# Multiple frontiers of Agrarian Distress

## Why in news?

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- Recently, 184 farmer groups from across states congregated at Delhi to stage a protest walk to highlight their distress.
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- The issue is multi-dimensional and needs a studied and structural approach.
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## How is the trend in the farm sector?

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- The agriculture sector is characterised by instability in incomes because of various types of risks involved in production, market and prices.
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- “National Commission of Farmers – 2006”, chaired by noted scientist M.S.Swaminathan, had also pointed out some serious stress points in the sector through its reports.
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- The agriculture growth rates have been unsteady in the recent past, at 1.5% in 2012-13, to 5.6% in 2013-14 and (-) 0.2% in 2014-15.
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- These trends reflect the extent of distress and 2017 was also marked by several farmer protests nationwide, with a few turning violent.
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## What has precipitated this crisis?

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- **Small Land Holding -** Rising population pressure on land, is central to this crisis, with small and marginal farmers (less than 2 hectares) accounting for 72% of land holdings.

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- The average farm size in India is small, at 1.15 hectare, and since 1970-71, there has been a steady declining trend in land holdings.
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- This predominance of small operational holdings is a major limitation to reaping the benefits of economies of scale.
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- Since small and marginal farmers have little marketable surplus, they are left with low bargaining power and no say over prices.
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- **Nature's challenge -** Crop production is always at risk because of pests, diseases and shortage of inputs like seeds, which could result in low yield.
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- Low irrigation coverage, drought, flooding and unseasonal rains and incompetent government relief operations are some other irritant factors.
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- **Market Dynamics -** The lower than remunerative price in the absence of marketing infrastructure and profiteering by middlemen only adds to the financial distress of farmers.
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- Inconsistent and uncertain policy regulations such as "Agricultural Produce Market Committee (APMC Act)" have only exacerbated the problems.
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- Fluctuations in demand and supply owing to 'bumper or poor harvest' and 'speculation and hoarding' by traders significantly damage farmer prospects.
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- This is because of their low resilience due to the perishable nature of goods, inability to hold or hedge in surplus-shortage scenarios.
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- **Credit Access** - Vicious informal credit through moneylenders, and lack of short term and long term formal loans have resulted in chronic indebtedness.
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- Crop insurance against losses has also not yet comprehensively taken root.
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## What is the way ahead?

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- Currently, farmers have been highlighting the demands for “remunerative price and freedom from debt” through several platforms.
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- These are seen as a safety cushion in their fight against risks of weather and disaster, price, credit, erratic market dynamics and policy uncertainty.
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- While growth in agriculture has slowed down, the costs of farm inputs have increased faster than farm produce prices.
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- As the cost of capital too has increased manifold over the years, agriculture has become largely an unprofitable venture.
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- To increase and ensure stable flow of income to farmers it is vital to manage and reduce the economic risks by analysing, categorising and addressing them.
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**Source: The Hindu**

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