such reports are available for Karnataka, Andhra Pradesh, and Maharashtra. These reports essentially focus on the causes of suicides and policy to alleviate the distress in the farming communities. Report of Karnataka state focuses on the ‘Farmer Consultation Centre’ approach to deal with the ‘welfare domain’ whereas, Andhra Pradesh report highlights the inadequate public investment and need for Agriculture Technology Mission. Maharashtra report has an emphasis on credit market, mitigating price risk, and post-suicide compensation. The second group of studies include the Citizens Reports which focus on policy lapses and guided by ideological moorings. The third group of studies those conducted by individual researchers, and mostly from socio-anthropological methods. With the help of a few case studies these authors argue in the same tune. Among the issues highlighted by individual researchers are: indebtedness, borrowing from money lenders, shift towards new technology, commercialisation, crop failures due to spurious seeds and inputs, increased cost of production, over-exploitation of natural resources, absence of safety nets and collapse of village as an institution. That really says all is not well in the sector. Rarely these studies enter into suggesting a feasible policy to mitigate the problems.