

# Report Summary

## Swaminathan Committee on Farmers

(October 2006)

### Background

The National Commission on Farmers (NCF) was constituted on November 18, 2004 under the chairmanship of Professor M.S. Swaminathan. The Terms of Reference reflected the priorities listed in the Common Minimum Programme. The NCF submitted four reports in December 2004, August 2005, December 2005 and April 2006 respectively. The fifth and final report was submitted on October 4, 2006. The reports contain suggestions to achieve the goal of “faster and more inclusive growth” as envisaged in the Approach to 11<sup>th</sup> Five Year Plan.

### Terms of Reference

The NCF is mandated to make suggestions on issues such as:

- (a) a medium-term strategy for food and nutrition security in the country in order to move towards the goal of universal food security over time;
- (b) enhancing productivity, profitability, and sustainability of the major farming systems of the country;
- (c) policy reforms to substantially increase flow of rural credit to all farmers;
- (d) special programmes for dryland farming for farmers in the arid and semi-arid regions, as well as for farmers in hilly and coastal areas;
- (e) enhancing the quality and cost competitiveness of farm commodities so as to make them globally competitive;
- (f) protecting farmers from imports when international prices fall sharply;
- (g) empowering elected local bodies to effectively conserve and improve the ecological foundations for sustainable agriculture;

### Key Findings and Recommendations

#### Causes for farmers’ distress

Agrarian distress has led farmers to commit suicide in recent years. The major causes of the agrarian crisis are: unfinished agenda in land reform, quantity and quality of water, technology fatigue, access, adequacy and

timeliness of institutional credit, and opportunities for assured and remunerative marketing. Adverse meteorological factors add to these problems.

Farmers need to have assured access and control over basic resources, which include land, water, bioresources, credit and insurance, technology and knowledge management, and markets. The NCF recommends that “Agriculture” be inserted in the Concurrent List of the Constitution.

#### Land Reforms

Land reforms are necessary to address the basic issue of access to land for both crops and livestock. Land holdings inequality is reflected in land ownership. In 1991-92, the share of the bottom half of the rural households in the total land ownership was only 3% and the top 10% was as high as 54%.

**Table 1: Distribution of Land**

Land Holding	% of Households	% of Land hold
Land less	11.24	
Sub-margin holdings (0.01-0.99 acres)	40.11	3.80
Marginal holdings [1.00-2.49 acres]	20.52	13.13
Small holdings [2.50—4.99 acres]	13.42	18.59
Medium holdings [5-14.99 acres]	12.09	37.81
Large holdings [15 acre +above]	2.62	26.67
	100.0	100.0

Source: Table 1 of the Fifth NCF Report based on Some Aspects of Household Ownership Landholdings-1991-92. NSS Report-399

Some of the main recommendations include:

- Distribute ceiling-surplus and waste lands;
- Prevent diversion of prime agricultural land and forest to corporate sector for non-agricultural purposes.
- Ensure grazing rights and seasonal access to forests to tribals and pastoralists, and access to common property resources.
- Establish a National Land Use Advisory Service, which would have the capacity to link land use decisions with ecological meteorological and marketing factors on a location and season specific basis.

- Set up a mechanism to regulate the sale of agricultural land, based on quantum of land, nature of proposed use and category of buyer.

### Irrigation

Out of the gross sown area of 192 million ha, rainfed agriculture contributes to 60 per cent of the gross cropped area and 45 per cent of the total agricultural output. The report recommends:

- A comprehensive set of reforms to enable farmers to have sustained and equitable access to water.
- Increase water supply through rainwater harvesting and recharge of the aquifer should become mandatory. “Million Wells Recharge” programme, specifically targeted at private wells should be launched.
- Substantial increase in investment in irrigation sector under the 11<sup>th</sup> Five Year Plan apportioned between large surface water systems; minor irrigation and new schemes for groundwater recharge.

### Productivity of Agriculture

Apart from the size of holding, the productivity levels primarily determine the income of the farmers. However, the per unit area productivity of Indian agriculture is much lower than other major crop producing countries.

**Table 2: Comparative Yield of Select Crops in Various Countries (Kg/ha)**

Country	Crop				
	Paddy	Wheat	Maize	Groundnut	Sugarcane
India	2929	2583	1667	913	68012
China	6321	3969	4880	2799	85294
Japan	6414	-	-	2336	-
USA	6622	2872	8398	3038	80787
Indonesia	4261	-	2646	1523	-
Canada	-	2591	7974	-	-
Vietnam	3845	2711	4313	1336	65689

Source: Table 3 of the Fifth NCF Report based on Agriculture At a Glance [2002] Ministry of Agriculture

In order to achieve higher growth in productivity in agriculture, the NCF recommends:

- Substantial increase in public investment in agriculture related infrastructure particularly in irrigation, drainage, land development, water conservation, research development and road connectivity etc.
- A national network of advanced soil testing laboratories with facilities for detection of micronutrient deficiencies.

- Promotion of conservation farming, which will help farm families to conserve and improve soil health, water quantity and quality and biodiversity.

### Credit and Insurance

Timely and adequate supply of credit is a basic requirement of small farm families.

The NCF suggests:

- Expand the outreach of the formal credit system to reach the really poor and needy.
- Reduce rate of interest for crop loans to 4 per cent simple, with government support.
- Moratorium on debt recovery, including loans from non-institutional sources, and waiver of interest on loans in distress hotspots and during calamities, till capability is restored.
- Establish an Agriculture Risk Fund to provide relief to farmers in the aftermath of successive natural calamities.
- Issue Kisan Credit Cards to women farmers, with joint *pattas* as collateral.
- Develop an integrated credit-cum-crop-livestock-human health insurance package.
- Expand crop insurance cover to cover the entire country and all crops, with reduced premiums and create a Rural Insurance Development Fund to take up development work for spreading rural insurance.
- Promote sustainable livelihoods for the poor by improving (i) Financial services (ii) Infrastructure (iii) Investments in human development, agriculture and business development services (including productivity enhancement, local value addition, and alternate market linkages) and (iv) Institutional development services (forming and strengthening producers’ organisations such as self-help groups and water user associations).

### Food Security

The Mid-term appraisal of the 10<sup>th</sup> Plan revealed that India is lagging behind in achieving the Millennium Development Goals of halving hunger by 2015.

Therefore, the decline in per capita foodgrain availability and its unequal distribution have serious implications for food security in both rural and urban areas.

The proportion of households below the poverty line was 28% in 2004-05 (close to 300 million persons). However, in 1999-2000, the percentage of population consuming diets providing less than 2400 kcal (underlines definition of below poverty line) per capita per day was almost 77% of the rural population. Several studies have shown that the poverty is concentrated and food deprivation is acute in predominantly rural areas with limited resources such as rain-fed agricultural areas.

The report recommends:

- Implement a universal public distribution system. The NCF pointed out that the total subsidy required for this would be one per cent of the Gross Domestic Product.
- Reorganise the delivery of nutrition support programmes on a life-cycle basis with the participation of Panchayats and local bodies.
- Eliminate micronutrient deficiency induced hidden hunger through an integrated food cum fortification approach.
- Promote the establishment of Community Food and Water Banks operated by Women Self-help Groups (SHG), based on the principle 'Store Grain and Water everywhere'.
- Help small and marginal farmers to improve the productivity, quality and profitability of farm enterprises and organize a Rural Non-Farm Livelihood Initiative.
- Formulate a National Food Guarantee Act continuing the useful features of the Food for Work and Employment Guarantee programmes. By increasing demand for foodgrains as a result of increased consumption by the poor, the economic conditions essential for further agricultural progress can be created.

### **Prevention of Farmers' Suicides**

In the last few years, a large number of farmers have committed suicide. Cases of suicides have been reported from states such as Andhra Pradesh, Karnataka, Maharashtra, Kerala, Punjab, Rajasthan, Orissa and Madhya Pradesh. The NCF has underlined the need to address the farmer suicide problem on a priority basis.

Some of measures suggested include:

- Provide affordable health insurance and revitalize primary healthcare centres. The National Rural Health Mission should be extended to suicide hotspot locations on priority basis.
- Set up State level Farmers' Commission with representation of farmers for ensuring dynamic government response to farmers' problems.
- Restructure microfinance policies to serve as Livelihood Finance, i.e. credit coupled with support services in the areas of technology, management and markets.
- Cover all crops by crop insurance with the village and not block as the unit for assessment.
- Provide for a Social Security net with provision for old age support and health insurance.
- Promote aquifer recharge and rain water conservation. Decentralise water use planning and

every village should aim at Jal Swaraj with Gram Sabhas serving as Pani Panchayats.

- Ensure availability of quality seed and other inputs at affordable costs and at the right time and place.
- Recommend low risk and low cost technologies which can help to provide maximum income to farmers because they cannot cope with the shock of crop failure, particularly those associated with high cost technologies like Bt cotton.
- Need for focused Market Intervention Schemes (MIS) in the case of life-saving crops such as cumin in arid areas. Have a Price Stabilisation Fund in place to protect the farmers from price fluctuations.
- Need swift action on import duties to protect farmers from international price.
- Set up Village Knowledge Centres (VKCs) or Gyan Chaupals in the farmers' distress hotspots. These can provide dynamic and demand driven information on all aspects of agricultural and non-farm livelihoods and also serve as guidance centres.
- Public awareness campaigns to make people identify early signs of suicidal behavior.

### **Competitiveness of Farmers**

It is imperative to raise the agricultural competitiveness of farmers with small land holdings. Productivity improvement to increase the marketable surplus must be linked to assured and remunerative marketing opportunities.

The measures suggested by NCF include:

- Promotion of commodity-based farmers' organisations such as Small Cotton Farmers' Estates to combine decentralised production with centralised services such as post-harvest management, value addition and marketing, for leveraging institutional support and facilitating direct farmer-consumer linkage.
- Improvement in implementation of Minimum Support Price (MSP). Arrangements for MSP need to be put in place for crops other than paddy and wheat. Also, millets and other nutritious cereals should be permanently included in the PDS.
- MSP should be at least 50% more than the weighted average cost of production.
- Availability of data about spot and future prices of commodities through the Multi Commodity Exchange (MCD) and the NCDEX and the APMC electronic networks covering 93 commodities through 6000 terminals and 430 towns and cities.
- State Agriculture Produce Marketing Committee Acts [APMC Acts] relating to marketing, storage and processing of agriculture produce need to shift

to one that promotes grading, branding, packaging and development of domestic and international markets for local produce, and move towards a Single Indian Market.

### **Employment**

Structural change in the workforce is taking place in India albeit slowly. In 1961, the percentage of the workforce in agriculture was 75.9%. while the number decreased to 59.9% in 1999-2000. But agriculture still provides the bulk of employment in the rural areas.

The overall employment strategy in India must seek to achieve two things. First, create productive employment opportunities and second to improve the 'quality' of employment in several sectors such that real wages rise through improved productivity. The measures to do so include:

- Accelerating the rate of growth of the economy;
- Emphasizing on relatively more labour intensive sectors and inducing a faster growth of these sectors; and
- Improving the functioning of the labour markets through such modification as may be necessary without eroding the core labour standards.
- Encourage non-farm employment opportunities by developing particular sectors and sub-sectors where demand for the product or services is growing namely: (i) trade, (ii) restaurants and hotels, (iii) transport, (iv) construction, (v) repairs and (vi) certain services.
- The "net take home income" of farmers should be comparable to those of civil servants.

### **Bioresources**

Rural people in India depend on a wide range of bioresources for their nutrition and livelihood security. The report recommends:

- Preserving traditional rights of access to biodiversity, which include access to non-timber forest products including medicinal plants, gums and resins, oil yielding plants and beneficial micro-organisms;
- Conserving, enhancing and improving crops and farm animals as well as fish stocks through breeding;
- Encouraging community-based breed conservation (i.e. conservation through use);
- Allowing export of indigenous breeds and import of suitable breeds to increase productivity of nondescript animals.

**(Prepared by Kaushiki Sanyal on December 7, 2006)**

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