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Small and Marginal Farmers - Vulnerable to flimsy Agricultural framework

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Abstract--*Unenthusiastic inclination in policy implementation and need-based developmental intervention in the agro-sector has sketched out its significance in 2018 States election in India. The evolving environment of global economic order influenced by the Liberalization of Trade, in addition, has posited the challenges about the requirement of more balanced approach in the legal framework of the country especially, for the agricultural sector. The agro-policy issues require discrete focus upon wide range of stakes of agricultural community, environmental, rural, and agribusiness communities of the country for shaping and augmenting: a) effective structural relationships with institutional framework and legal foundations relating to the stakeholders involved in production and marketing system to ensure better production operations to meet the sustaining food security of the country and global competition; b) visionary attempt to ensure adopting of environmental-friendly new technologies for the agro-production as well as scientific assurances considering consumers' concerns regarding food safety; c) renewed attention in the safety nets concerted in the legal frameworks relating to private sector risk management strategies, agricultural production, market-incentives, environmental amenities, public interest and private rights, etc.*

Keywords—*Agricultural, Farmers, Flismsy.*

I INTRODUCTION

The National Commission on Farmers[3] for the faster and inclusive growth recommended varied scale of policy-transformation for enhancing, in particular small farm-income and the productivity, sustainability and to transfigure agricultural sector profitability. The present space, *inter alia,* has been used to analyze the recommendation of supply of credit – aiming at strengthening the capital base of the small and marginal farmers of the country as enhancement of productivity necessarily implicates the increasing earnings of the farmers. The space has also been used to appraise the legal framework to economically incentivize the small and marginal farmers to assume the innovative climate-friendly technology to achieve sustainability, food security and integrated opportunities to meet the demands of agromarket.

The present appraisal, as stated above, has been attempted from the perspective of cost-risk-return of small and marginal farmers in India hence, the methodological approach is predominantly focused on the doctrinal and analytical one. The discourse is based on secondary dataand statistics as available and could be collected from government records and relevant articles.

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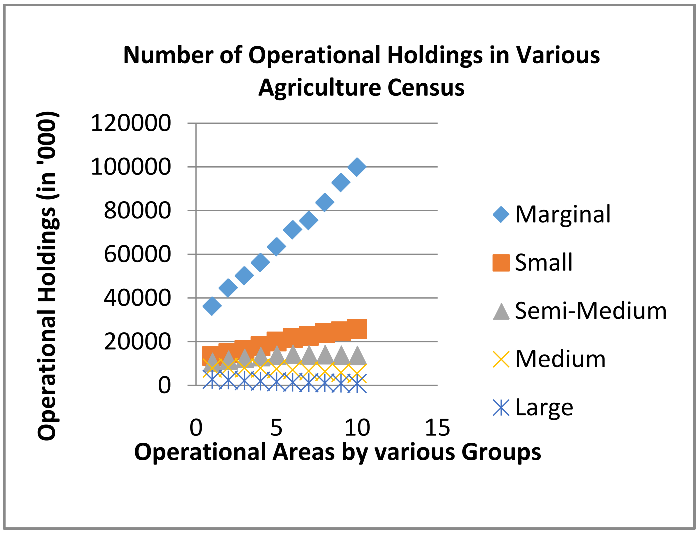
Lack of Capital Formation due to shortcomings in Agro Policies

Agriculture development in developing economies, involves coordination of numerous aspects, like, food nutrition, quality, grade, etc., environmental management; preservation of biodiversity, improvement of employment opportunities and income of the farmers, etc. Unsuitable socio-economic conditions clubbed with inadequate farm infrastructure, inadequacy in market information and knowledge etc., lead to develop the agricultural distress for the small and marginal farmers eventuate the recurrence of farmers' suicide as a yearly feature. The agro sector being key contributor to Indian GDP has already experienced rage of colonial agony. The social reformation of Independent India introduced the 'state capitalism' approach to reform the inherited stagnant agro-sectors. The first Five-Year Plan characterized some significant government initiatives for land tenure-reformation, irrigation, commercial farming etc. with the object to improvise the economic structure of small/marginal farmers. However, the transition from need-based policy intervention for agro-development to Industrialization for higher scales of economic growth resulting in the later period the domination of intermediaries of agro-business communities in creating a repressive regime in the agro-market.

According to Agriculture Census 2015-16[4]the following data are noticeable, like, i) decrease in the operated are to the tune of 1.53%[5]; ii) the growth rate of individual holdings is 5.04%, joint holdings is 7.07% and institutional holdings 10.88%[6]; iii) more participation of female working forces in the agricultural lands[7]; iv) increased number of small and marginal holdings in comparison to preceding agriculture census[8]. Thus, the implications of the above data are decrease in agricultural productivity due to short-fall of operated area, the functional strength of capital (of institutional) in increasing growth, urban-migration of male working forces, etc.

Number of Operational Holdings in Various Agriculture Censuses



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(Source: All India Report on Number and Area of Operational Holdings: Agriculture Census Division, Department of Agriculture, Co-operation & Farmers Welfare, Ministry of Agriculture & Farmers Welfare, Government of India (2018)

The various facets from the above chart characterized the following assumptions, i.e., a) consistent decline in large landholding (may be due to increasing land tenure reforms or more division for increasing nucleus families or treating agriculture as not sustainable for leading livelihood due to spikes in food prices in today's fast economy, etc.); b) increasing number of marginalized and small farmers over the years; c) under-utilization of agricultural resources. In spite of such land reforms, irrigation facilities, new scientific technologies in changing climatic conditions the lack of committed agro-policy and implementation as well as weaker capital base of the small and marginal farmer communities led to deviant productivity of agro-produce of the country.

Changing circumstances like global demands of agro produce in view of liberalization, changing climatic conditions, frustrating operative force of MSP for the agro-produce, unregulated market structure, inefficient value supply chain of agriculture produce have been increasing the a) cost, b) risk, and c) the return of agricultural production in turn, surfacing agriculture to be more challenging for the small and marginal farmers.

The systemic changes urged to be infused in Indian agriculture policy to enable more contribution of productivity growth and strong capital base for the small and marginal farmers appears to be spasmodic. Agriculture development continues to be the '*election* agenda'[9] till date hence most developmental programmes and initiatives look for political patronage for policy-implementation, in turn, breeds frustration and appropriate surfacing for example, Minimum Price Support initiative, Crop-Insurance, Fertilizer – Subsidy.

Being the participant in WTO's GATS the scope of FDI in retail sectors including agro-produces are liberalized accompanying thereof gradual changes in the legal framework. As stated earlier though Central Government, over the time, has initiated numerous subsidized developmental programmes in regards of agriculture however, differences and non-compatibility of political ideologies and characterization of '*agriculture*' in the provincial list as under constitutional governance structure has limited the obligation of the Central Government relating to market policies, like demand-formulation, target-fixing, agricultural census, etc.[10] However considering '*agro-sector'* as of *national interest* the Central Government is constitutionally empowered to formulate a comprehensive and effective legislative policy to achieve sustaining economic growth of the sector. Consensus amongst regional and federal governments in India on this point to attune the agriculture-sector of the country as sustainable, productive and concomitant to the other developed economies are still awaiting. In doing so the highly unorganized retail markets of agro-produce could be streamlined and the proceeds of such market may be offloaded to expand the purchasing powers of the small and marginal farmers.

The public investments which have long been considered to stimulate the economic sustainability of small and marginal farmers and the cornerstone of agriculture finance are:

i. enhanced subsidization of fertilizer and electricity,
ii. institutional credit support,
iii. irrigation facilities for productivity growth etc .

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Capital on the above streams warrant direct incentivizing to the farmers like, institutional credits for buying seeds, payment of wages of labours, fertilizers and pesticides, water-facilities, agricultural loan at the lowest rate of interest with the scopes of moratorium – in a word the elementary necessaries for harvesting, while for the application of new scientific technologies, adoption of advanced machineries for climate-friendly farming, setting of valued supply chain, preservation of agro-produces, ordered and operational market structure, partly designated high-valued crop-insurance coverage etc. may be allocated to private capitals. Any investment for the gradual and continuous process of development requires constant and strict vigilance and such products of development may be enlarged to farmers on seasonal hire-purchase or rent basis. Thus the cost of farming may be reduced risk or under-utilization of resources may be avoided and the return would be sustaining as well. Therefore, the normative framework that could effectively balance such cost-risk-return combination of agricultural sector would be the contributory tools for sustaining growth. In other words, public investment through subsidized facilities to the small and marginal farmers espoused with the private investments in scientific research, preservations, valued supply chains etc. would encourage the farming communities about the economic potentials of the sector and a functional and vibrant agricultural system could be evolved. The carbon-emission Industries, the Pesticides-Fertilizers Industries, etc. may be ensured through CSR (Corporate Social Responsibility) to channelize the fund for conducting the R & D and scientific experiment evolving of seeds, new eco-friendly tools and technologies, irrigational facilities for the agriculture sector of the country. The Insurance companies may be encouraged to enlarge the risk-coverage to crop-insurance of elementary and high-valued crops; however, the risk assessment to compensate the loss should be made by the State. The Insurance companies may be facilitated to invest in the agro-infrastructure field making the investment regulation flexible[11]. Thus the liability and risks due to failure in desired seasonal crop-yielding due to changing climate or any other reason may be shared. The single-window Regulator should be made effectively present at every reach of the harvesting process and be vigilant from the outset of harvesting to final disposal of the produce in the retail market so that the reasonable return of the produce as schematized in the policy may be provided to all, i.e., each such member of the farming and agro-business communities. The Regulator should be empowered in taking drastic measures to prevent the ill – practices, in harvesting to marketing so that abridging the gap between the Wholesale Price Index and Consumer Price Index, preservation of produce, and so on could be operationalized in concomitance to the policy.

The bizarre fact that after the economic liberalization the technological advancement, major and minor irrigation project, infrastructural facilities are being promoted by government at the cost of State Exchequer. The weak-kneed enforcement machinery fails to audit the actual perpetrators committing economic offences in the trading sectors thus; accumulation of revenue gets affected – both as taxes as well as other legal mandatory liabilities in creation and maintenance of funds for social welfare, e.g., CSR. Ours is a country where the community of cultivators are not uniformed on basis of geographical position, category of land and soil, existing infrastructural base, ability of farmers to adopt the changes at personal level invoke categorization of many attributes and customization of them between Public and Private Investments, as stated above, calls for strategic planning to ensure sustaining economic growth. The foreign direct investment (FDI) in the agriculture sector rose

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to Rs 611.28 crore till December 2017[12] but Governments' intervention in labour, land, and credit markets, inadequate infrastructure and services, ambivalence nature of state and central legislatures are becoming the hindrance for FDI.

II Adverse Climatic Condition for Agro Sector of India:

In the Month of November, 2018, farmers of Maharashtra faced *agro crisis for crop loss due to pests attack*[13] *which shows how much India agro sector is vulnerable to climatic condition*. India's agro sector is mostly dependent upon climatic condition, the small and marginal farmers are becoming the worst victim of it. The government is initiating certain visionary schemes for increase of food security and for doubling the farmers' income by 2022 but the changing climate is main barrier in the process. The schemes like *"National Mission on Sustainable Agriculture (NMSA) and National Initiative on Climate Resilient Agriculture"* purposed to enhance food security and protection of agro resources along with that natural resource management, improvement of crop production are also the main objective. And these objects could be achieved by setting a most pro-active executive agency having strict compliance of legal mandates enumerated in the agricultural policy for sustainable growth. "COP-23: NABARD hosted two side events namely "Financing Climate resilient livelihoods in India" and "Strategy for empowering the rural communities for climate change" at India Pavilion in Cop-23 held at Bonn, Germany."[14]"During 2017-18 the National Steering Committee on Climate Change (NSCCC) of Ministry of Environment, Forest and Climate Change (MoEFCC) accorded sanction to 06 projects including one regional project on "**Crop Residue Management**" developed by NABARD covering Punjab, Haryana, Rajasthan and Uttar Pradesh to address the crop residue burning and consequential negative impacts."[15] Many schemes like "*National Agro Forestry Policy***;** and the *Soil* Health *Card Scheme, National Food Security Mission, Mission for Integrated Development of Horticulture and National Mission on Agricultural Extension and Technology* are being implemented to deal with climatic change. Private investments on these missions would accelerate the auditing of work-efficiency and time-bound performances. Although all such subsidiary aspects are being taken into consideration however the central area i.e., the agro policies yet to be given due emphasis as it primarily depends on rain-fed farming and traditional micro irrigation techniques. The adoption of climate smart agriculture from other developing Asian countries and the uniformed policies for climate condition is much needed to revamp the sustainable agro-productivity and upkeep the vibrant supply chain in the global market.

Unregulated Market Infrastructure

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When the millet farmers of Gajapati District of Odisha without any other choice left due to lack of mandis in their area have to sale their product in low price to local traders[16]it shows how vulnerable the small/marginal farmers are! Number of farmers from same district shifted from maze cultivation to millet farming in the past few years due to natural calamities.

The economic development of farmer is only possible if the market infrastructure is revamped with serious attention focussing in achieving sustaining growth. The Minimum Support Price which plays vital role in agricultural policy to give recognizable market value to farmer is not stable due to imperfect market infrastructure. "In the month of October 2018 the agro market faced price fall of kharif MSP for 10 to 14 crops."[17] Numerous initiatives are being taken over the years for creation of efficient supply chain and abolition of middle man and local traders however unorganised action plan and weaker implementation of machinery of state somehow failed to establish commodity markets which will be suitable for small and marginal farmers. The existing legislation like The Model Act, 2003 have so much drawback that it failed to prevent intermediaries from exploitation of small and marginal farmers for their own interest. Policies that govern the marketing of agricultural commodities in India include the Essential Commodities Act (ECA) and the Agricultural Produce Market Committee Acts (APMCs) which should be amalgamated into one with single-window operations. Through these Acts, producer prices are affected by regulations influencing pricing, procuring, stocking, and trading commodities. Restrictions stemming from both the ECA and APMC Acts also deter private sector investment in marketing infrastructure. Differences among the states in the status of their respective APMC Acts and in how these Acts are implemented add to the uncertainties in supply-chains and drive up transaction costs. Overall, the combination of market regulations and infrastructure deficiencies has had a price depressing effect "Huge variations in the density of regulated markets, lack of proper grading and packaging at farm level, wide variations in market fee, asymmetries in market information, non-issue of sales receipts/invoices, post- harvest losses" incentivized the small and marginal farmers to commit suicide and soaring prices of essential food grains in the market. Hence government is aiming to double the income of farmers by the year 2022. For such ambitious aim government is purposed to allow walmart in Indian market which will do its sourcing directly from farmers to start its retail business and will set up 22000 'Gramin Agricultural Market' .However it will be a challenge for walmart in Indian Agro mechanism. Wal-Mart have to buy in small batches from small plot-holders in a country where more than 80% of farms are under 2 hectares. That means contracting with thousands of farmers will still yield only a few thousand tonnes.Buy then only small/marginal farmers will be benefited. In other countries like North America, retailers like Wal-Mart can from a few hundred farmers who provide hundreds of thousands of tonnes of produce between them.Thus such process of collection of agro-yields would not only enhance the cost of purchase rather again would affect the retail market. Therefore, quality and grade of the agro-yield would again be a problem for the consumers.

III Crop Insurance

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Insurance in Indian agriculture is more challenging than in the developed countries due to its inherent nature - a large number of small and scattered land holdings, varying climatic and soil conditions, lack of basic data, and variety of agricultural practices, making it difficult to implement the scheme on an "individual basis" on a wide scale. Further, there is widespread lack of knowledge about the nature and functions of crop insurance among the farmers. “NITI Aayog has proposed that 75% of the premium paid by farmers under the Pradhan Mantri FasalBima Yojana (PMFBY) will be returned to them if they don’t file claims for crop damages for four-six consecutive agricultural seasons.”[18]As the Indian Agriculture is highly rain dependant and climatic condition the proper insurance schemes can be helpful for the farmers .But farmers at present are receiving the payments against their claim with a significant lag which causes distrust among the farmers regarding the insurance schemes. Lack of proper coordination between state and central government regarding the premium payment of agro insurance of farmers is major issue for the implementation of the purposed cash-back sachem of NITI Ayog. It is proposed that save and except natural calamity if the insurance companies are allowed to enter into crop insurance market to enlarge their product with the supervisory capacity of the IRDA Tariff Committee to formulate and determine the principles of fixation of premium of such insurance products based upon the values of the crop and the socio-economic conditions of the small and marginal farmers then the personal initiatives from the ends of the farmers to save their crops and/or better productivity may be ensured. In addition, for the exceptional events of the small and marginal farmers the government may prepare the scheme either for making insurance on their behalf or compensation for the loss. This would enable the accountability of the motives of the farmers meant for the agriculture and accordingly on a periodical assessment it may easily be considered before making public investments in those cases.

Paucity of amalgamation between central and state government leads to decline of development of national approach in agro policies. Dearth of potential mechanism ramifies the overlapping and unclear attribution of responsibilities of both Central and State government. Agricultural sector has always been considered to be the key contributor of the GDP of most developing countries hence in today’s public-private partnership governance model the sustainable development policy of this sector can be formulated with the effective coordination and cooperation of both the regional and federal government for the welfare and economic growth of both the farmers and the country. What is needed is well-designed effective policy and efficacious implementation and in doing so it would address many other socio-legal problems, like enhancement of agro productivity, employment opportunities, prevention of urbanization, reducing the slum-dwellers issues, self-dependency of the farmers, economic growth, business opportunities, scope of exports, food security, fair social distribution and above scaling down the spiking prices of the agro-produces.

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