



Why Indian Farmers and Rural Youth Are Moving From Farming

Hukma Ram Choudhary^{1*} and Archana Choudhary²

¹Coromandel International Limited, Bikaner (Rajasthan), India

²Maharshi Dayanand Saraswati University, Ajmer (Rajasthan), India

*Email of corresponding author: hkherwa@gmail.com

National Sample Survey Organization, an Indian governmental body showed that 40% of farmers would quit farming, if they had a choice in the country where two-thirds of the billion-plus people live in villages. What makes farmers quit farming, the occupation they have been in all their lives? Why the rural youth are not interested in taking the farming as a profession? Is the capitalist path of development through globalization major factor responsible for the sharpening agrarian crisis in India? This article puts forth some of important issues and their possible solution for Indian agricultural improvement.

Introduction

Prof M.S. Swaminathan, the father of Green Revolution in India and Chairman of National Commission on Farmers (NCF) called for revamp of policies to revitalize Indian agriculture, as it seems entering in a state of serious crisis, if no measures are taken. Quoting figures from National Sample Survey Organization, he said half of the farmers in the country want to quit farming and in some region continue to commit suicide (The Hindu Business Line, 2010). Hundreds of tenant farmers are reported to have committed suicide in the last few years. We are entering a state of agrarian crisis (The Hindustan Times, 2011). Why this crisis continues to haunt farmers? There is not a single cause that is responsible for this crisis, it has many dimensions. Unless we revitalize farming and make our farmers enthusiastic it is difficult to feed 121 crore people and above 100 crore farm animals.

Farming sector is facing a number of problems today which not only makes farmers moving out of farming but also youngsters losing interest in farming. The population pressure on land is increasing and average size of land holding is dwindling. Farmers are getting indebted and temptation to sell prime farm land for non-farm purpose as land prices go up steeply. Climate change is again adding risk to farming and going to impact agriculture sector badly. Governmental help in the form of money or any other form never reaches farmers in time to invest in the next cropping season. Tenant farmers seem to be the worst hit as crisis hits agriculture sector. Contract cultivation is also being seen increasingly. This also requires changes in regulation and new systems of management which can make win-win situation for owners and producers. Rain fed as well as irrigated farming have their different problems. Likewise there are so many problems but none of which is

insurmountable. They are problems created by ourselves own and we can find solutions. Let us discuss to find solution and abandon indifference to agrarian problems.

What are the Problems Faced by Farmers

1. **Weather risk:** 60% of Indian farms are depending on erratic rains (Wikipedia, 2013). Agriculture in India has always been a gamble of monsoon and millions of poor farmers do not have the resources to cope with the uncertainty of monsoons.
2. **Falling water levels:** Groundwater aquifers, like personal accounts, become insolvent when withdrawals exceed deposits. Today, that situation has come. Groundwater which is considerably less susceptible to short-term climate fluctuations than surface waters provides a very important buffer against water shortages caused by droughts. Groundwater can only be remedy for rain water shortage, but today's falling water table makes the situation worst.
3. **Expensive credit:** Market distortions happen because of the uncertainty with respect to government policies. Therefore defining long term policy with respect to credit is very important.
4. **Unregulated rural market:** Out of 27,294 rural markets in India only 15% are under the control (Anonymous, 2009).
5. **Inflation:** Inflation has a direct impact on input prices & wages. Input prices inflation creates cash flow problems for farmers. Inflation leads to the higher prices which in turn directly or indirectly affects the farmers input prices or labor prices. When input

prices are higher, prices of the produce are higher. Inflation reduces the profit margin.

6. **Degradation of land:** The small or fragmented size of holding makes farming actively uneconomical and leads to social tension, violence and discontentment and ultimately this situation make the farmer quit the farming or commit the suicide.
7. **Lack of information access:** Quite often, it's a question of information sharing; small farmers have difficulty in getting proper information about practices, input markets and output markets. This can be made available through rural kiosks or common service centers.
8. **Many intermediaries, who increase cost but do not add too much value:** In India there is a huge gap between the farm gate prices and consumer's gate prices. Consumers are paying high amount of money to the retailers but farmers have very less share in that money because large portion of that money goes to middlemen. If we see the value addition by the middlemen, it is too much low in comparison to their profit share.
9. **Controlled price:** In India, the agri commodities prices are controlled by the government and they are not revised or not implemented as per the input cost. That is the reason of low profitability of farmers.
10. **Depleted soils:** Due to lack of knowledge among the farmers about balanced, judicious and efficient use of fertilizers, pesticides and irrigation water, the quality of soils is increasingly depleted.
11. **Poor infrastructure:** Among poor infrastructure, warehouses are major

issues. Storage of food grains is a big problem in India due to lack of proper storage facilities. In India nearly 10% of crop harvests go waste every year in the absence of proper storage facilities (Maheshwar, 2007). This colossal waste can be avoided by developing scientific ware-housing facilities in rural areas. The government should implement some schemes for developing such infrastructure facilities of ware houses along with rural roads.

12. **Inadequate irrigation facilities:** By and large irrigation facilities available in India are far from adequate. So far half of the total area under food crops has been brought under irrigation and the remaining half is left to the mercy of monsoon rains which are erratic in time and space.
13. **Present agriculture is production driven:** Indian agriculture is production driven; there is a need to convert it into value driven so farmers can get the good value.
14. **Low coverage under crop insurance:** - NAIS (National Agriculture Insurance Scheme) is unable to garner the majority of Indian farmers. The reason beyond this problem is outdated model which leads to delay in the claim payments. The claim payment often takes months to reach to farmers or to the banks from where they have taken the crop loan, till the period farmers cannot wait as they also have to grow the second crop immediately after harvesting the crop.
15. **Problem associated with the agriculture marketing:** The market size is already

large and continuously expanding. Farmer's market linkages (both backward & forward) have also been increased manifold. But the marketing system has not kept pace. Direct marketing by the farmers to consumers remains negligible. Private trade, which handles 80% of the marketed surplus, has not invested in the marketing infrastructure due to the excessive regulatory framework and dominance of the unorganized sector (Acharya, 2006). Market yards have been constructed but they are ill equipped. In India the value addition to food production is only 7%, mainly because of the multicity of food-related laws. Due to poor handling (cleaning, sorting, grading and packaging) at the farm gate or village level, about 7% of grains, 30% of the fruits and vegetables and 10% of seed species are lost before reaching the market. An estimated ₹ 50,000 crore is lost annually in the marketing chain due to poorly developed marketing infrastructure and excessive control (Maheshwar, 2007).

16. **MNERGA (Mahatma Gandhi National Employment Guarantee Act) Scheme:** MNREGA has no doubt provided rural employment, reduced the migration from rural to urban but raised daily wages and scarcity of rural labour available for agricultural work. Labours are now not willing to work in agricultural field after they had option of MNERGA. Non-availability of labour coupled with higher of labour wages, resulted in higher cultivation cost and thus leading to low profitability from farming.

How to Overcome These Problems

1. Reduction in farmers marketing risks:

Farmers face both yield and price risks. Yield or production risk can be covered by crop insurance and weather insurance. For marketing risks, there are three instruments available. One is MSP (minimum support price), notwithstanding the defects in its implementations, it has helped a large number of farmers in surplus producing states to cover a part of their price risks. Effective implementation of MSP policy, as suggested earlier, will help farmers reduce their price risks. A second instrument for covering price risk is the emerging scenario of contract farming arrangements, which are in way future contracts on prices. A third instrument is the farm income insurance scheme (FIIS), introduced on a pilot scale during Rabi 2003-04. FIIS cover both price and yield risks. The scheme is compulsory for loaned farmers but optional to others.

2. Indian farmers need to restructure CACP (commission for agriculture cost & prices):

The well known economic principle for the marketable products is cost of production + considerable percentage of margin = price of the product. But this basic principle is not applied to Indian farmers; their products are sold at horrible losses. The system of government and the government advisory commissions are forcing the farmers to sell their produces with very less prices which are not even matched to the cost of production. The government fixes the minimum support prices (MSP) for major agriculture commodities through recommendation by

the commission for agriculture cost and price (CACP).

3. Control the input prices: Indian farmers are already suffering from high input costs and steep increase in fertilizer prices are further going to add more burdens on them. Not only the fertilizer but also pesticides, insecticides and herbicides prices are high in India. The price of fertilizer and pesticides may further increase by 30% due to rupee value decline and subsidy cuts. The government has decreased the subsidy on DAP and other NPK fertilizers by 27% since April 2012, the subsidy for DAP was ₹ 19763 in last fiscal year and now it is ₹ 14350 per tonne. Similarly the subsidy for MOP (Muriate of potash) has been fixed at ₹ 14440 per tonne against ₹ 16054 last fiscal year. The subsidies for Nitrogen, phosphate and potash nutrients have also been lowered by 11.6%, 32.6% and 10.3% respectively (Anonymous, 2013).

4. Subsidy: All farmers need subsidies since they have been incurred in losses without remunerative prices, non availability of credit, high input costs and many more adverse reasons. If the government feels that the subsidy on fertilizer must be reduced then it should allow the farmers to fix the prices for their produces on their own like other industries and also government should not intervene in agriculture exports. The governments randomly increase the petrol prices to save the oil marketing companies from their losses, why can not the government do the same thing for the farmers by fixing the remunerative prices for farm produces. In

fact, the government reduced the fertilizer subsidies as part of their austerity measure to match the fiscal deficit but the government is claiming that the reduced subsidy funds are going to be diverted to organic manures and bio-fertilizers. Actually the organic farmers are very less, organic farming is picking up but reducing the subsidies on chemical fertilizer are ridiculous since majority of farmers' production is dependent on fertilizers.

5. Direct cash transfer for farmer's family:

We have been discussing various farmers' issues i.e. remunerative prices, simple interest loans, all kind of subsidies, etc since long time. But still no desired progress is achieved in this direction. Each and every profession has its own remuneration for their service and the same way all kind of products have their own market price, but farmers do not have stable remuneration for their hard work or remunerative price for their produces. Government has been intervening in crop production and marketing issues but still no righteousness for farmers and still they are agitating for all kind of supports. Now the time is up farmers want no more time killing committees but need a constructive permanent policy with economical reforms to get out of all agricultural crisis.

Ministry of chemical and fertilizers has intended to give the subsidies directly to the farmers (NDTV, 2012). It's a very welcome move making retailers unable to grasp the subsidies before reaching to the real beneficiaries.

6. Implement the PPP (Public Private Partnership) model:

Create a viable model of public - private partnership that allows private investors to invest in agriculture infrastructure in partnership with banks and financial institutions. The model for example can be implemented for rural road connections, warehouse construction, as well as river connections as now days we are talking about interlinking of rivers so that more infrastructural facilities can be created in Indian agriculture.

7. Reform the marketing policy:

Give States an incentive to amend the APMC act and abolish mandi taxes. This would allow competitive markets to develop and farmers and processors to get benefited.

8. Connecting rivers is a great idea:

Over 60% of Indian agriculture is dependent on rains which are uncertain, risk prone and bearing low productivity. The problem with rain fed farming is multifaceted, difficult to adopt modern technologies, uncertainty in output and income leading to poor livelihood, rural poverty and suicides of farmers. Being an agriculturally dominant country, India should have sufficient irrigation water. To achieve this, strong systems to distribute and manage the river water can be built. The inter-linking of the rivers (ILR) is a great project assuring to manage and mitigate the flood havoc in water surplus area to distribute water in lacking areas. Thus, the problem of flood on one hand and drought on the other both can be solved.

9. Watershed management:

We do not effectively manage water bodies, in terms

of how much water is stored, how much is being used for irrigation, or what value we can add to this water. If all these are done, definitely there will be a significant improvement.

10. Accurate weather forecasting: Monsoons are very important to Indian economy because 60% Indian population is depending on agriculture and 70% agriculture is dependent on monsoon. The adverse effect of climate change can be minimized if accurate and concrete weather forecasting is reached to farmers well in advance so that farming practices can be planned accordingly.

11. Understand the farmer as entrepreneurs: The tag of entrepreneurship is still lacking for farmers perhaps due to instability in farming business as compared to other businesses. But let us think who is responsible for instability in farming business? The answer is also a reason of why we are unable to understand the farmer as entrepreneurs and are careless in extending the facilities for this entrepreneur. In fact we do not think that farming is a necessity to run all other entrepreneurs, if we can think in this direction, we can better understand the job of farming.

12. Support the private player to spread the extension services: Support the organized private sector in increasing its spending on extension and technology transfer. This would give farmers the knowledge of what to grow, and how to grow so that stringent quality norms are met. Increase in the efficiency of agricultural extension

activities will lead in spreading knowledge about improved ways of cultivation, use of appropriate types of seed, fertilizers, pesticides etc., checking the quality of farm inputs and reliable professional advice during times of troubles, like when crop fails or the crop is infested with pests or during drought and flood, etc.

13. Raising agricultural productivity per unit of land: Raising productivity per unit of land will only be the main engine of agricultural growth in future as virtually all cultivable land has been farmed. All measures to increase productivity will need exploiting, amongst them: increasing yields, diversification to higher value crops, and developing value chains to reduce marketing cost are important. Precision farming is a developmental approach now days, which has the great potentiality in resource utilization and increase agricultural production.

14. Making the transparency between the farmers and government functionaries, investment in agricultural science and technology, creating new agricultural institutions are other ways to enhance agricultural activity as a whole in the country.

15. Government as well as rural workers should understand that MNREGA scheme is not a long term solution for unemployment problem in rural areas. We should think for a comprehensive and sustainable solution that creates a self employment opportunity in rural areas. For this financial helps and entrepreneurial trainings should be provided.

Conclusion

The major reason behind farmers moving out from farming and youth not interested in farming is so many problems which are being faced by Indian farmers. High risk, low remuneration, uncertainty of output, poor marketing, emerging soil and water problems are key ingredients of the problems. To tackle these problems we need more initiatives from both private as well as Govt. systems to take care of farmers through every possible means.

On other side, farmers also have to change their view towards agriculture; they should have to consider agriculture as a true business. To run this business smoothly and to have stable income, they have to prepare their own planning keeping every possible point to get maximum benefit. They have to use their own wisdom to save their farming besides helps from Govt. and other organizations. If Govt. and farmers both perform their duties in time and approach systematically, definitely there will not be so many problems to face but a brighter future of agriculture.

References

Acharya SS. 2006. Agricultural Marketing and Rural Credit for Strengthening Indian Agriculture, INRM Policy Brief No. 3,

- India Resident Mission, Policy Brief Series. Accessed online at <http://casi.sas.upenn.edu/system/files/ADB+-+INRM+Policy+Brief+No.+3.pdf>
- Anonymous, 2009. Accessed online at http://www.publicationsdivision.nic.in/others/india_2009.pdf.
- Anonymous, 2013. Accessed online at www.indiastat.com
- Maheshwar Chilukuri. 2007. Post Harvest Losses due to Gaps in Cold Chain in India – A Solution. Accessed online at <http://globalfoodchainpartnerships.org/india/Papers/Posters/ChilukuriMaheshwar.pdf>.
- NDTV, 2012. Accessed online at <http://profit.ndtv.com/news/corporates/article-farmers-to-get-fertilizer-subsidy-directly-govt-304616>
- The Hindu Business Line, 2010. Accessed online at <http://www.thehindubusinessline.com/todays-paper/45-of-farmers-want-to-quit-farming-swaminathan/article1030041.ece>.
- The Hindustan Times, 2011. Accessed online at [The Hindustan Times, 25 February, 2011, http://www.hindustantimes.com/Live-on-FM-radio/H1-Article1-666871.aspx](http://www.hindustantimes.com/Live-on-FM-radio/H1-Article1-666871.aspx)
- Wikipedia, 2013. Accessed online at http://en.wikipedia.org/wiki/Monsoon_of_Indian_subcontinent.