

State of Farmers in India

Why in news?

Recent rounds of farmer protests demands for a legal guarantee of [Minimum Support Price \(MSP\)](#).

What is the state of Indian farmers?

Around 60% of the Indian population works in agriculture, contributing about 17% of India's GDP

- **Large workforce**- The agriculture's share in the national income has declined drastically, while the majority of the population still depends on it for livelihood.

Census	% of workforce	Contribution to the economy
1951	69.7 %	54%
2011	54.6%	18%

- **Land fragmentation**- This resulted in the raising proportion of farm labourers as against cultivators.
 - It shows the growing infeasibility of farming.
 - By 2011, most people engaged on India's farms were essentially wage labourers.



As per a report around 70% of all agricultural households have a land holding size of less than 1 hectare and around 88% have a land holding size of less than 2 hectares.

- **High level of debt**-A plot smaller than 0.63 hectare does not provide enough income to stay above the poverty line. Almost half of small and marginal land holding farmers are trapped in debt.
- **Low income**- This contributes to the vicious cycle of poverty.
 - **Andhra Pradesh and Telangana**- They had a very high proportion of farm households that were indebted even though average income levels were similar to India's average.
 - **West Bengal and Odisha**- They were poorly placed on both parameters as they had significantly lower levels of farm incomes while having average or above-average proportion of indebted farm households.

- **Terms of Trade (ToT) is against farmers-** ToT is a measure of how much farmers earn from their produce relative to how much they spend on their inputs, a higher ToT means farmers are better off, while a lower ToT means they are worse off.
 - ToT for farmers have fluctuated over the years, since 2010-11 it has declined and remained below 100 implying that the farmers have been losing out in terms of their income and profitability.
- **Low producer protection-** OECD collects data on producer production, which is a measure of how much support farmers receive from the government and the market for their produce. A higher value means farmers are better off, while a lower value means they are worse off.
 - As per OECD data, the producer protection in India has been consistently low and negative, meaning that Indian farmers have been receiving prices that are below the international market levels.
- **Low agriculture support-** Agriculture support is indicator of OECD, it is the measure of how much money is transferred to the agricultural sector from the consumers and taxpayers as a result of government policies.
 - According to the OECD data, the agricultural support in India has been low and declining over the years, meaning that the government policies have not been very favourable for the farmers.
 - In 2018-20, the agricultural support was estimated at 0.3% of the GDP, compared to the OECD average of 0.9%.

What can be done to improve the lives of Indian farmers?

- **Reduce dependency-** It can be done by encouraging processing and building value chains which would help create nonfarm jobs in rural areas.
- **Agri-entrepreneurship-** It needs to be provided as a boost to cater to the emerging needs of the sector and enhance the agribusiness potential,
 - Agriclincs and Agribusiness was started in the year 2002 with the financial support of NABARD to promote agri-entrepreneurship.
- **Contract farming-** Ensure that the right, title and interest (RTI) of the landowner in his property is not compromised in any way.
 - States can adopt Model Contract Farming and Services Act, 2018 which was proposed by Niti Aayog.
- **Enhance crop intensity-** There is a need to recognize land and farm manpower as the two most potent assets of the farm family and enable full utilization of these both through enhancing cropping intensity and promoting secondary agriculture.
- **Income led growth-** All policies and strategies must adopt 'Fork to Farm' approach, reversing the 'Farm to Fork' approach.
- **Price deficiency payment approach-** While MSP may still be used for need-based procurement, the remainder of the produce may be covered under price deficiency payment as this would help prevent unwanted stocks and spread price incentives to producers in all the regions.
- **High value agriculture-** Institutional arrangements such as contract farming, producers' organizations, and cooperatives will provide farmers easy access to markets, distribute price risks, and reduce marketing and transaction costs.

Reference

1. [Indian Express- Beyond MSPs and protests](#)
2. [ICAR- Doubling farmers income](#)

