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## Mains Practice Questions

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Q. Farmers' distress is an outcome of interplay of various factors, it can be tackled through a multipronged approach. Examine (250) Words

31 Jan, 2019 GS Paper 3 Economy

**Approach:**

- Explain status and issues of Indian agriculture in the introduction para.
- Give reasons of farmers' distress.
- Suggest steps which can be taken to resolve the issue.

**Introduction**

- Indian agriculture is confronted with high price volatility, climate risks, and indebtedness.
- Agrarian distress is mainly in terms of low agricultural prices and consequently, poor farm incomes.
- Low productivity in agriculture and related supply side factors are equally important. An issue that is connected is the declining average size of farm holdings and the viability of this size for raising farm incomes.

**Body**

**Reasons of farmers' distress:**

- **Prices and Incomes of agricultural prices:**
  - When output increases well beyond the market demand at a price remunerative to producers, market prices decline. And in the absence of an effective price support policy, farmers are faced with a loss in income, depending on how much the price decline is.
  - In the last two years, inflation in agriculture was much lower than overall inflation. The implicit price deflator for Gross Value Added (GVA) in agriculture was 1% while it was 3.2% for total GVA in 2017-18.
  - Also, Market prices for several agricultural commodities have been lower than those of minimum support prices (MSP).
- **Low productivity due to Less and Conventional Method of Usage land and Water:**
  - Basics such as seeds, fertilizers, credit, land and water management and technology are important, but have been neglected.
  - Investment in infrastructure and research and development is low.
  - More than 60% of irrigation water is consumed by two crops: rice and sugar cane
  - India uses up to three times the water used to produce one tonne of grain in countries such as Brazil, China and the U.S.
- **Small Landholding:**
  - The average size of farm holdings declined from 2.3 hectares in 1970-71 to 1.08 hectares in 2015-16.

- The share of small and marginal farmers increased from 70% in 1980-81 to 86% in 2015-16. The average size of marginal holdings is only 0.38 hectares (less than one acre) in 2015-16.
- The monthly income of small and marginal farmers from all sources is only around ₹4,000 and ₹5,000.

State governments are adopting farm loan waivers to solve the issue of the farmer's distress. However, loan waiver is only an element of immediate relief. A multipronged strategy is required.

#### **For better price and incomes:-**

- A sustainable solution is market reforms to enable better price discovery combined with long-term trade policies favourable to exports. APMC act is to be reformed.
- The creation of a Competitive, Stable and Unified national market is needed for farmers to get better prices.
- Agriculture has to go beyond farming and develop a value chain comprising farming, wholesaling, warehousing, logistics, processing and retailing.

#### **For better productivity:**

- There is a need to make a shift from rice and wheat-centric policies to millets, pulses, fruits, vegetables, livestock and fish.
- Technology can help to reduce 'yield gaps' and thus improve productivity

#### **For land size:**

- A consolidation of land holdings becomes important to raise farmer incomes.
- We need to have policies for land consolidation along with land development activities in order to tackle the challenge of the low average size of holding.
- Farmers can voluntarily come together and pool land to gain the benefits of size

#### **Conclusion**

- Given the scale of the problem, there is a huge opportunity for millions of innovators and entrepreneurs to step in and solve it.
- The stakes are too high for not only the 260 million farmers demanding solution, but also for the Indian economy that they support.