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Draft National Policy for Farmers - A Critique

Suprita Jayaram*

According to the 1951 Census estimates, of the 295 million people in India's villages, 249 million depended on agriculture. In the five decades that elapsed the rural population is 2.7 times that of 1947 and the number of people who are principally dependent on agriculture for their livelihood is 2.5 times that of the number at independence (Annotation on Agriculture, IER 2004-05).

What is striking is that the acceleration of the non-agricultural growth during and after the 1990s has been accompanied by a decline in the rate of agricultural growth. The agriculture sector accounts for about 23 percent of the gross domestic product (GDP). Ironically, this sector employs 57 percent of the total workforce, yet the deplorable conditions of farmers has been a cause for concern. This briefing paper attempts to take a look at the draft National Policy for farmers which holds out a more reliable promise for the farmers.

Introduction

Despite several attempts at agricultural policy reforms by the government from time to time, the last one being in 2002, the agricultural sector continues to ail! What have been missing in the compositions of the policies are the interests and concerns of the small and marginalised farmers, landless agricultural labour, including women. Rural India is not only home to the agriculturists but also a majority of the poor and hungry. There is clearly a lack of proper policy implementation and a dearth of well functioning institutional arrangements.

The National Commission for Farmers (NCF) has brought out a draft National Policy for Farmers (NPF) that presents an action plan for making hunger history and formulates strategies to enhance the status of farmers and farming in India. In keeping with the mandate of the government, ensuring highest investment, credit, and technological priority to the continued growth of agriculture, horticulture, floriculture, aquaculture, afforestation, dairying and agro-processing, the NPF lays thrust on the 'farmers first' *mantra* to free them from hunger, in addition to strengthening the coping capacity of farmers and improving the competitiveness of Indian agriculture. The draft policy would be adopted to be introduced as the First National Policy for Farmers on August 15, 2007.

Prior to the final draft, NPF has been circulated to over 22 state governments, a number of farmers' organisations, women's organisations, other stakeholders and representatives of mass media. These discussions served as vital information to revise the draft policy wherever it was deemed necessary.

NPF is designed to be a comprehensive policy; it covers a wide range of issues confronting Indian farmers and farming such as the economic survival of small and marginalised farmers in a globalised economy, giving shape to the economic destiny of farmers and compacting ecological foundations for sustainable growth.

The major goals of the NPF are to:

- mainstream the human dimension in all farm policies and programmes and give explicit attention to issues relating to women in agriculture;
- end the era of farmers' suicides and restore pride and confidence in India's agricultural capability;
- complete the unfinished agenda in land reforms and initiate comprehensive asset reforms in rural India;
- enhance income, livelihood, nutrition, and health security of farmers, fishermen, tribals and agricultural labour families through mutually reinforcing packages of technology, techno-infrastructure, services and public policies; and
- protect and improve the land, water, biodiversity and climate resources essential for sustained advances in productivity, profitability and stability of major farming systems and thereby the livelihood security of nearly two thirds of our population.

For the 'People behind the Plough'

What may look like a repetition of some of the provisions of the earlier policies is in fact conceptualised considerably differently in NPF. This policy is the first of its kind to take into serious consideration the 'human dimension' that has hitherto been overlooked in the agricultural policies. In this draft

* Programme Officer, CUTS International

policy it is clearly stated that it is the improvement of the farmers' lot and enhancement of their income that is more important, than the increase in food grain production, which has been the cornerstone in all previous policy measures. By taking into account the human dimension is meant, looking at issues relating to:

- *Social Inclusion*
- *Relative Deprivation*
- *Gender Issues.*

Dimensions of social approval, social inclusion, relative deprivation and gender-based issues have been incorporated into the provisions of the NPF. To address the need for '*servicing farmers and saving farming*', NPF takes particular care to restore the dignity and honor that is due to the farmers. And more importantly, it seeks to restore farmer's faith in farming. For this, emphasis has been laid on the need to establish farm schools. These schools would seek the active involvement of awardees of nationally recognised awards, such as *Karshakhashree of Malayala Manorama* awards amongst others. This would serve the purpose of providing highly skilled and experienced farmers the opportunity to share their expertise in building research and development (R&D) in the field of agriculture, and would also give farmers a sense of purpose and pride about their profession.

The policy amongst others, also highlights:

- assured economies of scale to small farmers through a planned and systematic asset reform agenda; and
- establishment of Livestock Feed and Fodder Corporation keeping the importance of livestock in the rural economy.

The NPF has drawn attention to diversifying sustainable livelihood opportunities on the lines of the Chinese model of Township and Village Enterprises (TVEs). For this, it has called for a 'Rural Non-farm Livelihood Initiative' in the form of agri-business centres, food parks and other rural non-farm employment programmes by restructuring agencies such as the Khadi and Village Industries Commission (KVIC).

The main thrust of the draft policy is *livelihood concern*, which is to be accomplished via land reform, financial security i.e. credit and insurance and contract farming etc.

Land reforms

Landlessness is a major problem. This trend has both economic and gender manifestations. 11.24 percent of the rural population is landless (1991-92) and 60 percent of the rural women own less than one hectare of land. The lack of access to resources inevitably has direct implications on productivity. Such gender discrimination has to be addressed taking into consideration the social and cultural factors as well.

Landlessness is also increasing on account of the rapid emergence of Special Economic Zones (SEZs). Going by the statistics of SEZs, there will be Rs 1000 billion (US\$22.3bn) investment and employment provision for half a million people through these special zones. So far

the government has approved 181 SEZs around the country. Most of these are located in agriculturally rich areas. If these lands are occupied for marketing facilities or industrial use, then there will be a drastic drop in the food production in the coming years.

The NPF has envisaged an asset (land) reform, which lays down the following:

- foremost focus on tenancy laws, land leasing, distribution of ceiling surplus and wasteland, providing adequate access to common property and wasteland resources and consolidation of holdings;
- conferment of land rights to women under farmers under the Hindu Succession Amendment Act (2005), including the provision of appropriate support services to women farmers;
- *joint pattas* for both houses and agricultural lands are essential for women to get access to credit with alternative collateral till the *pattas* are issued;
- prime farmland must be conserved for agriculture, and not diverted for non-agricultural purposes, such as SEZs; and
- landless labour households need to be provided with at least one acre of land per household, and allotment of such land should be in the name of the woman or in the joint names of both spouses.

Box 1: Wasteland Development

In 1970s, the late B B Vohra drew the attention of policy-makers in government to the absence of a well-considered approach to the proper management of the land resources. The Ministry of Agriculture estimated that 175 million hectare (mha) of the land of the country were wastelands. The government set up the National Wastelands Development Board (NWDB) in 1985 with Kamla Chowdhry as chairperson. The following definition was adopted: wastelands refer to degraded lands which can be brought under vegetative cover with reasonable effort and which is currently lying under-utilised, and land which is deteriorating for lack of appropriate water and soil management or on account of natural causes. The March 2000 *Wastelands Atlas of India* prepared by the National Remote Sensing Agency for the Department of Land Resources states: 'Degraded land can be brought under vegetative cover with reasonable effort, and is currently under-utilised and land is deteriorating for lack of appropriate water and soil management or on account of natural causes. In the Mohan Dharia Committee's view, the need of the hour was to recognise that lands subject to erosion (around 150 mha in its estimate) constitute the biggest threat to the country's economy.'

Source: <http://www.india-seminar.com/2001/499/499%20the%20problem.htm>

In focus is the issue that there should be a check on predatory urbanisation and the proper implementation of these provisions in the policy, thereby ensuring that farmers may not be victimised henceforth. NPF recommends that with financial help from the government, wastelands should be distributed among landless labourers. This

Box 2: Diversified Agriculture Support Project

The main objectives of the project was to increase productivity through diversification and intensification of agriculture, promoting private sector, development and strengthening rural infrastructure. Some achievements of project are as under:

- cropping intensity has increased by 20 percent.
- productivity of most of the vegetable crops has increased by 15 to 50 percent.
- milk productivity has increased by 37 percent in crossbred cows, 21 percent in local cows and 41 percent in buffalo.
- 24 percent of sample farmers (748) have diversified their 3.4 percent area (290 ha.) from food grains to vegetables and other cash crops.
- area under non-food grains has increased by 21 percent.
- area under horticulture has increased by 18 percent.
- conception of animals through artificial insemination (AI) has increased from 15 percent to 35 percent.
- 48 percent of farmers have discharged their debt after introducing the group facilities.

Source: <http://www.globalfoodchainpartnerships.org/chicago/papers/WB-India.pdf>

should also be coupled with the provision of 10 cents of land to the landless farmers. This recommendation comes in response to the suggestion that wastelands may be given away to the multinational companies.

Ensuring a secure livelihood to farmers

Given that the NPF conceived of mainstreaming the human dimension in all the provisions made under the policy, it stresses the need to alter the mindset of the general population, from one which regards farmers as 'beneficiaries' of government programmes, to one which treats them as 'partners' in development and custodians of food security and national pride.

Livelihood security is determined by economic stability. This is sought to be ensured by taking a cue from the Chinese model of TVEs. Unless market driven multiple livelihood opportunities are created, the pressure of the population on land will grow. The indebtedness of small farmers will increase and the agrarian distress will spread.

The National Rural Employment Guarantee Programme (NREGP), which is emphasised in NPF is thus a step in the right direction as it can lead to asset creation. However, given that it focuses more on unskilled labour, there is a need for a counterpart of NREGP in the skilled employment sector.

Initiatives such as the Small Farmer's Agri Business Consortium (SFAC) agri clinics and agri business centres, food parks, textile and leather parks which would provide the farmers substantial additional livelihood opportunity, are a welcome change.

Nevertheless, the question on what social repercussions may emerge as a result of these changes has to be considered, lest the policy after its implementation contradicts its own purpose.

Contract farming

The NPF states that symbiotic contracts, which confer benefits to both producers and purchasers, will be ideal for ensuring assured and remunerative marketing opportunities. The Planning Commission has identified corporate investments, as one of the major vehicles for

crop diversification. The government views this as very crucial as the completion of ongoing infrastructural projects which have been stalled for paucity of funds, have a good chance of getting completed. For instance, through contract farming in western Maharashtra, 1,36,000 hectares of land would be irrigated.

Contract farming has come in for flak, the reason being that it benefits only the rich farmers and leaves the small farmers behind. Not oblivious of such criticism, the NPF has emphasised that contract farming should be backed by appropriate legal framework, credible enforcement mechanism and simple and inexpensive arbitration arrangement. It is viewed that the policy should enable even small farmers to carry out diversification required for developing a modern agricultural sector.

The issue that needs to be kept in mind, however, is that the introduction of new machinery may not be compatible with the crop livestock integrated farming system and perhaps also generation of employment. Such issues should be kept in focus and a middle path should be sought. For instance, Joint Forest Management aims at ensuring equal benefit sharing mechanisms, the power of local communities to decide their cover strategies and technologies according to their own needs.

Financial security

The concern of financial security is multifaceted and demands requisite provision from the policy at various levels. The problem is the lack of a security to farmers by the way of Minimum Support Price (MSP), credit, insurance, volatility of prices and wage discriminations between men and women farmers. In this regard, NPF puts forward the following:

- stresses the primacy of bringing in Price Stabilisation Fund to counter the rampant price differential between the price paid to the primary producer of fruits and vegetables and what the urban consumers pay; and
- Price Stabilisation Fund would entail assured and remunerative price for farm produce and strong government intervention to prevent distress sales.

Credit

Security of farmers is sought to be ensured through mechanisms such as credit facility. During 2004-05 with an aggregate disbursement of Rs 1,15,243 crore (US\$25.7bn) to the agricultural sector, the target of Rs 1,05,000 (US\$23.4bn) was exceeded by 10 percent. However, the credit facilities offered suffered certain lapses. For instance, the provision of credit has not been adequately available for women farmers and the Cooperative Banks recorded a shortfall of credit by Rs 8000 crore (US\$1.7bn) as against the target of Rs 39,000 (US\$6.7bn) crore in 2004-05.

The NPF has initiated immediate credit reforms coupled with credit and insurance literacy. In a series of measures to revitalise the cooperative credit system, a first step has been introduced to reduce the interest on short-term loans to seven percent. The credit reforms also include engendering the credit delivery system, acknowledging that only a small proportion of women have been issued with *Kisan Credit Cards*, in spite of the increasing feminisation of agriculture.

Insurance

The National Agricultural Insurance Scheme (NAIS) is being implemented from *Rabi* 1999-2000 season with the objective of providing insurance coverage and financial support to the farmers to help stabilise farm incomes, particularly in disaster years. Cumulatively, 7.51 crore farmers have been covered under the NAIS in the last 12 seasons from *Rabi* 1999-2000 to *Kharif* 2005. However, given that the NPF has made newer additions to the insurance schemes, it can be logically concluded that the insurance programmes that are currently in place are not adequate. The NPF emphasises the widening of the Agricultural Insurance Schemes to include health insurance, as envisaged under the *Parivar Bima Policy*. There is also a provision to include Seed Companies in the case of genetically modified (GM) crops in the insurance scheme, so that farmers who pay high prices for the seeds do not suffer great losses, in case of crop failure.

The challenge here is of proper implementation of the policy schemes for remedy against the correctly diagnosed problem. It is recommended that the government should be conceptually clear about food and livelihood security. The government should be active in redefining agricultural work as a holistic and secure job option not just in terms of growth rate in net income of families, but also in terms of:

- increased participation in economic activities;
- capacity to provide year round livelihood and food security;

- employment generation;
- reduction in the number of outward migration; and
- provision of social security.

Conclusions

From the progress that the NPF has made thus far, it can be discerned that:

- The approach of consensus building and importance accorded to consultation is an indication of increasing role of the civil society organisations (CSOs), with regard to National Policy making.
- The policy emphasises at length on the linking of manufacturing sector to agriculture through SMEs and provisions of the NREGP, but the challenge would be to create quality job opportunities.
- A corollary to this challenge is that given the new thrust to frontier technologies such as biotechnology and nanotechnology, it is imperative to address the glaring digital divide that may inevitably hinder such pursuits.
- The extension systems, which play a key role in the improvement and success of the agriculture sector, are often criticised on the grounds that they are not available adequately, at the right time and the right place. Such a condition reflects a lack of accountability on the part of the extension officers. A monitoring of such extensions services is mandatory, and this may be entrusted to CSOs or NGOs working on agricultural issues.
- The institutionalisation of the Administrative machinery is imperative for the implementation of the provisions. The sixth Pay Commission suggests a new administrative system; this may provide some relief, in this regard.
- The reach and access of the draft reports although, attempted to cover a large audience, comprising amongst others, 22 state governments; it has not been translated into any regional language, thereby hindering in some measure, the active and full participation of all the representatives from all the states.
- Given that the broad aim of this policy is ambitious, it is very important for the State governments to adhere to its provisions without any major modifications.
- Finally, it is worthwhile to keep in mind, for the larger good, that the formulation and implementation of national policies should be coordinated and form a coherent whole with other existing related policies.

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