

INCOME SECURITY

Ensuring income security to farming households

It is high time that the Farmers Income Commission and Income Security system is clearly formulated through a law and implemented feels **Dr. G. V. Ramanjaneyulu**, Executive Director, Centre for Sustainable Agriculture Tamaka, Secunderabad and Kiran Vissa, Coordinator, Alliance for Sustainable and Holistic Agriculture (ASHA)



For many decades since 1960's, the focus of agricultural policy has been to increase the production.

-Photo: K. Murali Kumar

Progress in agriculture should be measured by the growth rate in the net income of farm families... moving away from an attitude which measures progress only in millions of tonnes of food-grains and other farm commodities.

The continuing agrarian crisis since the 1990's is one of the most serious problems facing the nation. The deep distress in the farming community has resulted in the situation where almost 16,000 farmers continue to commit suicide every year – which a civilized humanist society cannot accept.

The increasing impoverishment of farming has a cascading effect resulting in rural poverty, lower incomes to agriculture workers, food and nutritional insecurity, and distress migration to join the ranks of urban poor. The governments have typically addressed these problems through supplemental measures such as supply of low-cost food through PDS and additional wage employment through MGNREGS. However, these measures will remain patchwork solutions unless the economic viability of agriculture is directly addressed.

Increase production alone

For many decades since 1960's, the focus of agricultural policy has been to increase the production. The incentives and support systems were geared towards higher productivity by intensive use of chemicals, water and responsive varieties in a few targeted crops. Farmers were told that by producing more, they would get better incomes.

To their eternal credit, farmers have used ingenuity, innovation and stupendous hard work to make the nation self-sufficient in most commodities. However, in the past two decades, it has been seen that even in years of

good production, farmers are at the losing end. The growing costs of cultivation along with weakened support systems, lack of remunerative prices and public investment has meant that farming has become high-risk occupation, especially for small farmers and tenant farmers.

Simultaneously, there is an unaddressed ecological crisis in agriculture in many parts of the country in the form of soil deterioration, falling groundwater levels, increased chemical use in agriculture impacting on environment and human health.

Average family expense

As per the Arjun Sengupta Commission report (2007), real incomes of farmers are really low, with the average being Rs.2115 per family per month. However the average family expense is Rs.2770 per month. Even at such below-poverty-level consumption, the average family still spends more than it earns, thus getting into debt. Meanwhile, the creation of employment in other sectors has been dismal.

Even in the high-growth period of 2004-2009, only 2 million net new jobs were created but the working-age population has increased by 55 million. On the other hand, the government spends thousands of crores every year in the name of farmers – Rs.76,000 crores as loan waiver in 2008, Rs.25,000 crores for Rashtriya Krishi Vikas Yojana in 2007-12 (more than doubled in the next 5-year period), and so on. But there is no accountability to ensure that these expenditures result in higher net incomes for farmers.

The National Policy for Farmers 2007, in its very first chapter "Need for Policy Reorientation", says, "There is a need to focus more on the economic well-being of the

farmers, rather than just on production... The aim of the Policy is, therefore, to stimulate attitudes and actions which should result in assessing agricultural progress in terms of improvement in the income of farm families, not only to meet their consumption requirements but also to enhance their capacity to invest in farm related activities."

The time has come for the reorientation of policy and paradigm shift – making the government directly accountable for improving the net incomes of farming households. The government's performance should be measured in terms of its impact on net household income, not just on the production or the amount of funds spent. When the farming community of India are ensured a dignified livelihood from agriculture, they will be at the forefront of raising production levels and rejuvenating the rural economy.

A framework to ensure income security

The term "Farming households" is used in the broad sense as specified in "Definition of Farmer" in the National Policy for Farmers which includes all cultivators, sharecroppers, tenants, agricultural workers and livestock rearers.

It is clear that there are several measures that go towards providing income security for farming households, including pricing policy, procurement and marketing support, credit, agricultural insurance, disaster compensation and support for sustainable agriculture. However, what is missing is an assessment and accountability mechanism to ensure minimum living incomes. This calls for establishing a Farmers Income Commission.

A statutory permanent Farmers Income Commission should be established with the mandate of ensuring a minimum living income level for all farming households – including tenants, sharecroppers and agricultural workers.

The Farmers Income Commission should make an Income Assessment of farming households every year. This could be done through a Household Income Survey every five years, updated by a thin survey every year. The Commission can also develop a Farming Household Income Index to track the incomes and their trends. The Commission also sets the benchmark minimum living income for farming households which covers basic living costs.

The Commission is required to come up with specific recommendations to ensure that the net incomes meet the benchmark of minimum living income. Apart from recommending a basket of measures to improve future incomes, the Commission also determines the shortfall between the real income and the benchmark minimum income, and accordingly specifies a direct income payment to small farmers.

The basket of measures would include MSPs, procurement, market intervention, Price Guarantee, marketing and credit support, agricultural insurance, disaster compensation, payments for ecosystem services, support for rainfed and ecological farmers, and so on. If these measures are indeed implemented well enough to reach the minimum income level, the government would not need to make any direct income payment in the future.

Despite these recommendations, if the assessment shows that the real incomes are below the minimum income level, To begin with, the direct income support

will be implemented for small & marginal farmers and agricultural labour. The job of the Farmers Income Commission would be to identify such needy class of people during its periodic assessment (3-5 yrs) and fix the amount of Direct Income Support for the next period. This can be paid directly to the people as direct cash transfer.

Towards a right approach

The point of the income security system is not to make higher and higher direct income payments, but to ensure that the basket of policy measures really delivers minimum income levels to all farming households, removing the need for direct income payment. Fortunately, in the past few years, Indian Government is moving towards a rights approach in relation to the major needs of the citizen.

For example, we already have Acts for conferring the Right to Information, Rural Employment and Education. Also we have an Act providing Lands Rights to scheduled tribes and forest dwellers. Parliament has just passed an Act which will confer the Right to Food on all the needy citizens. Similarly, Farmers income security can be shaped through appropriate legislation.

The need for an income-focused approach and Farmers Income Commission has been articulated by several eminent people including Dr. M.S. Swaminathan. In fact, the Karnataka state government announced it in its budget for 2013-14 but the government went out of power soon after.

This system, if implemented, would have far-reaching positive consequences to strengthen the rural economy, increase the purchasing power of the rural population, and achieve better rural-urban parity and inter-sectoral parity. It is high time that the Farmers Income Commission and Income Security system is clearly formulated through a law and implemented. This is a demand that all farmer organizations across the country can rally around and build political pressure in the upcoming elections.



The increasing impoverishment of farming has a cascading effect resulting in rural poverty.

Photo: K. Gopinathan