



Why are farmers agitated?

With the condition of the farming industry deteriorating with each passing day, the agitation amongst the farmers continues to increase. Dr. A. K. Nandi, Professor and DIC, CCS, Department of Agricultural Economics, BCKV, Nadia, West Bengal, spoke to BE's Isha Chakraborty regarding the agitation, crop insurance programmes and MSP's.

◀ Dr. A. K. Nandi

Q. What are the causes of agitation amongst the farmers these days?

A. There are mainly two issues, which are important to the farmers. These are remunerative prices for their products and easy access to the capital (loan) with soft interest rate and waiver during adverse climatic situations.

Q. The government has announced the Minimum Support Prices (MSP) on several items, but why are the farming communities still not getting the desired returns?

A. MSPs are only for some major food grains, oil seeds, and commercial crops. The farmers are not confined to these crops due to lower margin from traditional major food grains. Due to increasing input costs, the production cost of agricultural outputs are also increasing. The government considers only the actual expenses like seeds, fertilisers, etc, and some parts of unpaid family labour based on the previous year not for the current year. The interest on fixed capital as well as the rentals or interests for owned land have not been considered for the declaration of MSP. Therefore, in the true sense, the farmers are not yet receiving the remunerative prices for these outputs.

The time of announcement and procurement from the farmers has been delayed and the marginal and small farmers (jointly constitute 85% of total land holdings) failed to avail the scope of government intervention. As per the National Sample Survey Office (NSSO) (2012-13), only 13.4% paddy growers and 16.2% of wheat growers can avail the MSP in our country. Besides, last year the production cost increased due to increase of labour cost and 18% GST on machinery and 12% increase of GST on fertiliser prices.

At present, the average market price of mustard is ₹3400/q, on the other hand the announced MSP for the mustard is ₹4000/q. Likewise, for black gram the MSP is ₹5400/q, and the average market price is ₹3650/q. Therefore, it is important that, there is need for specific act for the implementation of MSP in parliament. MSP must be the total cost of production plus 50% additional over total cost (modified cost concept of CACP as per the recommendations of Prof. M.S. Swaminathan).

For the vegetables, there are no supporting systems introduced by the government and for this reason, farmers are agitating

with their product on the roadside or burning them due to the lack of market intervention and limited storage facilities and other post-harvest operations. The government is gradually privatising the multinationals, which act as the government in the welfare system of the economy. The fate of the farmers is subject to political gimmicks. Agriculture is the largest employment sector in our country but the average growth rate was 2.5 % per annum during the last four years. Demonetisation in economy also checked the employment opportunity in agro business systems in consecutive two years, which also retards the overall conditions of the small and medium entrepreneurs in rural and semi urban areas. The effect of such activity directly/ indirectly affects agriculture, particularly the production of farm based inputs.

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Q. What is your opinion regarding the soft loans given to the farmers from the financial institutions?

A. One of the major causes of bank nationalisation was to protect the interest of the farming as well as rural communities of our country. Regional Rural Banks (Grammin Bank) under the aegis of NABARD were established. The activity of the organised financial institutions is meagre for the small, medium and landless farmers, those who are engaged in tenant or contract farming. On the other hand, private money lenders are dominating the rural areas with high rates of interest. For this reason, the farmers entered into a debt trap and during natural calamities which lead to suicide.

Q. The government started the crop insurance programme for alleviating the effects of natural calamities on farming. Why do problems still persist?

A. This programme is confined mainly to food grains. The horticultural crops are included only in some cases. Due to lack of statistics, the insurance companies are not interested in the insurance scheme. After the 1990s, the area under perishable agricultural outputs is increasing. Due to the lack of storage, losses are high enough to cover the cost of cultivation. Serious attention is needed for this sector to reorganise the farmer-centred crop insurance programme considering all type of crops. One of the major objectives of crop insurance is crop diversification and stabilising the income of the farmers.

In our country, statistics on horticultural crops are not recorded about estimation of area, production and productivity. Besides, issuance of land possession certificate by the state government to the sharecroppers or leasing systems is difficult. Registration of KCC (Krishan Credit Card) for the loan is also expensive. The crop insurance system is linked with loans. Therefore, the sharecropper depends on credit from the village moneylender. The volume of production is not related to insurance either. Instead of block /district, the unit of insured system must be

either for the village operational unit for the field crops or for the horticultural crops. It must be for the individual crop unit over different stages of production. Disbursement of the insured amount must be prompt so that the farmers use it, in the production of next crop.

Q. Government is procuring the food grains at the cost of others from the budget. If it is true, then for how many days may it be continued?

A. Of course, it may cause the loss for the exchequer, but for the creation of aggregate demand in our labour surplus economy, it is essential for both agricultural and industrial growth. The procured grains have to be utilised for employment generation of the landless because it is a pity that one-fourth of the malnourished population of the world reside in India. The public distribution system and 'food for work' programme may overcome such situations.

We are aware of the nature of production in agriculture and industry, which is quite different from each other. Agricultural production needs a timelag and depends on climatic conditions. The different programmes adopted by the government are paper work to farmers. Therefore, it is a real problem with false prescriptions! ■

CROP INSURANCE IN INDIA

**Pradhan Mantri Fasal
Bima Yojana**

**National Agricultural
Insurance Scheme**

**Potato Crop
Insurance Scheme**

**Bio-Fuel Tree/ Plant
Insurance**

**Rainfall Insurance
Scheme for Coffee**

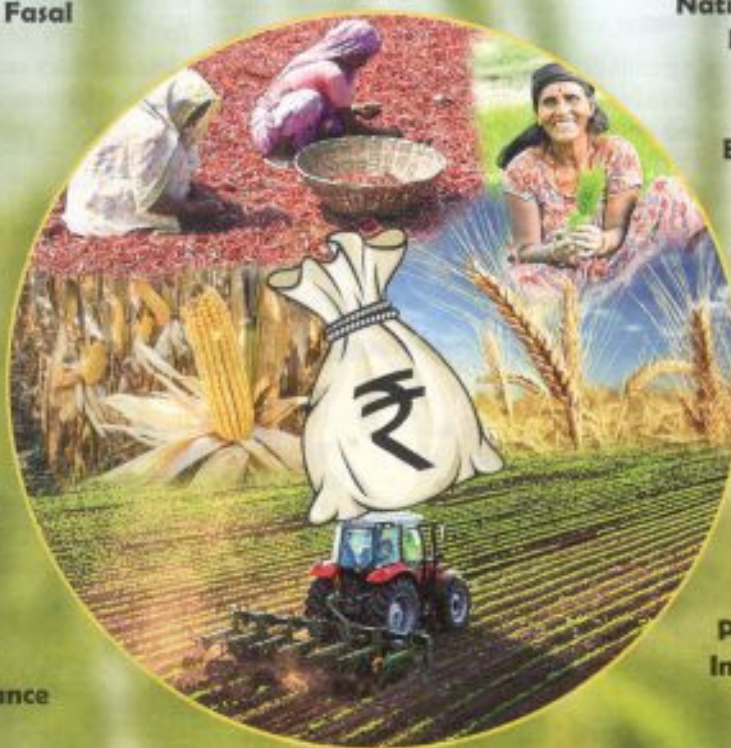
**Cardamom
Plant and Yield
Insurance**

**Rubber Plantation
Insurance**

**Coconut Palm
Insurance Scheme**

**Varsha Bima /
RainFall Insurance**

**Pulp wood Tree
Insurance Policy**



— Composed by Kuntala Sarkar