

A Manifesto for Farmers in Andhra Pradesh

What farmers want from the next government?

The time has therefore come when we should focus more on the economic well-being of the women and men feeding the nation than just on production.

-National Commission on Farmers, 2007.

Introduction

Five years ago, the farmers of Andhra Pradesh who were going through a terrible crisis, much of which was precipitated by government policies articulated as Vision 2020, spoke loud and clear through the ballot to bring down the Telugu Desam party that was in power for two terms. The Congress government which came to power on the wings of the deep discontent and distress of the farmers has seen and projected itself as “farmers’ rule” or *raitu raajyam*. The government did take some steps which resonated with the farmer community and provided some relief from extreme distress – such as free electricity, loan waivers, employment guarantee scheme which benefited the agricultural workers and welfare measures targeted at the rural poor – though these measures left much to be desired. At the least, in the past few years, issues related to farmers’ welfare have been given prominence by the government and the media.

However, the reality after five years of *raitu raajyam* is that the agricultural crisis persists and has worsened in some ways, and the farmers’ deep distress continues. The recommendations of Proj. Jayati Ghosh Commission and Justice Ramachandra Rao Commission have not seen the light of the day. Farmers’ suicides have continued at an alarming rate despite good monsoons. They have seen the input costs going up steeply while the market price remains low. Meanwhile, their family living costs including health, education and transport have jumped as government withdrew from many of these public services, leaving them at a loss. In short, farmers across the state are in despair that agriculture is no longer remunerative, and feel that their children would be better off in any profession other than agriculture.

The visions for successive governments for agriculture development seem to exclude majority of the farmers. Earlier and current governments propose to move into highly mechanized-external input agriculture, based on the analysis that small holder agriculture is not viable and 50% of the farmers should be moved out of agriculture in 15 years. If 50% of the farmers move out of agriculture, as many policy-makers have proposed/predicted, or even 20% of them move out, there are no viable alternative livelihoods available either in rural areas or in cities which are already unable to cope with their current expansion. On the other hand, the growing ecological crisis and resulting climate change threat have clearly brought back the evidences that small farms practicing sustainable agriculture holds the promise for the food secure future.

The dire situation of crisis has not improved in a major way in the past few years, as the fundamental underlying problems have not been addressed. A comprehensive alternative vision for agriculture has not been developed which rejects the Vision 2020 formulation. The question looms, “Where do we go from here?” The last elections succeeded in putting the farmers’ issues squarely on the agenda but not in solving them. Can we use the upcoming elections and the next five years with a sense of urgency to introduce fundamental policy changes based on a new vision of agriculture? This manifesto is proposed as a step in this direction.

Agriculture in Andhra Pradesh – the Crisis Continues

We look at some salient points that highlight the agricultural crisis in our midst.

(1) Out of the 32 districts across India identified by the Central government as the worst-affected, 16 are in Andhra Pradesh!

- (2) In 2005-06, it is observed that 95.48% of the operational holdings in the State are held by farmers who own below 4.0 hectares and operate on a total area of 10.85 million ha (constituting 74.90% of the cultivated area). The number of farmers in small and marginal farmers' category is under gradual increase and the average land holding size is reducing.
- (3) 1797 farmers committed suicide in 2007, and 2607 in 2006! AP stands second only to Maharashtra in terms of Farmers' suicides. The number of farmers committing suicide in AP during 2004-07 is more than the number who committed suicides in 1997-2003. The rate of farmers' suicides is 3.24 per lakh of population which is highest after Chattisgarh and Maharashtra.
- (4) 82% of farmers in the state are indebted, out of which 66% is from non-institutional sources, which carry higher interest rates, are more exploitative and are of course not eligible for loan waivers or interest waivers (NSSO report, 2007).
- (5) 30 % land has become saline and unfit for cultivation –latest report of Status of Environment by Min of Environment (<http://www.soeatlas.org>), among many reasons important are irrigation and high fertilizer use.
- (6) Input costs (specially seed, pesticides etc) have risen by 300% in the past five years
- (7) New technologies like Bt cotton have brought new ecological problems like decreasing soil fertility, animal deaths and allergies.
- (8) Agricultural commodity prices have not increased at the same rate as the rise in input costs. The fact-finding committee of Planning Commission found that the cost of production of cotton per quintal was Rs.2215 whereas the MSP was Rs.1960.
- (9) This year, MSPs have been raised but unless procurement mechanism is implemented successfully, the farmers will not benefit from the rise. Cotton traders have already declared that they are unable to purchase at the MSP (refer to recent news item).
- (10) There is an increasing tenancy in the state and the tenancy act is not implemented for more than 50 years and the tenant farmers do not receive any support from the government.

Major Problems

Decreasing incomes to farmers: The increasing costs of cultivation on one hand and un-remunerative prices have led to dwindling net incomes for farmers over years.

- The agriculture prices are not fixed taking into livelihood needs of the farmers.
- The rising inflation always had a double impact on farmers with increasing costs of living and decreasing incomes due to reduction in agriculture prices as a result of price intervention mechanisms of the government.
- Minimum Support Prices are announced for 33 commodities and market intervention operations exist only for rice and wheat. So farmers growing other crops are left to the mercy of the markets.
- Removal of quantitative restrictions and allowing cheaper imports as a result of WTO commitments

High External Input based agriculture: The high external input based agriculture production practices have caused heavy ecological and economic crisis.

- The heavy pesticide usage has polluted the soils and water across the country. Pesticide residues are found in all kinds of foods. Studies show that, residues were also found in alarming levels in mothers' milk and human blood. The acute and chronic poisoning is rampant in the villages.
- Chemical fertilizers have killed life in the Indian soils and water bodies. The subsidy burden on chemical fertilizers on the country exchequer has increased to 15 % of Indian budget this year. Government is unable to supply the needed fertilizer.
- Seed industry is completely in the hands of corporations with complete failure of institutions (Agriculture university and State Seed Corporation) and regulations (Seed act is kept in abeyance for last four years, cotton seed removed from essential commodities act, still farmers die in police firing standing in long queues for seeds).
- The Genetically modified crops have brought in new threat not only in terms of ecological and economic crisis but also political (farmers and governments completely losing control)
- Groundwater level is decreasing at alarming rate

Skewed Support systems: The agriculture support systems research, extension, credit, subsidies, minimum support prices, market procurement, insurance etc are all designed based on external input based green revolution model. The more sustainable practices do not receive any kind of support.

What should the government do?

- The government should articulate a clear vision for sustaining agriculture and agriculture-based livelihoods. The stated goal should be to make farming viable for small, marginal and medium farmers. This should signify a clear departure from the thinking of Vision 2020, whose premise was that more than half of the farmers should move out of agriculture.
- A three-pronged approach should be taken to realize such a vision.
 - A. Ensuring sustainable income and livelihood security for all farmers:** So far, the government support to agricultural sector has been mainly through input and output subsidies, and price support mechanisms. Experience shows that product (agricultural) prices alone cannot meet the income needs of the farmers especially small and marginal. *The government policies should be designed explicitly to ensure a living income for all farmers.* Options such as direct income support to farmers should be availed of, in addition to proper implementation of the existing mechanisms like price support.
 - B. Proactive promotion of sustainable agriculture practices:** A major cause of the extreme distress among small and medium farmers is that agriculture has become a high-stakes gamble due to dependence on costly inputs. Overuse of chemical fertilizers and pesticides has also resulted in salinization, loss of soil fertility, pest immunity and damage to ecology and health. Therefore sustainable agriculture approaches such as organic farming and non-pesticidal management should be seen as a solution to both the economic and ecological crisis in agriculture. This is also an imperative of the era of climate change that we are experiencing.
 - C. Recasting Support Systems and Organizing and strengthening farmers' collectives:** Farmers' collectives can be organized at a similar scale and in a similar manner as women's thrift groups have been organized in the state. The farmers' collectives would help in more planned cultivation at village level, better organized storage and marketing, and implement measures to retain more profits with the farmers rather than the middlemen.

What follows is a more detailed articulation of these demands.

A. Ensuring sustainable income and livelihood security all farmers:

As the National Commission on Farmers has stated the main goal should be to improve the economic viability of farming by ensuring that farmers earn a “**minimum net income**”, and ensure that agricultural progress is measured, by the advance made in improving that income. The government should appoint an Income Commission for Farmers as a statutory body which examines the real income of farmers every year across the state. The Commission then comes up with specific recommendations to ensure that farmer families are assured a minimum income. To achieve this, the Commission should use a multi-component approach which includes:

- 1) **Remunerative prices for agricultural produce:** The prices for agricultural commodities should be based on the real cost of production and linked positively with inflation. The current MSP determination does not ensure remunerative income to farmers, unless an explicit policy is adopted such as (C2 Cost of production + at least 50% as profit) as recommended by the National Farmers’ Commission. The determination of support price should be done transparently at the state level and recommended to the CACP. The MSPs should be announced before the crop season begins.

Most importantly, the announced prices (MSP etc) should be properly implemented by timely intervention and procurement by the government. The government should set up a state-level Agricultural Costs and Prices Commission and Price stabilization fund which enables such intervention.

- 2) **Labor wage support for all agricultural operations: Today we are in a ironic situation where agriculture workers are unable get employment and farmers are unable to afford agriculture workers due to increasing costs of living.** The government should provide input subsidy in the form of labor wages (up to 100 days in a calendar year) to the farmer to monetize the use of family labor or to pay external labor engaged on the farm. This should include all agricultural operations from sowing to harvesting. This can be operationalized on similar lines as NREGS, or by suitably increasing the number of days covered under NREGS and extending it to agricultural work. This will also provide additional help to the agriculture workers in the villages.
- 3) **Increased rural employment opportunities:** By systematically promoting post-harvest operations and value addition enterprises at the village level, the net income of farmers can be directly increased. By promoting agriculture-centered small scale rural industry, the rural economy can be given a big boost, correcting the rural-urban imbalance and migration.
- 4) **Direct Income Support:** Even if the above measures are all implemented properly, analysis shows that farmers would still not get a living income. For the Income Commission to ensure the target income to each agricultural family, it is essential to provide direct cash payment to make up for the shortfall.

This should be in the form of a fixed amount per family, given to all cultivators including tenant farmers. This direct cash support, together with other measures, should ensure that every agricultural family can maintain fair living standard. This could be set at Rs.15000 per family and revised every year by the Commission. Direct income support is dealt with in more detail in Annexure 1.

- 5) **Improving social security measures:** Provide social security measures like pension, insurance etc for farmers and agriculture workers.

B. Promotion of sustainable agriculture/ecological farming

Most of the government intervention and support as part of the Green Revolution has gone to farmers practicing high-input chemical agriculture. We are now seeing the consequences of indiscriminate promotion of chemical farming, both from an economical and environmental point of view. For small and marginal farmers in many parts of India, low-input sustainable agriculture methods have been shown to give better income security and food security, and also improved soil fertility.

- Government should promote sustainable agriculture to maximise the local resource use and provide support to the farmers. Farmers adopting organic/ecological farming should also receive financial support from the govt for their own input use
- restrictions on the agrochemicals banned world over
- Ban on GM crops till their biosafety is proven beyond doubt.
- 50 % of the research investments in agriculture institutions should be earmarked to organic farming
- 50 % of the demonstrations by department of agriculture should be on organic farming
- public institutions like APSSDC should be revived and decentralised with transparent functioning and accountable to farming community
- Farmers training centres should be equipped to run courses on organic farming and experienced farmers should be used as the resource persons

C. Organizing and empowering farmers' collectives

Organized communities have proven to be more effective in planning and managing their resources and livelihoods, lobbying for a policy change and securing their entitlements. Appropriate institutional systems for each of the purposes need be established.

- Planning and managing their resources and livelihoods
- Capacity building, sharing knowledge etc
- For delivering financial support instruments like subsidies, loans etc
- Marketing operations and increasing collective bargaining power
- Creating value addition and processing infrastructure at village level

Annexure I

Direct Income Support for Farmers – Why and How

In order to ensure a consistent and sustainable income to farmers in the face of steeply rising input costs and unreliable markets, the government needs to seriously develop a direct income support mechanism. This should be used in conjunction with other mechanisms such as support prices and input subsidies to ensure a secure livelihood to farmers.

The rationale for direct income support

- It is important to remember that government policies have kept agricultural prices artificially low. This has particularly enabled the government to keep the cost of living of urban industrial workers and government employees low, so that their wages don't place too much burden on the industry and government. The price intervention by the government in the form of Minimum Support Price has also worked within this ambit. The CACP determines the MSP every year in a non-transparent manner based on a host of considerations including "effect on industrial costs, effects on cost of living and effect on general price level."
- Farmers and agricultural laborers work hard every year to produce food and other essential produce to sustain the nation's population and economy. It is the responsibility of the nation to ensure that they make a decent living out of performing this critical function. The income support can be seen as remuneration for ensuring food security and self-sufficiency, and safeguarding and harnessing our land and other natural resources for vital primary production.
- The right to life of the farmer community which constitutes 65% of our population is under serious threat in the existing agricultural situation. The farmers' suicides represent only the tip of the iceberg, indicative of the broad and deep distress in the agricultural community. Ensuring minimum income level which keeps them above the poverty level should be seen as the right of the cultivators, not as a dole.
- It is clear that the farmer as producer is sacrificing a portion of the fair price in order to enable food and essential items to be available to the nation's consumers at affordable prices. The direct income support should be seen as a redressal that compensates for this differential.
- The government is spending enormous amount of funds towards fertilizer subsidies, but most of it goes to the fertilizer industry not to the farmer. The fertilizer subsidy bill for 2008-09 is Rs.1,19,000 crores, which is more than 15% of the nation's entire budget! The projected subsidy for 2009-10 is Rs.2,50,000 crores. Even such a huge expenditure is not getting transferred into real income to farmers.
- The employment opportunities in other sectors are growing at a meager rate to absorb a significant portion of those currently in agriculture. If agriculture is allowed to become increasingly a loss-making proposition, millions of farmers will move out but will have no way to go.
- Employment in urban enterprises across the country from the 3rd Economic Census (1998) to 4th Economic Census (2005) has grown only by 9.6% in 7 years, from 28.77 lakhs to 31.52 lakhs. Whereas the overall employment growth between 1983 and 1993-94 was 1.74%, it fell to 1.08% between 1993-93 and 2004-05!
- Direct income support is already being provided to farmers in Europe and US to keep agriculture a viable occupation. In UK, each farmer gets 230 pounds of direct payment for every hectare of land

cultivated. Direct payments to farmers by the European Union (EU) in 2006 came to 49.8 billion Euros, which was 46.7% of the EU budget. In the US, the direct payments are determined for each crop separately. Each cotton farmer in the US on an average gets \$30,000 every year. Wheat farmers get 52 cents for every bushel sold, in addition to a guaranteed minimum price of \$3.92 per bushel. The support that we are proposing is very small compared to this.

The stated reasons for the European Union to provide direct payment support to farmers include ensuring food self-sufficiency, preserving a rural way of life, the fact that without this support, farmers will not be able to continue farming, and that pastoral agriculture is considered as part of Europe's heritage. In the Indian case, in addition to these considerations, there is also the basic issue of survival of a large percentage of our population.

Implementation issues for direct income support

▪ Conditions for the support

- The support should be given to those who cultivate the land, including agricultural workers. In case of absentee land-owners, the support should not go to the owners but to the tenants working on the land. In each year, the support should be given only if a crop is being grown, not if the land is left fallow. In other words, it should be based on the principle of “honest work, just reward.”
- The payment should not be crop-specific but made available for all crops.
- The amount should not be based on the extent of land.
- The payment should simply be given on a per-family basis, as the main aim is to provide a minimum income to each agricultural family.
- The income support can also be linked to the performance-the production being maintained at not less the average of the last ten years (moving averages can be calculated).

▪ Financial aspects

- There are about 1.2 crore agricultural families in AP. If we assume that 1 crore families would receive direct income support of Rs.25,000 per annum, it would cost the state Rs.25,000 crores every year, which is about 25% of AP’s annual budget.
- If 100 days of labor to the farmer can be accounted into NREGA or similar central budget, then the direct support could be reduced by a corresponding amount.
- To put the cost in perspective, we should recognize that this can potentially bring lakhs of families out of poverty, thus reducing the financial burden on the various welfare programs of the state for the poor.
- The extra money going into the rural economy through this program will have positive economic consequences by increasing the purchasing capacity, and by enabling investments by farmers.

▪ Delivery Mechanism

- The delivery of support should ideally happen through village-level institutions, and reach the individual farmers with as little intervention by the bureaucracy as possible.
- Women’s savings groups can be used as vehicles for transferring the payments to the farmers.

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