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Agrarian Crisis and the Peasant Movement

India is witnessing a serious agrarian crisis. The agrarian situation is marked by three features: agricultural growth has not benefited the common peasantry; the surplus workforce in agriculture has not been absorbed in other sectors; and agriculture is becoming unviable for large sections of the peasantry.

After independence, India was able to make substantial increase in agricultural productivity and production and emerge out of chronic food shortage during the early decades of independence. The total foodgrain production increased from 50.8 million tonnes in 1950-51 to 187 million tonnes in the Eighth Plan period to 202.9 million tonnes in Ninth Plan period to 202.2 million tonnes in the Tenth Plan period and to 257.4 million tonnes in 2011-12. The production of other crops has also increased substantially during this period although the productivity levels of most crops are still much below the global average.

One of the important features of the agrarian crisis is the fact that the growth in productivity and production in agriculture achieved during the post-independence period has failed to solve the problems of poverty, unemployment, and lack of facilities such as health,

THE MARXIST

Table 1. Trends in Share of Agriculture and Allied Sectors in India's GDP

Year	Percentage share
1950-51	56.70
1960-61	52.48
1970-71	46.00
1980-81	39.93
1990-91	34.04
2000-01	26.18
2005-06	21.65
2007-08	17.80
2011-12	13.9

Source: Computed from Economic Survey

Table 2. Share of Agriculture in GDP and Employment

Year	Share of agriculture in GDP at 1999-2000 prices (%)	Share of agriculture in employment UPSS (%)
1972-73	41.0	73.9
1993-94	30.0	63.9
1999-00	25.0	60.2
2004-05	20.2	56.5
2011-12	13.9	49

Source: Central Statistical Organisation, National Accounts Statistics, Various Years of National Sample Survey Organisation, Employment and Unemployment Situation in India, Various Rounds cited in GoI.

education, culture, housing, clothing etc for the vast majority of the peasantry. According to NSS data, the rate of growth in employment declined to 0.8 percent in the period 2005-10 compared to 2.7 percent in 2000-2005. The youth unemployment rate is abnormally high with 10.9 percent among young rural men and 12 percent among the young rural women and 10.5 percent for young urban men and 18.9 percent among young urban women. The peasants' suicides are continuing. Most of the rural areas of the country continue to remain backward.

The agricultural sector is overcrowded and has to cater to the needs of a large section of the population, which is disproportionate to its capacity compared to other sectors. The contribution of agriculture in the early fifties was estimated at about 57 per cent of the national income. Keeping with "structural transformation" of the economy, the share of the agricultural sector to the GDP has been continuously falling and now has come down to just 14 per cent (Table 1).

However, there is no redeployment of the labour force or people from agricultural to secondary and tertiary sectors, commensurating

Agrarian Crisis and the Peasant Movement

Table 3. Average GDP Growth Rates – Overall and in Agriculture in India
(% per year at 1999-2000 Price)

Period	Total economy	Agriculture and Allied Sectors	Crops and Livestock
Pre-Green Revolution			
1951-52 to 1967-68	3.69	2.54	2.65
Green Revolution period			
1968-69 to 1980-81	3.52	2.44	2.72
Wider Technology Dissemination period			
1981-82 to 1990-91	5.40	3.52	3.65
Early Reforms period			
1991-92 to 1996-97	5.69	3.66	3.68
Ninth Plan period			
1997-98 to 2001-02	5.52	2.50	2.49
Tenth Plan period			
2002-03 to 2006-07	7.77	2.47	2.51

Source: 1. National Accounts Statistics 2008 (New Series), Central Statistical Organisation, Ministry of Statistics and Programme Implementation, New Delhi. 2. Eleventh Five Year Plan (2007-2012), Agriculture, Rural Development, Industry, Services and Physical Infrastructure, Volume III, Planning Commission, Government of India, 2008.

Table 4. Wage Increase in Agriculture & Non-Agriculture Sector during 2001-11
(wage in Rs. per day)

Year	Ploughing	Harvesting	Non-agriculture sector (industry covered by ASI)
2001-02	69.9	56.3	152.4
2002-03	71.5	58.0	158.8
2003-04	73.8	60.1	165.6
2004-05	72.3	62.0	168.6
2005-06	76.3	65.0	174.8
2006-07	81.8	68.5	185.8
2007-08	91.4	75.2	206.0
2008-09	102.9	87.1	224.7
2009-10	120.9	102.8	247.7
2010-11	145.5	122.5	NA

Source: Labour Bureau & CSO.

to the decline in the share of the agriculture to GDP (Table 2).

The other factor is that the growth of agriculture has always been slower than the overall economic growth (Table 3).

The agricultural wages have always been low due to low productivity, large disguised unemployment and insufficient employment opportunities in other sectors. The following table shows the average daily wages for agricultural field labour for ploughing and harvesting at the all-India level and the average wages in industries covered under annual Survey of India (Table 4).

THE MARXIST

According to the 68th NSSO survey, average wages of a regular wage employee is Rs. 299 in rural areas and Rs. 450 in urban areas. The decline in the share of agriculture to GDP, the failure in redeploying the labour force to secondary and tertiary sectors commensurate with the decline in the share of agriculture to GDP and the low level of growth performance in agriculture is increasing the difficulties and miseries of the peasantry. The inter-sectoral differences in productivity are increasing with the decline in productivity of workers in agriculture. This is the second important feature of agrarian crisis.

Another major feature of the agrarian crisis is that agriculture is increasingly becoming an unviable venture for the large sections of the peasantry. The costs of agricultural inputs have spiraled due to the deliberate policies of the Government. Take the case of seeds – one of the important inputs in agriculture. Before liberalization, peasants across the country had access to cheap seeds from public institutions like State Seed Corporations and Agricultural Department's distribution centres. The seed market was regulated to a great extent facilitating easy access to quality seeds to peasants at cheaper prices. Post liberalization, Government has virtually withdrawn from this activity and the seed market was opened up to predatory multinational corporations. Now, MNCs like Monsanto, Cargill, Syngenta etc are controlling the seed supply to the peasantry. As a result of this, the cost of seeds has shot up manifold.

The prices, distribution and movement of chemical fertilizers were under the Retention Price Scheme from November 1977. Now the Government of India has given up the policy of trying to attain self-reliance in fertilizers and has decontrolled the fertilizer sector. As per the Retention Price Scheme, the maximum retail prices of the chemical fertilizers were fixed and the Government provided subsidies. Now the Government has shifted to Nutrient-Based Subsidy System since 2010. Nutrient-Based Subsidy System is a deceptive terminology. It really means a shift from fixed Maximum Retail Price (MRP) – variable subsidy regime to a fixed subsidy – variable Maximum Retail Price scheme. The Government had, on July 2011, withdrawn any restraint on increasing prices of non-urea fertilizers by the companies and stated that the market prices of non-urea fertilizers “will be open”.

The decontrol of fertilizer prices has led to exorbitant increase in prices of chemical fertilizers.

The pesticide prices have also gone up with the fertilizer prices. In most States, the State Governments have hiked electricity and water charges. The prices of petroleum products have also gone up causing cost increase of many inputs. Financial liberalization has reduced access to institutional credit and put the peasantry, particularly the poorer sections, at the mercy of moneylenders. Large sections of peasants and agricultural workers are being fleeced by usurious private money lenders, traders who are lending inputs at high rates of interest and also private financial institutions. As the prices of all essential commodities have gone up, the labour cost also increased. The charges for warehousing, cold storages, transportation and communication also increased substantially during this period.

Commensurate with the rise in input cost, the prices of farm products have not increased. Due to this, agriculture is increasingly becoming an unviable venture for the vast majority of the peasantry. The Minimum Support Prices (MSP) fixed by Government is neither fair nor remunerative. In the case of many crops, the MSP announced does not even meet the costs of production. The recommendation of Dr. M. S. Swaminathan Commission that the MSP should be at least be over 50 per cent of the weighted average cost of production (C2+50%) has not been implemented. As there are no effective procurement facilities, the farmers are forced to sell to unscrupulous traders at distressed prices. A comparison of the MSP announced with the cost of production arrived at by Government agencies for 2011-12 reveal the truth about the Government's claim of providing "fair" and "remunerative" prices (Table 5, overleaf).

The present period witnessed an increasing volatility in the prices of agricultural produce particularly commercial crops in the world market. The removal of quantitative restrictions on import has also led to cheap imports flooding the domestic market. The reduction on import duties has also contributed to the inflow of low-priced agricultural commodities — leading to fall in agricultural crops prices. The Government of India had signed many Free Trade Agreements with many countries. There are 56 other Free Trade Agreements with various countries and regional groups in the pipeline including

THE MARXIST

Table 5. Comparison of 2011-12 costs of production with 2012-13 MSP and C2+50% figures

Kharif crop	Projected cost of production (C2) in 2011-12 (Rs/Qtl)	Modified cost (C2 + transportation + insurance premium + marketing) 2011-12 (Rs/Qtl)	Projected C2+50% (Rs/Qtl) in 2011-12	MSP announced for kharif 2012-13 (Rs/Qtl)
Paddy	887.82	916.91	1331.73	1250
Maize	921.13	950.21	1381.69	1175
Bajra	839.89	882.60	1259.83	1175
Ragi	1271.46	1306.20	1907.19	1500
Jowar	1141.12	1173.07	1711.68	1500
Cotton	2528.37	2650.63	3792.55	3600
Groundnut	2633.18	2695.44	3949.77	3700
Urad	2798.93	2838.56	4198.39	4300
Soyabean	1560.22	1599.24	2340.33	2200
Sunflower	2795.10	2850.47	4192.65	3700
Nigerseed	2945.18	2970.22	4417.69	2500
Sesamum	3392.60	3463.36	5088.9	4200

Source: *General Secretary's Report*, 33rd Conference, All India Kisan Sabha.

European Union, United States of America, Japan and Israel. The Free Trade Agreements will have far reaching adverse consequences for agriculture and other sectors. And top of it all, the encouragement given to futures trading by Government of India has exposed the farmers to speculation-driven price volatility. The livelihood expenditure of the peasantry is on a rise due to steep rise in cost of all necessities of life. The withdrawal of the Government from social sectors such as health and education has increased medical and educational expenses manifold.

Due to all these factors, for the vast majority of the peasantry who are agriculture workers, poor and middle peasants and other marginalized sections, the income they generate are not sufficient enough to meet their expenditure for cultivation and livelihood. This is the reason for the growing distress among the peasantry. The present situation is forcing the peasantry to sell their cattle and land. The number of landless households in the rural parts of the country is increasing at a faster pace than at any time in the history of India. According to NSSO 2003-04 data, about 41.63 per cent of households do not own any land other than their homestead. Their percentage was 22 in 1992 at the time of the 40th round of National Sample Survey. About half of the peasants are indebted and a large section among

them has taken loans at exorbitant rates of interest from non-institutional sources. As agriculture is increasingly becoming an unviable venture, they find it difficult to come out of their indebtedness.

The growing agrarian crisis is the result of the capitalist path of development pursued by the bourgeois-landlord ruling classes since independence. The neo-liberal economic policies followed after 1990s is aggravating the crisis.

After independence, instead of distributing land to the landless and unleashing the creative energy of the millions of peasants, the ruling classes relied on the richer sections among the peasantry including the landlords and their ability to make private investments to increase productivity and production in agriculture. The Green Revolution strategy implemented by the ruling classes was based on this wrong approach. The productivity and production increased, but along with it, increased the divide between the rich and poor and the advanced and backward regions. A large section among the peasantry remained poor, unemployed and are suffering from lack of facilities such as health, education, culture etc. A crisis slowly emerged. To get out of the emerging agrarian crisis, the ruling classes began the disastrous path of implementing neo-liberal economic policies, instead of alternative policies centered around the interests of the vast majority of the peasantry. There was a calculated move to reverse land reform measures and to dilute land ceiling laws. The agrarian distress is forcing the peasantry, particularly the poorer sections, to sell their assets. The advent of multinational companies into the countryside in the form of contract farming and corporatisation and indiscriminate land grab in the name of Special Economic Zones is further dispossessing the poor and marginal peasantry. The rural countryside has witnessed the continued domination of landlord sections in most parts of India and land is increasingly being concentrated in a few hands.

The Draft National Land Reform Policy document published by the Department of Land Resources, Ministry of Rural Development, Government of India has explained the present situation in the following words: "Landlessness has been steadily rising among Scheduled Castes and Scheduled Tribes. According to the NSSO data (2003-04), about 41.63 per cent of households do not own land

THE MARXIST

Table 6.

Category	Proportion of households (%)	Proportion of area owned (%)
Landless	31.12	0
Less than 0.4 ha	29.82	5.11
0.4-1 ha	18.97	16.89
1-2 ha	10.68	20.47
2-3 ha	4.22	13.94
3-5 ha	3.06	16.59
5-10 ha	1.6	15.21
More than 10 ha	0.52	11.77

Source: *Distribution of Ownership Holdings of Land, India* (NSSO 2003-04).

other than homestead (Table 6). The data also shows that while one-third of the households are landless, those near to landlessness add up one-third more. The next 20 per cent hold less than one hectare. In other words, 60 per cent of the country's population has right over only 5 per cent of country's land; whereas 10 per cent of the population has control over 55 per cent of the land."

As we all know, large-scale acquisitions and conversions of agricultural land as well as forest land for Special Economic Zones, mining, industries and urbanization is taking place. Land acquired for Special Economic Zones and industrialization is also at unfair terms and often misused for real estate purposes. Indian as well as foreign companies are purchasing land in cities and rural areas for real estate and speculative purposes. The government has opened up the real estate sector to foreign investment, which will have disastrous implications. This apart, the Reserve Bank has recently allowed real estate companies to start banking operations, which in all likely hood result in speculative land business.

The Government has reduced public investment in expansion of irrigation facilities. The recently-announced National Water Policy proposals are meant for privatisation of water. These proposals will have disastrous impact on agricultural productivity. The irrigation cost will increase exponentially. The claim that it is a move towards sustainable water management to address climate change concern is baseless. The new policy framework of the Government also calls for curtailing subsidy for electricity use for agricultural purposes on the pretext of cutting down wasteful use of water and electricity.

The neo-liberal policies were pushed forward through the operation of a series of legislations drafted to cater the needs of big

corporates. The Seed Bill, Bio Technology Regulatory Authority of India Bill, the Pesticide Management Bill, the Land Acquisition and Rehabilitation and Resettlement Bill – all have provisions contrary to the stated interest of the legislations. The Land Acquisition and Rehabilitation and Resettlement Bill claims to address the “concerns of farmers whose livelihoods are dependent on land being acquired” and to “prevent the human and social suffering by minimizing displacement”. Actually, the proposed legislation exempts about 90 per cent of the land acquired from its purview by excluding acquisition of land under the provisions of about 13 legislations. It also does not make land losers partners of development and dispossesses farmers, sharecroppers, agricultural workers and rural poor. The Seed Bill seriously compromises the rights of the peasantry to grow, sow, re-sow, save, use, exchange, share or sell their farm seeds and plant material. The Bill, in its present form, will lead to unrestricted commercialization of varieties of seeds in the public domain. The Bill promotes exclusive and monopolistic rights of seed companies to fix prices and allows them unrestricted rights to collect royalties. The Bio Technology Regulatory Authority of India Bill is meant to help the corporates and to harm the interests of the peasantry. The Pesticide Management Bill also, in effect, protecting the monopoly interest of the big companies and not the interest of the farmers or common man.

The withdrawal of the State from agriculture has been accompanied by takeover by predatory agri-businesses. Under the UPA regime, in the name of strategic cooperation in agriculture with United States of America, the Indo-US Knowledge Initiative in Agriculture was initiated. The US monopolies in seed, food and retail trade, viz., Monsanto, Archer Daniels Midland and Wal-Mart were given representation in the Board of the Knowledge Initiative in Agriculture. In addition to these companies, the present-day incarnation of the Imperial Tobacco Company and others like FICCI, CII representing the interest of agri-business in India are also included in the Board. The Board that is meant to deal with agriculture, ironically does not have a single representative of the peasantry. The Board is now dictating the direction of agricultural policy and research in the country. Peasant agriculture is being sidelined and technologies which facilitate corporatisation of agriculture are deliberately

THE MARXIST

promoted. The American agri-business have used the KIA and managed to infiltrate all centres of agricultural research extension and policy making institutions in India. The KIA has successfully promoted unwanted US technologies on several agricultural universities and research centres.

Now the UPA Government is talking about an “ever Green Revolution”. The US-India Business Council (USIBC) is also talking about the “noble objectives of an ever Green Revolution”. The USIBC is unequivocal in stating that the efforts to vitalize agricultural sector “should be driven by business”. The states ruled by BJP and the Congress and their allies are going full steam to superimpose extension services provided by predatory agri-business over public extension services. The farm gates in Rajasthan have already been opened up to Monsanto, DuPont, Bayer, Pepsico, Cargill, SABMiller, Lupin and some Indian companies. In Rajasthan and Gujarat, Monsanto has two major maize projects called Project Golden Rays and Project Sun Asia respectively where the state buy the hybrids from the companies and distribute them to the farmers. The expenditure incurred being financed by the Rashtriya Krishi Vikas Yojana funds.

The USIBC has been insisting in allowing FDI in multi-brand retail trade and the Government of India has recently allowed it. The FDI in retail trade will adversely affects the interest of producers, consumers, traders as well as our cropping pattern and food security. The MNCs will attain a position to influence the cropping pattern in India. In the past, what the colonial powers did through their dictates can be attained by the MNCs through the operation of so-called free market forces.

The latest attack against the peasantry has come in the form of a seemingly lucrative proposal called the Public Private Partnership for Integrated Agriculture Development (PPP-IAD). This scheme is devised to transfer land and public funds to the MNCs.

The crisis in agriculture and the problems of the peasantry cannot be solved by any cosmetic changes in the policies of the Government. The present situation demands a complete reversal of the present policies and implementation of alternative policies. The alternative policies should include the following measures:

The alternative policies should be based on the following aspects:

- Carry out land distribution and land reforms

- Increase public expenditure on agriculture and rural development
- Expand access to irrigation and power facilities
- Control input prices
- Ensure suitable and remunerative crop prices
- Implement universal Public Distribution System and ensure food security
- Provide comprehensive debt relief and cheap institutional credit
- Oppose moves for futures trading in essential agricultural commodities.
- Provide crop insurance to all farmers
- Recognise the rights and needs of women farmers
- Strengthen MNREGS
- Protect agricultural workers
- Enhance public funded agricultural research and extension
- Focus research and extension on dry land cultivation
- Strengthen cooperatives through peasant mobilization
- Implement the Tribal Forest Rights Act
- Protect the displaced
- Increase public expenditure in health and education
- Re-impose quantitative restriction on import
- Keep tariff rates high to protect domestic market
- No signing of FTAs

There are certain other issues that have come up during this period. One is the demand for conversion of agricultural land for non-agricultural purposes such as industries, hospitals, schools, shops, roads, railways, airports, seaports, township etc. The unviable nature of agriculture makes the conversion of cropland for non-agricultural purposes easy. Conversion of agricultural land for non-agricultural purposes may be necessary, but all such conversions should be done on the basis of a concrete land use plan adopted. The land use plan should be decided based on the needs for food security, crop diversification, employment generation, protection of environment etc. The land use plan should be prepared democratically and transparently.

All land acquisitions should be based on an appropriate legislation that provides for democratic and transparent procedures offer adequate compensation and appropriate rehabilitation and resettlement benefits. The land losers also should get a share of the benefits of

THE MARXIST

development as they provide the most precious and scarce asset – land – for development purpose.

Certain corporate funded organisations are making propaganda against the use of achievements of science and technology in agriculture. In effect, the propaganda against using the achievements of science and technology only serves the interest of the corporate sector. The achievements of science and technology, including genetically modified technology, should be used to increase productivity and production in agriculture. This is necessary for finding solutions to the problems of the peasantry and agriculture. The achievements of science and technology will help reduce the drudgery of peasant life and can make agriculture an attractive occupation. The Government should make more investments in science and technology, so that the benefits of the achievements of science and technology will reach the poorer sections among the peasantry and the safety aspects related to the use of science and technology should not get compromised.

Due to the deep inroads of capitalism in agriculture, class differentiation has taken place among the peasantry and different sections play different roles in the fight against the neo-liberal economic policies. The capitalist path of development and neo-liberal economic policies has benefited the landlords and richer sections. This is the reason for the broad unity among the bourgeois-landlord political parties in support of the neo-liberal economic policies. The landlords and most of the richer sections are not interested in changing the neo-liberal economic policies and implementing alternative policies. It is the poorer sections, ruined by the neo-liberal economic policies, who are interested in fighting against them. Hence, it is necessary to build the unity of the poorer sections, particularly agricultural workers, poor peasants, middle peasants and other marginalised sections among the peasantry to build powerful struggles against the neo-liberal economic policies and for implementing alternative policies. The poorer sections among the peasantry should also unite with their allies in other sectors like the workers, middle class employees and other toiling sections of people who are suffering under the impact of the neo-liberal economic policies. The landlords and richer sections may also at times, on certain issues, come out against some aspects of the neo-liberal economic policies and

imperialist globalisation. Efforts should be made to engage with them on such occasions and issues.

In order to build the unity of the poorer sections among the peasantry, the ideological influence of the landlords and richer sections on them have to be countered. The electoral mobilization on the basis of caste and religion by certain national and regional political parties has also raised hurdles in building the unity among the peasantry. In order to meet these challenges and to build unity among the poorer sections, there is a need to strengthen the class struggles between the poorer and the richer sections. Identification of appropriate slogans and forms of struggle are important to intensify the class struggle. The peasant movement should concretely study the concrete situation and formulate concrete demands on which class struggles can be launched. The twin aim of rallying the poorer sections and isolating the landlords and richer sections can be achieved only by intensifying the class contradictions. The ideological offensive of the advocates of the neo-liberal economic policies also should be appropriately countered. The present situation offers new opportunities for building powerful peasant movements.

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