



Agricultural Distress in India

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For Prelims: National Commission on Farmers (NCF), Commission for Agricultural Costs and Prices (CACP), Palm Oil Mission, Pradhan Mantri Fasal Bima Yojana.

For Mains: Agricultural Distress: Reasons, Impacts, Government Initiatives.

India is one of the biggest growing economies in the world. Agriculture is the **primary occupation of nearly half the population of the country**. Over the past few decades, the manufacturing and services sectors have increasingly contributed to the growth of the economy, while the agriculture sector's contribution has decreased. The unprecedented agrarian crisis in India has now been affecting farmers across the country for nearly a decade.

What are the Reasons Behind Agricultural Distress?

- **Poor Policy and Planning:** In the past, Government strategy primarily focused on raising agricultural output and improving food security rather than recognising the need to raise farmer's income,
 - The absence of direct measures to promote farmers' welfare is also one of the main reasons for agricultural distress.
- **Declining Average Size of Farm Holdings:** Increasing demographic pressure, disguised employment in agriculture and conversion of agricultural land for alternative uses, have drastically reduced the average land holding.
- **Dependence on Rainfall and Climate:** Indian agriculture is heavily dependent on monsoon and ever-increasing global temperature has made agriculture more prone to extreme weather events.
- **Collapsing Farm Prices:** Low global prices have affected exports and the cheaper imports have hurt domestic prices in the country.
 - **Lack of easy credit** to agriculture and dependence on money lenders.
- **Fragmented supply chains:**
 - Large gaps in storage, Cold chains
 - Limited connectivity
 - Absence of marketing infrastructure
- **Lack of Mechanisation:** Introduction of latest technology has been limited due to various reasons like accessibility for credit and low awareness.
- **Other Reasons:** Crop production is always at **risk** because of pests and diseases.
 - **Shortage of inputs** like seeds and irrigation facilities.
 - **[Deficiencies in Agricultural Produce Market Committees \(APMC\) Act.](#)**
 - **Profiteering** by middlemen.

What are the Impacts of Agricultural Distress?

- **Adverse Effect on Farmers' Income:** The above factors have resulted in low income for farmers

which is evident from the **incidence of poverty** among farm households.

- The low and highly fluctuating farm income is causing a **detrimental effect on the interest in farming and farm investments** and is also forcing more and more cultivators, particularly younger age group, to leave farming.
- **Cases of Suicides:** The country also witnessed a sharp increase in the number of **farmers suicides** in the last decades.
 - This can cause an adverse effect on the future of **food security** and the state of agriculture in the country.

What is the National Commission on Farmers (NCF) and Evergreen Revolution?

- **National Commission on Farmers (NCF)** was constituted on November 18, 2004, under the chairmanship of Professor M.S. Swaminathan.
- Its recommendations **mainly focused on issues of access to resources and social security entitlements** and contain suggestions for inclusive growth of farmers and the agriculture sector in India.
- On the issue of **Minimum Support Price**, the committee recommended providing farmers with a minimum support price of 50% above the cost of production classified as C2 by the **Commission for Agricultural Costs and Prices (CACP)**.
- CACP proposes three definitions of production costs :
 - **A2:** Actual paid-out expenses incurred by farmers — in cash and kind on seeds, fertilisers, pesticides etc.
 - **A2+FL:** It is A2 cost plus an imputed value of unpaid family labour.
 - **C2:** It accounts for the rentals or interest loans, owned land and fixed capital assets over and above A2+FL.
- The Committee recommended the MSP to be basic cost and prescribed MSP 50% above C2.

What Steps can be Taken?

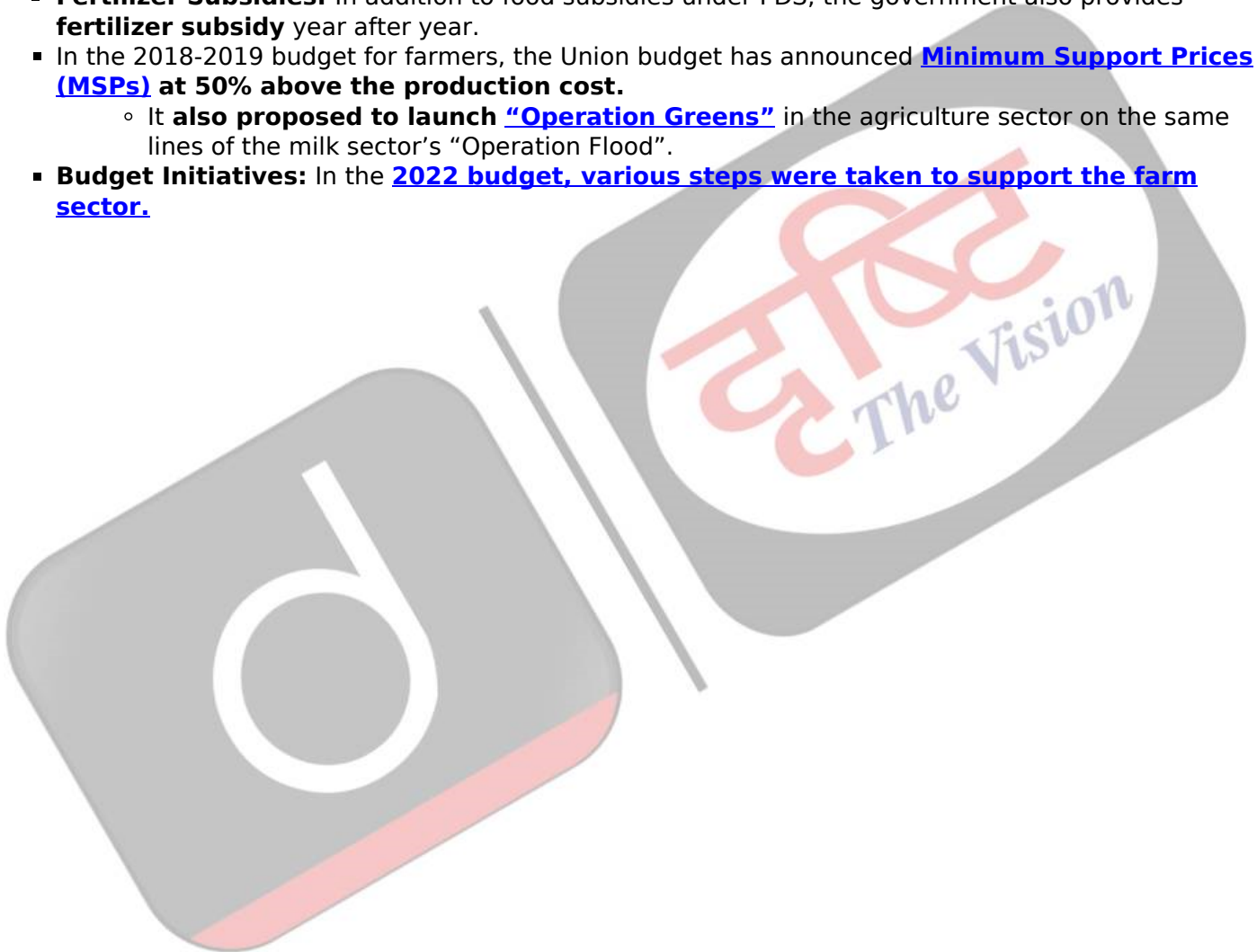
- **Development Initiatives:** Initiatives including infrastructure, technological interventions, farmer friendly policies and institutional mechanisms can increase agricultural growth and farmers income.
- **Need for Technology** can help to reduce 'yield gaps' and thus improve productivity.
 - The **water-use efficiency** can be improved significantly with better use of technologies that include drip irrigation.
- The quantitative framework for **doubling farmers income** has the following seven sources of growth:
 - Increase in productivity of crops
 - Increase in production of livestock
 - Improvement in the efficiency of input use (cost saving)
 - Increase in crop intensity
 - Diversification towards high-value crops
 - Improved price realization by farmers
 - The shift of cultivators to non-farm jobs
- **Improvements in Allied Sectors:** Many small farmers cannot leave agriculture because of a lack of opportunities in the non-farm sector. Hence, allied sectors like horticulture, food processing, poultry etc needs to be pushed. For instance, government initiatives like the **Coordinated programme on Horticulture Assessment and Management using geoinformatics (CHAMAN)**, AGRI-UDAAN programme, **Scheme for Agro-Marine Processing and Development of Agro-Processing Clusters (SAMPADA)** etc.
- **Cooperative Farming:** In this context, consolidation of land holdings also becomes important to raise farmer incomes. Farmers can voluntarily come together and pool land to gain the benefits of size. Through consolidation, farmers can reap economies of scale both in input procurement and output marketing.

- **Policy Developments:** There is a need to make a shift from rice and wheat-centric policies to millet, pulses, fruits, vegetables, livestock and fish.
- **Need for Market Reforms:** The creation of a competitive, stable and unified national market is needed for farmers to get better prices.

What are the Government Initiatives taken in this Regard?

- **Doubling Farmer's Income by 2022-23:** The goal set to **double farmers' income by 2022-23** is central to promote farmers welfare, reduce agrarian distress and bring parity between the income of farmers and those working in non-agricultural professions.
- **Initiatives of Central Government:** In recent years, the Central government has taken various measures like the [PM Fasal Bima Yojana \(PMFBY\)](#), [PM Krishi Sinchai Yojana \(PMKSY\)](#), [electronic National Agricultural market \(e-NAM\)](#), [Soil health card](#), [Neem-coated urea](#) etc.
- Agriculture is a major component of **Priority Sector Lending (PSL)**, and the target for bank lending to agriculture has been revised upwards every year.
- **Fertilizer Subsidies:** In addition to food subsidies under PDS, the government also provides **fertilizer subsidy** year after year.
- In the 2018-2019 budget for farmers, the Union budget has announced [Minimum Support Prices \(MSPs\) at 50% above the production cost](#).
 - It **also proposed to launch "Operation Greens"** in the agriculture sector on the same lines of the milk sector's "Operation Flood".
- **Budget Initiatives:** In the [2022 budget, various steps were taken to support the farm sector](#).

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AGRICULTURE AND FOOD PROCESSING

RESILIENT GROWTH DESPITE
PANDEMIC

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**UNION
BUDGET**
2022-23



Record Foodgrains Production and Enhanced procurement



2.37 lakh crore direct payment of MSP to **163 lakh farmers**



Promoting chemical free natural farming



Promoting post harvest value addition, consumption and branding of millet products



Delivery of Digital and Hi-Tech services to farmers in PPP mode



Use of **Kisan Drones** to aid farmers



Launching fund with blended capital to finance agriculture start ups



Ken Betwa Link Project to **benefit 9.1 lakh hectare farm land**

- **Farm Support Schemes:** Some States have introduced farm support schemes, examples being the **Rythu Bandhu Scheme (Telangana)** and the [Krushak Assistance for Livelihood and Income Augmentation \(KALIA\) scheme](#) (Odisha)

What are the Other Initiatives?

- [Palm Oil Mission](#)
- [Pradhan Mantri Fasal Bima Yojana](#)
- Pradhan Mantri Kisan Samman Nidhi Yojana
- [AgriStack](#)
- Unified Farmer Service Platform

- National e-Governance Plan in Agriculture
- [Sub-Mission on Agricultural Mechanization](#)

What Steps can be taken?

- The ever-changing agriculture sector requires **proactive policy management** which can maximize benefits for all stakeholders.
- Raising the MSP, price deficiency payments or income support schemes can only be a **partial solution** to the problem of providing remunerative returns to farmers.
- A sustainable solution is market reforms to **enable better price discovery** combined with long-term trade policies favourable to exports.
- For better prices for farmers, agriculture **has to go beyond farming and develop a value chain** comprising farming, wholesaling, warehousing, logistics, processing and retailing.
- The most effective and least distortionary way to support farmers would be through [direct benefit transfers \(DBTs\)](#).
- What is abundantly clear is that **loan waivers aren't the panacea** they're made out to be politically. Those who want to help India's farmers should be working much harder to figure out what they really need.

UPSC Civil Services Examination Previous Year Question (PYQ)

Prelims

Q1. With reference to 'Pradhan Mantri Fasal Bima Yojana', consider the following statements: (2016)

1. Under this scheme, farmers will have to pay a uniform premium of two percent for any crop they cultivate in any season of the year.
2. This scheme covers post-harvest losses arising out of cyclones and unseasonal rains.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (b)

Q2. Consider the following statements: (2020)

1. In the case of all cereals, pulses and oil-seeds, the procurement at Minimum Support Price (MSP) is unlimited in any State/UT of India.
2. In the case of cereals and pulses, the MSP is fixed in any State/UT at a level to which the market price will never rise.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (d)

