

# Securing Farmer's Welfare: Reality to Vision

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**M**inistries often get divided or coalesced with associated changes in name<sup>1</sup> but renaming Ministry of Agriculture as the Ministry of Agriculture and Farmers Welfare (MoA & FW) in 2015 was not simply a functional reorganization. It was a recognition that agriculture is not just about producing more food but also about a vision that producers will live a life comparable with other sections of the society.

Thanks to policy incentives, production levels of basic food items increased manifold. From the days of food shortage in the 1960s India found a place among the world's top two producers of rice and milk and attained self-sufficiency in food. The focus of policy then broadened to cover other crops of consumer interest like pulses, fruits and vegetables.

Yet, in this growth story, large sections of primary producing farmers remained deprived and disenfranchised. Not only do farm incomes tend to be low, some of the worst victims of economic uncertainty are farmers. A survey of 2003-04 conveyed that 40 per cent of agricultural households would take up a different occupation if given a choice (NSSO, 2005). Later, the same survey showed that even to meet their meagre

consumption needs, agricultural households needed to supplement their income from cultivation with other sources (NSSO, 2014). This article asks why farmers continue to suffer poverty, vulnerability and poor standards of living regardless of high production levels and explores ways, both conventional and innovative, of reversing the situation.

### Farmer's Income and Vulnerability

Farmer's income gained interest in the wake of reports of farmers' distress and the Prime Minister's speech about doubling food producers income by 2022. The statement brought farmers to the centre of discourse. Farm income depends on a number of factors. Productivity, especially of land, is regarded as the key to higher earnings. Raising the total factor productivity is also important because other scarce inputs like water and fertilizer are costly. Improvements in technology and practices enhance production and efficiency. Marketable surplus and product wastage also determine sales value but prices of products and inputs are critical determinants of farm income.

Agro-climatic diversity of India is well known but in a federal set-up, policy also differs among states. Consequently, crop yield rates,

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infrastructure and institutions vary across the country. Small sizes of Indian farms can create diseconomies. Population growth, together with poor industrial employment generation, creates pressure on land, keeping per capita farm incomes low. Crop cultivation is, therefore, more remunerative in some parts of the country than others owing to natural, demographic and administrative differences. Workforce mobility across sectors is a way to enhance per capita household incomes and to bring fresh ideas and skills to the sector. Higher farm incomes, in turn, generated demand and helped the non-agriculture sectors.

The most discussed peril for farming is the weather. Monsoon failures can impair not only current production but their effects can spill over to subsequent seasons and years via water levels in reservoirs, rivers, canals, wells and soils. Consecutive failures of monsoon such as in 2014 and 2015 can leave farmers in debt and distress by wiping out investments made. Even when mainstream community rejoices a normal monsoon, anomalous intra-year rainfall distribution is a concern while specific regions can also suffer rainfall deficits. Excess or untimely rainfall is a threat too. Floods can be devastating. In 2016, when monsoon was normal, as many as 9 states faced floods. In Bihar rise in river levels displaced 5 lakh people and affected over 3 lakh hectares of crop land.

Price movements too cause vulnerability. Even under normal circumstances, pressure mounts on prices in the few months of marketing. Although the same prices tend to recover and even rise subsequently but farmers have little means to hold back stocks. They even buy food later at higher prices. Raising MSP encourages farmers to grow enough food for the country and keep prices remunerative and stable but only if government can procure adequately. Supply gluts depress prices. The bumper harvest of 2016-17 brought prices of pulses down in spite of raised MSP. Demand fluctuations and global competition

may further intensify price uncertainties with the opening up of markets.

#### Rural Amenities

Viewing welfare in the light of only production and prices is misleading. A whole range of services facilitate every-day life, open up new opportunities and bring capabilities (Sen, 2005). They give access to the fruits of technological advancements. Many of these dispensations, can be perceived as 'rights' of citizens and obligate the State. Unfortunately an 'urban bias' (Lipton, 1977), apparently



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still lingering in India's development, victimizes farmers more than others.

For many years, human resource development of the poor was not in focus. Villages where bulk of the poor dwelt were the worst affected. Even after school enrolment began to receive importance, education fell short in quality and employable skill content. Budget constraints, weak policy implementation and corruption are some of the historical

factors responsible. They also undermined public health services on which also large sections of farmers in the country depend. Nutrition and environment, which could be improved by sustainable practices, also determine health. PDS, universal and later targeted at the poor, has served the small farmers when food production fell short of subsistence needs but, facing a barge of criticisms, the PDS is going through continual amendments since mid-1980s.

Although public efforts focused on physical communication (roads, railways, metro-rails) in the last decades, still 16 per cent of Indian villages lack connectivity by all-weather roads (Asher and Novosad, 2017). Electricity makes life easier and facilitates economic activities. Housing, water and sewerage disposal are essential for health and environment. Census data analysis shows that 45-70 per cent of rural houses lack facilities of electricity connection, water supply in premises or access to latrine and 18 per cent of them lack all of these facilities (Mishra and Shukla, 2013). Quick information transmission is enabled by mobile phones, internet and space technology requiring certain basic infrastructure. Thus, physical infrastructure can improve social life of the farm community, raise productivity, facilitate marketing, reduce product wastage, promote value-addition and make social infrastructure more effective.

Women have special needs. Women of peasant households engage

mostly as unpaid farm workers. Those from small-holding farms take up uncomfortable functions such as rice transplantation at low wages (Ghosh, 2010). Evidences suggest women withdraw from labour-force with the advent of new technology and higher income opportunities (Boserup, 1970). Given the obvious preference of men to move away for non-farm work, much of the 'feminisation' of agriculture (Jiggins, 1998) may be a compulsion for poorer women. Training and skill, women-specific health facilities, child-care support, machinery adapted to female anatomy, access to information are important for welfare of farm women.

### Farmers' Welfare: Emerging Ways

For many years, the key instruments of India's agricultural development like supply of improved seeds, fertilizer subsidies, cheap energy and concessional credit for irrigation works and public procurement of grains at MSP, addressed production that served to ensure food security of consumers by making farming remunerative. When it appeared that much of the support was cornered in surplus producing regions, attention was diverted to other crops, storage facilities, rainfed regions and local needs specifically in the east through programmes like Bringing Green Revolution to Eastern India (BGREI), Integrated Scheme of Oilseeds, Pulses, Oilpalm and Maize (ISOPM), National Food Security Mission (NFSM) Rashtriya Krishi Vikas Yojana (RKVY), Warehousing Development and Regulatory Authority (WDRA). Sustainable practices gained priority. Having signed the Paris Accord, India participates in the international battle against climate change and has a comprehensive guideline (NAPCC) towards high growth with sustainable development. Growing awareness of climate change, to which farmers are especially vulnerable, directed policy to natural catastrophes.

Insurance is the natural solution for managing risk but introduction of a CI (Crop Investment) scheme followed decades of hesitation



(Mishra, 1996, Hazell et al., 1986). National Agriculture Insurance Scheme (NAIS), begun only in 1999-2000, followed an 'Area' approach to yield insurance, minimizing the need for data, because farmers in any 'Area' can be expected to face similar risk incidence. Coverage of institutional borrowers was mandated. The NAIS, however, failed to address perils affecting smaller units of area due to dearth of data and it was commercially loss making. In response, CI went through a series of modifications. In January, 2016 the government started an umbrella Pradhan Mantri Fasal Bima Yojana (PMFBY) which covered risks of weather, pests, diseases, prevented sowing and damages on standing and harvested crops. Although government continued to subsidize premiums paid by farmers, empanelment of private insurers for quoting competitive actuarial rates invited private sector participation. Modern technology accelerated the pace and intensity of collection of yield data so that the notified 'Area' can become truly homogeneous in future.

CI can be a critical protection against climate change but a weather calamity can strike a vast area and large numbers. The nation's satellite and meteorological capabilities are strengthened to generate early and reliable alerts. A disaster response

force was instituted with passage of a Disaster Management Act in 2005 whereby Central forces are deployed to support the states as and when needed. Drought is treated as a disaster calling for special subsidies on irrigation when state notifies drought.

Marketing needed reforms when traditional regulations became self-defeating. To make markets competitive and efficient, the Agriculture Produce Marketing Committee (APMC) Act was amended to allow farmers more option. Storage and distribution systems, now facing supervisory and budgetary challenges, determine the effectiveness of government intervention to control price. Input and food subsidies and enactment of the NFSA in 2013 which made food entitlement legal, impose further fiscal pressure. Yet, increasingly prices are influenced by forces in the global market when government intervention runs the risk of misleading farmers and even hurt their interest by creating shortage or glut. Meanwhile, India's subsidy system is also in historic transition. The landmark UID and banking outreach programme (Jan Dhan) enables Direct Benefit Transfer (DBT) to poorer beneficiaries, already experimented successfully in LPG subsidization. In a more marked departure, the Economic Survey 2016-17 devotes a whole chapter on a new

## Pradhan Mantri Fasal Bima Yojana

- Lowest premium with highest coverage to farmers
- Since independence only 20% Farmers were covered under Crop Insurance. Target increased to 90% by 2018-19
- During Kharif 2015, 3.90 Crore farmers were insured of about ₹ 1,42,000 Crore
- During Rabi 2016-17, 1.67 Crore farmers insured of about ₹ 72,000 Crore

## Relief to Farmers in Distress



• Crop Damage upto **33%** also included for relief. Earlier relief was given only when crop damage was 50% or more

• Amount of relief increased by **1.5** times

• Grains damaged due to excessive rainfall, to get full minimum support price

## Paramparagat Krishi Vikas Yojana

### Promoting organic farming

- ▶ 10,000 clusters covering 2 Lakh hectare area under Organic Farming being covered during 2015-18
- ▶ Organic value chain for North Eastern States

## Soil Health Cards

Provides recommendations to farmers on improving soil productivity and reduce fertilizer usage after testing of the soil.

Cards to be issued to all farmers by **2018**

**6.5** Crore soil Health Cards distributed so far



concept of UBI that can potentially substitute all subsidies. A strong theoretical underpinning is provided drawing on the rights of citizens to a minimum income.

Many rural development schemes now help to improve the living standards of farmers through subsidies or investments addressing livelihood (NRLM), price discovery (eNAM), Social assistance (NSAP), housing

(IAY), Road development (PMGSY) and health (NRHM). Irrigation gained a special place because affordable irrigation can mitigate drought effects. The MGNREGA, a Public Works Programme (PWP) implemented since 2005, has been a major milestone in assuring a minimum income to rural population. It symbolizes a legal right to employment. Though controversial for its budgetary implications and historically low quality output, conducted purposively, it can be a means to quality rural asset generation. To promote employability, productivity and enterprise standardized skills are promoted through the National Policy on Skill Development and Entrepreneurship (NPSDE) in 2015.

## Conclusion

For years, farmer's income security was driven by mechanisms that were primarily meant for consumer welfare. These support systems now face contradictions with market reforms, and strained budgets. A new transformed paradigm of social security system now looms in the horizon, where the minimum welfare of each citizen is viewed as a right. Government can facilitate a market to operate efficiently but has limited control on prices and incomes in an open market.

Yet the State is the natural custodian of farmer's social security as much as people's food security. Protecting them against natural risk, creating infrastructure and social amenities and facilitating knowledge and information flows remain government's onus but the tax-paying citizens who benefit from food security and the private farm sector require to join as stakeholders. In the long way ahead, agriculture is envisioned to grow as an enterprise, more integrated with other growing sectors, that help to ease the pressure on land for livelihood. Supervisory complexities of the State are alleviated over time by technology-aided administrative innovations. The farmer, as a citizen with the right to a decent life, strives to be also efficient in market.

## Abbreviations

- ❖ APMC- Agricultural Produce Market Committee
- ❖ BGREI- Bringing Green Revolution to Eastern India
- ❖ CI- Crop Insurance
- ❖ DBT- Direct Benefit Transfer
- ❖ eNAM- (electronic) National Agricultural Market
- ❖ GR- Green Revolution
- ❖ IAY- Indira Awaas Yojana
- ❖ ISOPOM- Integrated Scheme of Oilseeds, Pulses, Maize and Oilpalm
- ❖ LPG- Liquefied Petroleum Gas
- ❖ MGNREGA- Mahatma Gandhi National Rural Employment Guarantee Act
- ❖ MoA & FW- Ministry of Agriculture as Farmers Welfare
- ❖ MSP- Minimum Support Price
- ❖ NAIS- The National Agriculture Insurance Scheme
- ❖ NAPCC- National Action Plan on Climate Change
- ❖ NFSA- National Food Security Act
- ❖ NFSM- National Food Security Mission
- ❖ NPSDE- National Policy on Skill Development and Entrepreneurship
- ❖ NRHM- National Rural Health Mission
- ❖ NRLM- National Rural Livelihoods Mission
- ❖ NSAP- National Social Assistance Programme
- ❖ PDS- Public Distribution System
- ❖ PMFBY- Pradhan Mantri Fasal Bima Yojana
- ❖ PMGSY- Pradhan Mantri Gram Sadak Yojana
- ❖ RKVY- Rashtriya Krishi Vikas Yojana
- ❖ UBI- Universal Basic Income
- ❖ UID- Unique Identifier
- ❖ WDRA- Warehousing Development and Regulatory Authority

### Endnotes

- 1 The Ministry's names were (*Financial Express*, 2015): Ministry of Food & Agriculture (1951-1966), Ministry of Food, Agriculture, Community Development and Co-operation (1966-1971), Ministry of Agriculture (1947-51, 1971-74, 1980-85, 1991-16), Ministry of Agriculture and Irrigation (1974-80), Ministry of Agriculture and Rural Re-construction in (1985), Ministry of Agriculture and Rural Development (1985-91).

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