

How Markets and Policies Affect Small and Marginal Farmers- A Critical Review

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I THE BACKGROUND

The changing face of agrarian economy has a wide spectrum, on its one end are the policies that govern the agrarian economy at macro – level and on the far end of it is market that controls it at micro level. An estimated 127.3 million farmers constitute the 54.4% of the total rural population. 120.82 million holdings with 159.90 million ha area comprises the farm economy units in the country, a whopping 61.6% of them are marginal farmers with <1 ha owning only 30.08 million ha land followed by 18.7% small farmers with holding in the range of 1 – 2 ha owning 32.26 million ha, however 1.2% of large farmers having holding > 10 ha owns 21.12 million ha land. The average size of the holdings of >61.6% of the marginal farmers is <0.4 ha and 18.7% of the small farmers' is 1.41 ha. Madhya Pradesh has 7.36 million holdings out of which 2.83 million are marginal and 1.95 million are small holdings.

In the backdrop of these skewed statistics of land distribution, the rampant poverty especially among the agrarian class comes live. The attempted suicides by the farmers in past decade could be one proxy indicator of plight of the farmers. Many workers conducted too many field researches in to the subject, subjugates the very essence of the issue. From the archives of the Vaidyanathan Committee report to most recent ones like the recommendations of the National Commission on Farmers, all in unison voice lamented on the plight of this contingent of the agrarian community, revamping of the primary cooperatives wherein most of the small and marginal farmers are the defaulter loany members to the recent loan waiver by the nationalized banks, all have proved a mere cosmetic touch to the ever burgeoning problem, the national commission has suggested ways and means to shift the fulcrum in such a manner that the most vulnerable class gets some reprieve from the clutches of the exploitative forces, however, it is yet to be seen that one single step is taken in the suggested direction.

The National Agriculture Policy, declared only after 5 decades of independence does not take cognizance of the bare facts, the emerging agribusiness scenario with the increasing ingress of the transnational and national corporate houses, changing urban demography and linked life style, changing food habits, change in the preference of the clothing, apparels, emerging urban middle class with changing income and expenditure behavior, changing international markets, increasing investments in the retail markets, are some of the key pointers need to be scrutinized for assessing the influence of market and policies on the small and marginal farmers.

II THE KEY POLICIES

The key policies and policy pointers that affects the small and marginal farmers:

Policies:

- (a) National Agriculture Policy
- (b) Procurement Price Policy
- (c) Tariff Policy for import of the agriculture commodities
- (d) National Dairy Policy
- (e) National Poultry Policy
- (f) National Food Processing Policy
- (g) National Policy on Farmer' Welfare
- (h) National Seed Policy
- (i) National Fertilizer Policy
- (j) National Policy on Genetically Modified Organisms
- (k) National Policy on Organic Agriculture
- (l) National Agriculture Extension Policy
- (m) National Policy on Women
- (n) National Policy on Unorganized Sector Workers
- (o) National Environment Policy
- (p) National Water Policy
- (q) Crop or commodity specific policies like sugar policy, oilseed policy, edible oil policy etc....

Policy pointer:

- (a) Scope of the policy domain
- (b) Mapping of the issues and problems of the small and marginal farmers in respect of the policy domain
- (c) Influence of the policy initiative on the ground zero implementation directly affecting the small and marginal farmers
- (d) Special conditions and privileges admissible within the policy domain
- (e) Policy enforcement – structures, procedures, institutions
- (f) Legal and quasi legal implications of the policy initiatives
- (g) Financial implications and central or state share relating to the policy initiatives.
- (h) Timeframe, redressal process and corrections to the past anomalies for the disenfranchised / disadvantaged class

III CHALLENGES FOR FARMERS

There are serious challenges facing small holder agriculture, on one hand they are riling under the food scarcity forced to practice subsistence agriculture with hardly any investment in to the farming and on the other hand globalization and liberal transnational trade regime under WTO posing threats to the existence of the smallholder agriculture.

The Commission on Agriculture Cost and Price (CACP) covers over 25 crops and fixes minimum support price taking cognizance of many determinant factors influencing the cost of cultivation, however, market dynamism at local level and global scenario does not support the small producers.

The agriculture commodity markets by and large governed by the Agriculture Produce Marketing Committee Act (APMC Act) in the states, but interstate vibrations, provisions that safeguard the interests of the brokers, traders, processors, and marketers are larger than the provisions that safeguard the interests of the small producers. The Market Committees though have democratic governance seldom prove to be pro- small producers and levers of management remain in the hands of the vested interests.

There are many policy challenges for Indian agriculture. Small farmers are certainly going to remain in India in the coming decades. The main challenges are moving towards high value agriculture by maintaining food security and promote rural non-farm sector for reducing poverty and hunger.

There are seven deficits:

- (a) Investment,
- (b) Credit and Infrastructure deficit,
- (c) Technology deficit,
- (d) Market deficit,
- (e) Diversification deficit,
- (f) Institutions deficit,
- (g) Skill deficit.

IV CONCLUSION

Both supply side and demand side are important. Small farmers can respond and benefit from the challenges under Right policy environment.

Shared growth is also important. Similarly, environmental concerns must be addressed in order to have sustainable agricultural growth. There is a need to concentrate on delivery systems also. 'Business as usual approach' may not help revival of agriculture. Declining profitability in Indian agriculture must be reversed. The government must think of big push to agriculture as seen in the education in 11th Five Year Plan.