

Doubling of Farmers' Incomes

Presentation made by

Organic Farming Association of India (OFAI)

and associated organizations like

Alliance for Sustainable & Holistic Agriculture (ASHA)

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Current situation

- National average farm household income (@ Rs. 6426/-) is less than minimum per capita wage. Crop + animal husbandry is only Rs.3800.
- Income growth rates in real terms very unimpressive (10-year CAGR b/w 2003 to 2013 is just 3.5%). Share of non-farm income has fallen.
- Incomes for 6.1 crore agri households (out of 9 crore total) lower than their monthly expenses, *i.e.*, every month “in the red”
- Indebtedness of farm households on the rise (*e.g.* 93% in A.P.). Avg. outstanding loan increased 3.7 times b/w 59th and 70th NSSO rounds
- More and more of the outstanding debt from informal sources
- Farm suicides continuing at alarming rate – 12,602 in 2015
- Inter-sectoral as well as intra-sectoral income disparities are rising
- Minimum incomes not assured despite National Farmers Policy (2007)

A MAZE OF ECONOMIC POLICIES AFFECTING FARM INCOMES ADVERSELY

WE WELCOME....

- Policy discourse focusing on Farm Incomes, going beyond production and *food security*
- Focus on doubling **real** incomes
- Emphasis on crops other than field crops and on horticulture, dairy, livestock, fisheries etc which are posting good growth
- Stress on Inclusive Growth: Should be understood to include the most marginalized within farm sector – tenant farmers, women farmers, rainfed farmers, etc. The ones most disadvantaged in farm incomes are the ones whose incomes should be doubled first.

POLICY REORIENTATION TO FARM INCOMES

- Need to look at Reorienting the policy framework to farm incomes – not just as a 5-year plan
- Require Annual Income Assessment and measuring various schemes in terms of enhancing incomes
- Setting up of a permanent statutory Farm Income Commission
- Let us look at Assured Minimum Living Incomes as a paradigm shift, which would go beyond next 5 years

WHOSE INCOMES?

- Ensure **REAL CULTIVATORS** get benefit of govt support systems. No. of Tenant Farmers, Sharecroppers, Women farmers rapidly rising. They are also facing brunt of the crisis. In many states, above 50% of farm suicides are of tenant farmers.
 - Ensure every Tenant Farmer/lessee farmer gets identity card, and benefits of crop loans, insurance, disaster compensation, subsidies. Just by ensuring this, income of Tenant Farmers can be nearly doubled.
 - Focus on women farmers can increase productivity by 40%
 - NITI Ayog draft bill on Land Lease is inadequate. Doesn't place onus on state government to identify lessee farmers or prohibit non-cultivating land-owner from taking crop loans or subsidies.
- Farmers in **rain-fed areas** much more vulnerable. Any new irrigation facility should give protective irrigation to rainfed crops; Many farmers sharing water, growing irrigated dry crops is better than one farmer growing paddy. *Recent programs by Govt of A.P. in right direction.*

PRICES AND MARKETS

MSPs for most crops are so low that an average land-holding 1.1 hectare gives very little income. *E.g.* 1-hectare paddy farmer: Rs.726 /month

Based on CACP Reports, 2015-16			
Crop	Net Returns per hectare	Monthly Income for 1-ha farmer	Monthly Income for 2-ha farmer
Paddy	4356	726	1452
Red Gram	5505	918	1835
Jowar	-66	-11	-22
Groundnut	7088	1181	2363
Maize	3865	644	1288
Green Gram	1126	188	375
Black Gram	2602	434	867
Cotton	12734	2122	4245
Wheat	14260	2377	4753

PRICES AND MARKETS

Assured Remunerative Price is the key

- E-NAM is good, but addresses only part of the problem
- MSP issues have to be addressed; in Kharif 2016-17, for 8 out of 14 crops, MSP is less than C2 cost of production!
- Ramesh Chand Committee recommendations should be implemented for better cost estimation, and MSP should be fixed at 50% over C2 Cost of Production
- MSP should be statutory – sales below MSP should be illegal
- MSPs should be effectively implemented in all 23 crops – by effective, timely market intervention; ***Allocations needed;***
- If market prices are to be kept low, pay difference to the farmer – Price Deficiency Payment system
- **Export/import decisions** with adverse impact on farm incomes should be avoided

FARMING AS AN ENTERPRISE: CREDIT & PRODUCER ORGANIZATIONS

- Massive revamping of Agriculture Credit in bank Priority Sector Lending; Direct Lending should be at least 13.5%
- Direct Lending should go to Farmers and Farmer Producer Organizations (FPOs) not to Corporates
- Low-interest loans to Cultivators, incl. tenant & women farmers
- **Farmer Producer Organizations:** Need collective bargaining power to negotiate with the market at an advantage
- Value addition, processing, storage, etc should be in farmers' control through FPOs; only then they will help farmers' incomes
- Government should invest in formation of FPOs. Collectives like Kudumbashree, JLGs should also be seen in this framework. Financing, Forward-backward Linkages are crucial.
This should be seen as the real Start-up revolution.

ADDRESSING RISK COMPREHENSIVELY

- Natural Calamities have biggest impact on Farmer Incomes. Crop loss due to drought or other disasters is a common factor among almost all farmer suicides
- PMFBY is a good step forward but not a silver bullet
- PMFBY needs revamping; fundamental issues unaddressed
- In Natural Calamities, enhanced and timely compensation (input subsidy or otherwise) is a must. Should help farmer recover all costs for reinvestment (at least Rs.30,000/hectare)
- **Climate Adaptation high priority**
 - Sustainable, Climate-resilient agriculture with Natural methods
 - Protective irrigation in rainfed areas
 - Animal husbandry including small ruminants, backyard poultry

AGRO-ECOLOGICAL APPROACH

- Yield increases should be sustainable with enhancement of soil fertility and biological capacity of farm ecology.
- Should be based on modern developments in agro-ecology and methods like System of Crop Intensification
- Reducing dependence on high external inputs will reduce costs and enhance net incomes
- Payment for Ecological Services
- Support for integrated farming with livestock for each farm household

We SEEK...

- Wider consultations with various farmers' organisations in different states of India

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