Indian Farmers Progress: A Face-To-Face With Reality

IFIA
Indian Farmers and Industries Alliance
For Mutual Growth

Parliament Members Farmers Forum
Lending Voice Lending Power
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Introduction

"If a farmer is shaken – the emperor's throne quakes." Ancient Scriptures

Agriculture is the backbone of the Indian economy. The prosperity of the country depends on the development of agriculture and well being of farmers. Considerable progress has been made during the post-independence period in modernizing agriculture; still much remains to be done. The yield per unit is low, availability if inputs and extension is negligible, value addition is minimal and all these are of great concern. So also budget allocations are meager and rural infrastructure is lacking. Agricultural scientists have done significant work in developing high yielding varieties of seeds and suggesting scientific practices to obtain better yields. Similarly, impressive work has been done in animal husbandry and in fact, the mixed farming economy demands expertise in production, IPM, Marketing and value addition. It is possible only when the farming community is enthused and stimulated to adopt all these practices.

From the very inception of the five year development plans adopted by India, the policy makers, planners and administrators have constantly emphasized on involving the farmers fully in the development process. With the view of involving the farmers directly in the developmental efforts of the country, the Community Development Programmes were initiated and Panchayati Raj Institutions were formed. Panchayati Raj Institutions are engaged largely in implementation of the development schemes formulated by the government. These grass-root organizations have not been associated with the policy making and planning process of the government at any stage. These institutions have proved their efficiency in implementing the development plan with the involvement of farmers. The involvement of farming community was less than enthusiastic, bordering on lackadaisical.

The pace of progress of India is contingent upon the development of the agricultural sector and enthusiasm and efforts of the farmers. As such, farming must be accorded highest priority and extended adequate resources, incentives and facilities. In spite of more than half a century of the development and planning process to improve Indian agriculture/ economy and the well being of farming community frequent incidences of farmers committing suicides are being reported.

There is a growing realization amongst the Indian policy makers, government, industry and the society in general that rural population (particularly the farming communities) are getting increasingly alienated from the national economic participatory development. This could perhaps be the consequence of another deeper malaise: the inability or reluctance of the entrepreneurs, scientists and technocrats to educate the public and engage in public debates on costs, benefits and risks associated with agri-technologies. Those that do get involved, find the journey very lonely and an uphill task with very little help from peers. This leads to erosion of trust, credibility and clarity on issues of national and social interest. The tragedy lies in the fact that the "socio-political guardians" remain immune to the trends that will seal their own fate and increasingly alienate the grass-roots communities (rural population) consisting of Farmers, Agriculture Labour and Artisans.

For the farmers to involve whole heartedly in the development process, it is necessary that there should be a strong and well-knit organisation of farmers with units at appropriate levels such as the village/ block/ district, the state and the nation. This organisation should act as a catalyst amongst the farming community and make them participate effectively in the development process to modernize and improve agriculture. The organisation need to protect the farmers interests
from other well organised sectors of the country economy, secure adequate and appropriate policy and financial support to get a better deal for the farming communities thus making agriculture vibrant, profitable and an important factor of Indian Economy and society.

With the view of making the development and economic betterment an integral part of the farming community and to protect the farmers from excessive plundering by the affluent classes the Indian Farmers and Industrial Alliance (IFIA) and Federation of Farmers Associations (FFA) came into existence. FFA is working in the direction of evolving powerful and proactive strategies and action plans to mobilize public investments in infrastructure development, providing greater impetus to private investment. Its function includes lobbying with governmental and non-governmental bodies and institutions to support strategies and plans that help accelerate the growth of the rural economy.
FEDERATION OF FARMERS' ASSOCIATIONS

Federation of Farmers' Associations (FFA) will be an unified, independent grassroots apolitical farmers' organization with membership from commodity associations, co-operatives, regional farmers associations, village farmers associations etc. and others. It will be a registered farmers organization and will be managed by Executive Committee / Board of Governors who will be elected once in three years. The Membership criteria and the fees and other issues will be decided by the Committee.

FFA will evolve powerful and proactive strategies and action plans to mobilize public investments in infrastructure development while providing greater impetus to private investment. It will lobby with governmental and non-governmental bodies and institutions to support strategies and plans that help accelerate the growth of the rural economy. Latest information technology and biotechnology practices will be implemented to better the lot of the farmer.

THE PROGRAMMES:

The Federation objectives and efforts are directed towards establishing multiple organizational structures and translating activities into a wide range of short and long term programmes as follows:

- Establishing vertical and parallel organizations to promote commodity group interests as well as address general issues of farmers.
- Establishment of a comprehensive administrative structure with experts and professionals at various levels to enable technical assistance, advice and guidance supported by requisite staffing.
- Constitution of Consultants / Experts Committee for advice and authentication of policy matters of the FFA.
- Establishment of a permanent body of Advisory Committee consisting of policy makers, party leaders, decision makers and NGOs to influence government policies.
- Create mass awareness on modern technologies on an ongoing basis through traditional methods as well as multimedia in association with like-minded and allied organizations.
- Establishment of Agri-business Information Centre, which involves in information collection, networking all villages, and enabling access to national and global networks via Internet to lend a competitive edge to the farming community.
- Networking with a wide range of institutions, Planning Committee, Financial Institutions, Research Organizations and the like to derive synergistic benefits.
- Setting up of an Agriculture Consultancy Centre at the district level to provide advisory, extension, legal and other services to farmers' groups.
- Assistance in organizing farmers' cooperatives, processing units, export zones, rural technology parks etc.
- Partnership/Joint Venture programmes in association with Exporters, trade and industry.
- Alllying with international farmers' organizations of developing nations for technology information and lobbying.
- Facilitating Farmers' Exchange Programmes – domestic as well as international.
- Addressing social responsibilities including awareness building about social evils like child labour, child marriage, dowry menace, un-touchability, Devadasi system, etc as an integrated activity.

**FEDERATION INITIATIVES:**
- Human Resource development through a wide range of situation-specific, capacity building programmes to help farmers consolidate the gains of self-reliance and sustainable development.
- Policy lobbying, Administrative Advocacy and Institutional Networking to integrate and harmonize the macro processes and the micro concerns.
- Strengthening local farmers’ groups.
- Natural partnerships and collaborations with kindred institutions to bring about favourable policy changes.
- Establishing of Village-level Information Centres within the next 3-5 years.
- Development and implementation of innovative concepts and technologies to add to agricultural productivity and rural employment.
- Data Mining.
- Information dissemination through publication of monthly news letters, reports, evaluation studies etc. periodically apart from producing A/V footage and TV documentaries.
- Market intervention for establishing retail outlets, and for involving in procurement and supply to eliminate exploitation of farmers by middlemen and commission agents.
- Campaigns to eliminate spurious agricultural inputs.
- Awareness building on the benefits of Consumer Redressal Fora.
- Awareness building on WTO.
- Establishment of a Technology Centre to monitor and guide research activities.
- Regular organization of Kisan Adalats to identify problems and provide counseling, emergency relief and legal assistance to farmers.
- Implementing cooperative and corporate farming.
- Linking up of rivers.
- Promotion of Agri- tourism.
- Organizing agricultural exhibitions.
- Honouring outstanding farmers and scientists.
- Native cattle breed development for preserving and propagating the fine lineage.
- Membership enrollment encompassing at least 70% of farmers in the state within 5 years.
FEDERATION OF FARMERS ASSOCIATIONS (FFA)
NEW ORGANIZATIONAL ADMINISTRATIVE STRUCTURE

EXECUTIVE COMMITTEE

FEDERATION OF FARMERS ASSOCIATIONS
* General Body
* Board Of Trustees (Advisors)

ADMINISTRATION
Director General

COMMODITY COMMITTEES

DIST. OFFICER

DIRECTORS / CO-ORDINATORS OF COMMODITY COMMITTEES

ELECTRICITY
IRRIGATION
ANIMAL HUSBANDRY
SPICES
HORTICULTURE
(A) ACTIVITIES:
1. Coordinate the Commodity Committee activities
   a) To Prepare Yearly Colander
   b) Prepare the budget
   c) Preparing Agenda
   d) Convening Meetings;
   e) Recording Proceedings & circulating
   f) All required other activities
   g) Organize the Seminars/Workshops
   h) Look after Public Relation
2. Identifying Policy Issues at various levels & take appropriate measures for their changes
3. Identify administrative issues
4. Collect details and information on orders, notifications, GOs etc. etc.
5. Establish contact with like-minded institutions and exchange ideas and activities
6. Establishing contacts with other State / International Organizations

(B) WORKING MOU:
1. He can be full time or part time
2. He can have assistance depending on the work
3. MOU : Honorarium, TA, DA

POLICY ISSUES
1. GOI : Export&Import Policies,
2. MSP – Procurement - FCI
3. Customs Duty
4. Crop Insurance
5. WTO Regulations
6. State & Central subsidies

AGRO-PROCESSING INDUSTRIES
1. Contract Farming
2. Input Supply
3. Extension

MARKET ISSUES
1. Commissions
2. Supply & demand – national - global
3. Storage & Hypothification
4. Inputs - Quality – Prices (MRP) – Adulteration

ADMINISTRATIVE ISSUES
1. Restrictions on movement
2. Taxes
3. Consumer Court
4. Extension Services
5. Electricity / Water Charges
TERMS OF COMMODITY COMMITTEES

ACTIVITIES OF THE COMMODITY COMMITTEE

1. It will be headed by Executive Committee Members
2. He will constitute a committee in consultation with other EC Members
3. He will supervise working of the District Co-ordinator
4. He will prepare yearly calendar in consultation with the Director / Coordinator
5. TA/DA for Members

TERMS & CONDITIONS

1. Part-time working
2. TA/DA will be paid for visit to HQs
3. TA/DA for participating in Workshops / Seminars
4. Actual expenditure of communication & other facilities will be met by FFA
ORGANIZATIONAL STRUCTURE
FEDERATION OF FARMERS ASSOCIATIONS, A.P.

SUGGESTED INTEGRATED TRAINING PROGRAMMES THROUGH FARMERS FEDERATION

TRAINING
- Agriculture
- Marketing
- APEDA
- Banks
- Fertilizers

AWARENESS
- Electricity
- Irrigation
- Pesticides Residue

FARMERS GROUPS

ADDITIONAL ACTIVITIES
1. Follow up - Clarification
2. Information - Advice - Consultancy
3. Policy - Administrative Advocacy
4. Networking - Commodity Committees
EXISTING FARMERS ASSOCIATIONS & S.H.G.s IN VILLAGES
Weaknesses, Strengths & Integrated Training Programmes / Activities

WEAKNESSES
- Limited Membership
- Limited Activities
- Not Involved in State / District Agriculture Planning
- Dependency On Government
- Government Controls
- No Integrated Approach
- Limited Access To Technologies
- Cannot Act As A Pressure Group.

STRENGTHS
- Production Base
- Consumer Base
- Management Capability
- Financial Resources
- Skills Availability (Cooking, Carpentry, Washing, etc.)
- Huge Manpower
- Common Welfare

INTEGRATED ACTIVITIES
- Village Development Plan – Preparation, Implementation & Monitoring
- Organizing of Training Programmes and existing in implementation – Propagating Govt. programmes
- Development of international and external marketing
- Organizing cultural, sports events

COLLECTIVE ACTIVITIES AT DIFFERENT LEVELS
- Group of Villages
  - Value Addition
  - Contract Farming
  - Credit
- Area
  - Commodity Groups
  - Marketing / Processing
  - Forward, Backward Linkages
- National / State
  - Policy Lobbying
  - Administrative Advocacy

Rythu Kirsa Groups
S.H.G. Groups
Milk, Sheep & Co-Op Groups
Cultural, Sports Groups

Online Counseling
Personal Visit Counseling / Advice
Information by Telephone
Mass Awareness Programmes

Important Highlights

The State of Indian Farmers

- Poor access to various changes in agriculture patterns in the country, thus disconnected with supply-demand variations and risk factors (lack of access to market price trends at national and international levels)
- Almost little awareness or no access to newer techno-developments (such as, improved varieties of seeds, energy + labor saving mechanization, water conservation systems, like green house, drip irrigation, micronutrients) and other agri-extension practices.
- The farmers are not fully aware of the quality standards of manufactured products (They include electric motors, Tractors, seeds, pesticides, fertilizers, etc.) and legal projection concerned.
- Lack of input price discovery methods of manufacturing costs, and maximum retail prices.
- Incomplete knowledge of the Govt. schemes (Ryty Bandhu, Kisan Credit Card, subsidies, agri-inputs, equipment, drought relief facilities, indirect taxation) and methods to avail them in time.
- Farmers are not aware of the crop insurance facilities and contingency measures in case of natural calamities.
- Farmers are not aware of their citizen charter rights, Consumer redressal mechanisms, benefits, compensation for illegal trade activities, etc.

International competitiveness of Indian Farmers:
Indian farmers are cost competitive enough relative to farmers of America and European Union virtually in every farm product but against a massive government support in the rich and industrial countries, the resource poor, lean and toiling image of an Indian farmer looks rather pale. It certainly is a depressing tale considering that in India more than 550 million farmers receive an annual subsidy of US $ 1 billion as against more than $ 300 billion a year to 90,000 farmers in America. The amount of subsidy a western farmer gets on a cow is more than the average income of the farming family in India. The level of dumping by the US alone hovers around 40% of wheat, 30% of Soybean, 25-30% of corn and 57% for cotton. Further each tonne of wheat and sugar that the United Kingdom sales in international market is priced 40-60% lower than the cost of production.

Coverage of Market Price Support

<table>
<thead>
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<th>Country</th>
<th>% coverage of total value of production</th>
<th>Country</th>
<th>% coverage of total value of production</th>
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<tr>
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<td>New Zealand</td>
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<td>E.U.</td>
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<td>Mexico</td>
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<td>Australia</td>
<td>77</td>
<td>Japan</td>
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<td>Slovakia</td>
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<td>U.S.</td>
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Economic Liberalisation and Rural India

In its fifty-five years of independence, India has waged a long battle against hunger and poverty. Two hundred years of colonial rule built a country incapable of meeting the basic needs of its own population while turning the economy into a conveyor belt for raw commodities destined for the manufacturing industries in Britain. To remedy this situation, the policies adopted by the Indian government after Independence were a broad mix of state-led market-based policies, leaning towards heavy interventionism and high levels of economic protection for key domestic industries. This 'import substitution' model was unevenly implemented, and while some industries and sectors benefited, the government was never fully able to wean itself from the influence of powerful Indian elites and their vested interests. Over time, these elites, combined with international pressure, pulled the Indian economy towards an open market. This economic liberalization crept slowly into India's economy throughout the 1970s and 1980s. But in 1991, precipitated by high levels of debt, India officially committed to full-fired neo-liberal reforms when the Indian government signed onto World Bank and International Monetary Fund loans.

The two central components of these neo-liberal policies have been the liberalization of India's private sector and a reform of the public sector. The claim advanced by key members of India's elites, and by the World Bank, was that the Indian economy needed to be set on a more sustainable path. More than a decade later, the Indian government claims vindication for its direction, with higher levels of income, reduced poverty, and a booming information technology sector—areas that have come under criticism abroad for its success in welcoming 'outsourced' jobs.

The World Bank's policies and unprecedented economic growth

While the 1990s looked good on paper, when we tease the statistics apart, the 1990s weren't all that unprecedented. The average annual growth in per capita Gross Domestic Product (GDP) was 4.4 percent compared to 4.1 percent between 1985 and 1989. By the end of the 1990s, economic growth rates were similar to the average growth rates of the 1960s and 1970s. In other words, but for a fraction of a percentage, neo-liberal policies didn't outperform the previous periods in recent Indian economic history.

Poverty and free market access

Official data show a drastic decline in poverty during the last half of the 1990s. The Indian government and the World Bank attribute this to the free market. But the fall in poverty owes much more to a change in the way that poverty data were collected and interpreted. There is now a broad consensus among independent researchers and academics that these numbers are inflated and the actual numbers are closer to half of the official statistics. This is corroborated by the increased levels of malnutrition observed over the 1990s. Poverty declined at no faster pace than in the 1980s and there are in fact indications of a deceleration in poverty reduction despite a 30 percent increase in per capita income.

Liberalisation and economic growth

The biggest consequence of the new free market policies is acute inequality. The Gini index, a standard measure of income inequality, has risen from 30 to almost 38 from 1991 to 1997. This is caused by a great deal of variation in economic growth among Indian states and between rural and urban areas. The poorest states experienced much lower rates of growth and poverty reduction than the middle income and high income states. 50 percent of the poor are now concentrated in Orissa, Madhya Pradesh, and Assam. To put this into perspective, the combined population of these states is the same as the population of Japan.
In rural India, where the deepest poverty persists, things are worse. The rural-to-
urban poverty gap has jumped from 1.1 to 1.4 over the 1990s.

**Information technology and the poor**

Both the World Bank and the Indian government are keen to play up the success of the information technology industry and its role as a path to a new era of prosperity. But information technology only contributes 2 percent of total GDP and employs fewer than one million people. More than 230 million people are employed in the agricultural sector. India's poor primarily live in rural areas, farming small plots of land or working as agricultural laborers. Moreover, they are unlikely to benefit directly from the technology boom because the social and economic mechanisms for redistributing the gains of the information technology industry have been eroded by the introduction of regressive taxes and cuts in social welfare programs. Job creation in the urban information technology sector does little to create economic gains for India's rural poor.

**Green Revolution and hunger-free India**

- The Green Revolution was a package of industrial technologies, such as chemical fertilizer and hybrid seed, designed to increase India's farm yields. Introduced in the 1970s, these technologies succeeded in increasing farm output in a handful of commodities. These technologies are being promoted by the government and aid agencies. But this revolution has bypassed most Indian farmers, who live in the poorer states and who are without access to large areas of land necessary to profit from these technologies.

- The three-quarters of all farmers who cultivate one third of the total land mass, remain marginalized by the government. Small farmers produce 41 percent of the total grain and over half of India's total fruits and vegetables. They are more productive than the Green Revolution farms even though they cultivate rain-fed lands using only human labor and animal traction.

- The environmental cost of the Green Revolution is now becoming apparent in the Punjab and Haryana. There farms are threatened by sinking water tables, soil salination, and soil erosion caused by excessive use of chemicals and mono-cropping. The economic instability is also evident, as prices on the chemical inputs such as fertilizer and pesticides are becoming increasingly high due to the government's elimination of input subsidies.

- The Green Revolution is not the answer to India's hunger. Two hundred and thirty-three million people are malnourished in India today and while small farms are important in preventing acute hunger, the problem remains one of distribution, not of production.

**Trade liberalization and Indian farmers**

For India's richest farmers, trade liberalization has been a blessing. But the agriculture sector itself is in severe crisis. Agricultural growth was a disappointing 3.2 percent a year on average over the 1990s compared with 4.7 percent on average over the 1980s. This isn't healthy given the fact that 75 percent of the population depend on agriculture for their livelihoods. Liberalization has forced small farmers to compete in a global market where commodity prices have plummeted while the reduction of government subsidies has made farming more expensive. Government sector investment in agriculture registered a decline of 28.9 percent, leaving farmers without access to affordable loans and forcing them to turn to private lenders who charge significantly higher interest rates. Private Banks only directed 10.8 percent of total credit to agriculture, well below the government required 18 percent. Subsequently, farmers have turned to contract farming for large national and international corporations, producing cash crops--
cotton, potatoes and chilies—for US and European markets instead of food for India’s people. While these contracts can provide farmers with higher income, they also come with higher risks and costs of production. In most contract farming situations, the farmer bears the entire financial risk in the event of drought and crop failure. Such events have left many farmers heavily indebted, driving thousands of them to suicide.

**Economic reform and poverty alleviation**

While the very poorest represent a higher percentage of people receiving government support, this has been achieved by lowering the threshold of poverty and cutting back funding for many poverty and development programs. For example, rural development expenditures as a share of GDP declined from 14 percent in the late 1980s to less than 6 percent of total GDP in 2000. Funding for irrigation, roads, and employment has decreased in almost all states. Without public investments in roads and irrigation, rural areas have been unable to attract private sector investments, which the World Bank and the Indian government claim should replace public investments and create jobs.

India’s Public Distribution System (PDS) which distributes surplus food, has also been crippled by economic liberalization. Only a fraction of India’s population is now eligible to receive subsidized food through the PDS and prices have increased drastically. Food distributed by the PDS declined by more than 20 percent in less than four years since the implementation of Targeted Public Distribution System. This has excluded millions of poor in the name of economic cost-efficiency. In 2001 millions of tons of rotting grain was thrown into the sea, while starvation deaths were reported in several states for the first time since the 1960s.

**Economic reform and nutritional security**

Malnutrition has increased during the 1990s. The average calorie intake has declined especially among India’s poorest. Today, 233 million Indians suffer from inadequate intake of calories and micro nutrients. Women and children sustain higher rates than men of anemia—a symptom of malnutrition. There has been virtually no improvement in these rates over the 1990s. Furthermore, the production of some of the most important staples has declined as agricultural land is increasingly used for export crops. During the 1990s, five million hectares were converted from food-grain production into cash crop production. Net availability of foodgrains per person plummeted to levels unheard of since the 1930s economic depression under British colonial rule.

**Economic liberalization and women**

While women experienced higher employment rates in the 1990s, the work done by women was most often in low wage jobs or the informal sector. Historically, women have been the backbone of the rural economy, but they are paid less, work longer, and do harder manual labor than men. This situation has been exacerbated under neo-liberalism. Between 1991 and 2001, for example, the number of women in marginal jobs more than doubled from 25 million to 51 million.

**Economic liberalization and government policies**

Rising inequality, exploitation, poverty, and environmental degradation have followed neo-liberal reforms in every country that has adopted them to date. India is no different. The government seems to be more concerned with turning India into a leading global exporter and technology hub than resolving the massive poverty problems. Budget cuts for rural development programs and the public distribution system show that the political will to address poverty problems has disappeared, and without this political will, India’s rural areas will continue to experience increased hardship.

Indian agriculture has always been a very unequal affair. Even before colonization, there was rampant inequality arising from the feudal structures of
agriculture and regional differences. Under British rule many of these inequalities were further exacerbated through heavy taxation of even the smallest farmer. Despite half a century of independence, these inequalities are still getting worse. The arrival of the World Bank and International Monetary Fund strengthened the hand of those within the Indian government who believe that export-oriented agriculture and free trade would 'lift all ships' out of poverty despite the lack of evidence that this has worked in India. We conclude that the absence of strong political leadership, the erosion of serious redistributive mechanisms, and the deepening exploitation of women in the promotion of neo-liberal India all point to a deterioration in the situation of India's poorest.

**WTO and Indian Agriculture**

Despite clear evidence that Indian farmers do not gain from the implementation of the trade liberalisation process under the World Trade Organisation's Agreement on Agriculture, and are in fact badly hit by it, the country's Ministry of Agriculture is aggressively pushing for the second phase of reforms. Five years after the World Trade Organisation (WTO) came into existence, the anticipated gains for India from the trade liberalisation process in agriculture are practically zero... Such is the growing dismay that Mr Balram Jakhar, a former Minister for Agriculture, and in whose time the WTO accord was pushed through, lamented how politically incorrect he was in accepting the free trade agenda for Indian farmers. 'It is now clear to me that we are fast heading towards economic re-colonisation.'

The WTO's Agreement on Agriculture had incorporated three broad areas of commitments from member states, namely in market access, domestic support and export subsidies. The underlying objective was to correct and prevent restrictions and distortions in world agricultural markets. Five years later, it is now established that these measures have only protected the farmers and the farming systems of the developed countries. On the other hand, the trading regime has ensured that developing countries take time-bound initiatives to open up their domestic markets for cheap and highly subsidised imports of agricultural commodities. The three main components of the WTO agreement were Market Access, Domestic Support and Export Subsidies. India along with other developing nations is the prime loser in the global agricultural trade against the developed nations. The component-wise analysis could make the above conclusion more evident.

**Market access:** A recent FAO [Food and Agricultural Organisation] study concludes that there has been hardly any change in the volume of exports. Tariff peaks continue to block exports from the developing countries.
- Tariffs still remain very high, especially in the cases of cereals, sugar and dairy products. Sanitary and phyto-sanitary measures continue to be a major barrier in diversifying exports in horticulture and meat products.
- Selective reduction in tariffs by the developed countries has also blocked the exports from developing countries. And on top of it, only 36 countries (all developed) have the right to impose special safeguard provisions if agricultural imports distort their domestic market!
- India was forced to either phase out or eliminate the Quantitative Restrictions (QRs) on agricultural commodities and products latest by 1 April 2000. India has, therefore, opened its market and in turn made the farming community vulnerable to the imports of highly subsidised products. Already, cheaper imports of skimmed milk powder, edible oils, sugar, tea, arecanut, apples, coconut, etc have flooded the market.
Domestic support: Clever manipulation of their subsidy reduction commitments has in reality increased the support to farmers in the developed countries.

- In the United States, subsidy to a mere 90,000 farmers has increased by 700 times since 1996. In the past one year, the US has provided an additional US$25 billion to its farmers. In absolute terms, the farm support in the OECD countries increased by 8% to reach the staggering figure of US$36.3 billion in 1998.
- In India, we are being told that our Aggregate Measure of Support (AMS) being negative, we can still raise our subsidies to farmers. In reality, India is committed to do away with agricultural subsidies under the Structural Adjustment Programme of the World Bank and the International Monetary Fund. In any case, India provides only $1 billion worth of indirect subsidies to 550 million farmers!
- It was anticipated that due to a reduction in domestic support in developed countries, cereal production would shift from developed countries to developing countries. Empirical evidence, however, shows that such a trend is not at all visible. Moreover, with such massive subsidies intact, and with the QRs being lifted, India is sure to be inundated with food imports.

Export subsidies: The kind of export subsidies that need to be pruned is not provided in India.

- Whereas the WTO enables only 25 countries to provide export subsidies for their agricultural products and commodities, India is keen to support the Cairns Group (food-exporting countries), which demands the elimination of export subsidies, not realising that joining such a group will invite problems on various other fronts.
- The Ministry acknowledges that despite the rules being defined, the expected gains have eluded the developing countries. It was expected that with the removal of trade-distorting measures, agricultural exports from the developing countries will increase.
- This did not happen. In fact, India has seen a massive increase in the imports of agricultural commodities and products - from about Rs50,000 million in 1995 to over Rs200,000 million in 1999-2000 - a four-fold increase. Nor has the so-called fair trading system helped efficient producers in realising a higher price for their products. On the contrary, prices of most agricultural commodities are declining in the world markets.
- The authorities can hardly say that they were not warned. A number of critical analyses of the WTO paradigm and its implications for India’s food security including the author’s GATT to WTO: Seeds of Despair] had concluded that the entire effort of the free trade initiative is to destroy the foundations of food self-sufficiency so assiduously built over the years.
- After all, with food production increasing in the US and in the European Union, the focus is only on how to find bigger and reliable markets for exports. In the US, for instance, food production is slated to multiply in the years to come. And incidentally, agricultural exports are the second biggest export earner for America.
PROBLEMS

"Indian Jawans are best in world but Indian Kisans are worst!" 
"Look at the technology, training and honours to jawans vis-à-vis farmers"

INDIVIDUAL PROBLEMS

- **No respect in the Society**: The economic condition of majority of the farming community is such that they can hardly afford an average standard of living which leads to the feeling of insecurity and creates identity crises.

- **No sufficient income**: In lieu of the falling prices of the global food grain market and the pressure of increased production, the farmers are always deprived of their share of profit, leading to decline in the income.

- **No full time work**: Seasonality of the employment is one of the most prominent causes of worry of the farmers. Since the crop cultivation is a seasonal process, during the off season the farmers mostly remain idle leading to problem of disguised employment.

- **No development / growth (Purchase of new lands, tractors, new house, cycle, fan, phone etc.)**: Low productivity in agriculture and cost ineffectiveness led to meager surplus even for the fulfilling the belly of family members. On the lack of available resources with the farmers a poor farmer, majority of the farmer’s class in India, can’t think of the luxury.

- **Non-availability of quality inputs**: In absence of effective government control, many fake organizations are flourishing on the fate of backbone of the Indian economy, the farmers. Due to which farmers can’t get the good quality raw material needs, i.e., farm inputs.

- **No extension**: Lack of effective network of agricultural extension system at the grass root level has inevitably paved the way for low productive and cost ineffective growth in Indian agriculture.

- **No regular water or electricity supply**: Majority of Indian agriculture has to thrive on red-fed agricultural practices owing to lack of sufficient Irrigation and power infrastructure. The evolution of modern high yielding varieties needs sufficient irrigation in the absence of which the farmers are deprived of the actual benefits to be attained.

- **Heavy physical work**: Lack of proper mechanisation, small size of holding and poor income compels majority of small and medium farmers to get involved in heavy physical endeavour.

- **No access market information**: Indian farmers are not able to get market intelligence in time and are thereby deprived of the benefits of selling their produce. In the absence of proper market information they are often exploited by the middlemen.

- **No Health / Education facilities**: Most of the village in the country does not posses proper primary health and education infrastructure, which is considered to be the backbone of growth and development.
GOVERNANCE

- Inconsistent agricultural policies
- Low budget allocations by Central/State Government for agriculture
- Political uncertainty
- No decentralization of power
- Insufficient backward & forward linkage
- Insufficient infrastructure
- Lack of crop insurance
- Depending on Monsoon
- Lack of Accountability

TRADE

- Adulterated, spurious seeds and pesticides
- Cheating in weighing
- Exploitation by Agents / Middlemen Commissions
- Heavy interest on private borrowing
- Monopoly business activity
CUMULATIVE CAUSES FOR COMMITTING SUICIDES BY FARMERS

1. Problems of getting credit - quality inputs - MRP - timely water / electricity
2. Problems in getting services - extension / irrigation
3. Exploitation in the markets - middle men / agent - high % of commission
4. Frequent failure of crops: Drought - Floods - Pests - Decrease in terms of losses
5. Not getting compensated - Crop insurance - Government assistance
6. Failure of political - administration - judicial
7. Failure of local institutions to support - panchayat - communities
8. Accumulated debts - Bank loans - private loans - sale of gold - mortgage of land
9. Reaching the peak of problems
   Between 35-45 years of a farmer:
   Daughter's marriage - son's education
   Bank loan recovery notices
   Private money lenders pressure
   Loss of social status

Committing Suicides
Age: 35-45 Yrs.
Loosing hope
Failure of promises
Continuous problems
Persistent problems
Committing Agriculture at the age of 18-26 Yrs.

POLICY RELATED PROBLEMS

- Agriculture a State subject
- Unorganized departmental structure
- Inadequacy of funds in Agriculture
- Government policies hindering Indian agricultural exports
- Programme implementation lag
- Transparency and Accountability in work
INDIAN FARMERS – INSTITUTIONS + INDUSTRIES
Can a farmer understand the working of these institutions?
Research

- Uneven progress of varietal improvement across crops and regions
- Neglect of crop research system
- Unimpressive result of local adaptive research
- Inadequacy of collaborative multi-disciplinary research
- Weak interaction between researchers, extension workers and farmers
- Excessive centralisation of planning and monitoring
- Lack of accountability of performance
- Lack of adequate district level planning in the absence of research personnel
ISSUES

POLICY

1. Need For Separate Union Budget Presentation By Minister of Agriculture:
Since agriculture and allied sectors are contributing nearly 28% to the national GDP, more than 65% of population is dependent for their livelihood. Agriculture is now integrated issues wherein the farmers require knowledge of meeting, development of new technologies, changing of consumer needs, and competition from other countries, have to be taken into consideration. As of now, the departments dealing with agriculture are under various Ministries leading to complexity in policies and administration.

We are of the view that in addition to existing departments under the purview of Dept. of Agriculture, Commodity Boards, that are now under the control of Ministry of Commerce, Ministry of Water Resources, an independent Ministry and Ministry of Food Processing should be brought under the overall control of Ministry of Agriculture.

Integrating Planning, Resource allocation, implementation and evaluation under one common authority of Ministry of Agriculture will improve the efficiency of administration and will be beneficial to the people.

We request you to place this issue before the Parliament and other concerned citizens and seek their opinion for further processing.

2. Need To Consider Inclusion Of Agriculture In Concurrent List:
Agriculture is considered as a state subject. Extension, Irrigation, Marketing, Land Revenue are the main departments dealing in agriculture by the state governments.

However, important issues of credit, insurance, excise duty on inputs, import-export policies, R&D, MSP, processing industries are dealt through Ministry of Finance, Agriculture, and others by Govt. of India.

WTO related issues which are of primary importance in view of liberalization policy are also under the purview of Govt. of India.

Need to include agriculture in concurrent list by Govt. of India for the following reasons:

i) Infrastructure amongst which irrigation, cold storage, processing which are now handled by GOI requires regular interaction between the farmers, and the national level policy makers.

ii) Irrigation now dealt by state governments is not getting sufficient support due to financial constraints of the state governments. To overcome the present problems of food stagnation, need to bring the additional area under irrigation supply, Government has to provide large resources to irrigation sector.

iii) Cropping pattern in terms of both quality and productivity keeping in view the international situation has to be regularly monitored by GOI. Necessary advice on continuous basis has to be given to the farmers.

iv) The duties on agriculture inputs and export import policies require involvement of farmers and constant interaction between the farmers and GOI.

In view of the above, and also to develop global competitiveness of Indian agriculture, there is need to include agriculture in concurrent list. It will be useful to Government, industry, farmers, and the overall economy of the country.
**Government should take steps to prepare national agriculture index:**

Government of India should prepare National Agriculture Index immediately. This should include vital data on annual production, available stocks, status of buffer stocks, prevailing market rates/trends, advisory crops etc., so that the farmer will be able to create regulatory mechanism before taking up cultivation of any crop. In such cases there are little chances for a farmer incurring losses due to over production and subsequent market downward trends. Embassies/Missions abroad should collect information relating to possible demand, prospects for export of our agriculture produce, agro-processed products and make available such information to the farmers through various agencies viz. state governments, agricultural universities, veterinary universities, commodity boards, print and electronic media.

3. **Transport cost for agricultural produce and other allied products be subsidized (both for inter-state transport and overseas transport):**

Transport cost for export of eggs, chicken, fish, prawn, fruits and vegetables are to be subsidized as the developed economies are subsidizing their farmers/ MNCs in various ways including export subsidies. Union Government should subsidize the transport cost to enable our produce to cross boarders and compete with WTO standards in international markets.

4. **Disinvestment in public sector and reinvestment in irrigation Sector:**

Unless water is provided in drought prone area, agriculture cannot become self sustained activity. It is therefore necessary to construct irrigation projects including transfer of water from excess basins to deficit areas. Irrigation being a state subject and the states having inadequate resources, it is not possible for completion of either the ongoing irrigation projects or the proposed projects. The negligible budgetary allocations earmarked for water resources ministry are inadequate. As of now public sectors where in huge money is invested can be partially privatized. Government can keep the control of the public sectors by having 51% share holding. The resources raised through disinvestment from public sectors should be reinvested in irrigation projects. Such an exercise can generate a fund quantum of over Rs. 10,000 crore which can be utilized for implementing irrigation projects.

6. **Reorganizing Commodity Boards And Establishing New Commodity Boards:**

Commodity boards functioning under Ministry of Commerce are unable to develop global competitiveness due to various reasons. We are of the view that there is need to reorganize the commodity boards so as to make the farmers representatives actively participating and also decide policy issues. We request you GOI to consider reorganizing the existing commodity boards under the Chairmanship of farmer's representatives.

There is also need to establish individual commodity boards for various crops. Due to fact that each commodity has the huge production base and consumption base.

**FINANCIAL**

1. **Enhanced Agricultural credit facility from banks at 6% p.a.:**

The scale of finance fixed for different crops has no relevance with the cost of cultivation. Family labour, rent on land managerial costs are not included while calculating the scale of finance required for a specific crop is fixed unilaterally by financial institutions without taking into consideration of farmers views. The committee which is finalizing scale of finance should be
headed by farmers, scientists and bankers. The scale of finance for a particular crop should be reviewed every year.

All banks need to simplify the paper work while sanctioning the loan. The rates of interest on agriculture loans is on higher side when compared to unproductive loans should be made available at 6% p.a. for all the agriculture and allied sectors (animal husbandry, poultry, aqua-culture, horticulture, food processing etc.) uniformly without variation.

The banks are charging compound interest on agricultural loans against the provisions of ‘usurious loans act 1918’. According to this Act, the banks should charge only simple interest on agricultural loans. No objection certificate which is being insisted should be dispensed with as this is time consuming and expensive.

2. Crop Insurance:

In almost all developed countries, socialist countries agricultural insurance schemes are being subsidized by their respective federal Governments. As 80% of our farmers belong to marginal and small category with inadequate credit and investment capability for crop protection farmers are finding it extremely difficult to bear very high premium rates particularly in commercial crops like cotton, chillies etc. In most of cases the premium on crops collected is as heavy as 4%. Premium level in any crop should be confined to 1% only.

Village should be considered as a unit for settlement of insurance claim. There is also need to evolve appropriate schemes for various other crops in horticulture etc. In horticulture many crops are not covered by insurance schemes. In order to achieve further increase shrimp and fisheries exports, appropriate insurance schemes to safeguard the interests of aqua farmers should be implemented.

These crops are not covered under Crop Insurance. It has to be included forthwith. Settlement of insurance claim should be made mandatory and should be paid before the commencement of next crop.

3. Tax Holiday On Agriculture Implements

Due to deforestation, frequent occurrence of droughts and other a-biotic stresses, farmers are incurring heavy losses. To conserve and utilize available water sources more efficiently, extend area/acreage with irrigation facility leading to higher productivity, production and more income to the farmers. It is highly essential to bring down the prices of drip, sprinkler equipment by waiving of excise duty fully and that benefit should reach directly to the farmer instead of companies. To reduce the human drudgery, improve agricultural efficiency, cropping intensity and irrigation efficiency, government should waive excise duty/customs duties on agricultural machinery/implants with specific emphasis on farmers having small land holdings. 18% tax waived on tractors announced in the Budget 2004-05 is actually 5-6%. The concessions announced in the budget should be extended to tyres, batteries, lights purchased by tractor manufacturers.

We request GOI to give exemption on these products, as it will bring down the cost of tractor considerably.
4. Preventing Crop Losses from Pests & Diseases:

Crops are destroyed due pests and diseases every year incurring losses amounting to Rs. 30,000 crores. Small farmers are unable to control pests and diseases, as the pest control chemicals are very costly in the market. So, taxes and duties on pesticides and crop protection chemicals should be waived to enable them to achieve production levels, which are globally competitive. These chemical industries are asked to create awareness on scientific usage and residual effects of these chemicals to the farmers from time to time.

5. Assistance for Seed Replacement to Resource Poor Farmers:

Due to non usage of quality hybrid seeds, productivity especially amongst small and marginal farmers is seriously hampered. State Governments' are unable to provide required quality seed to all the small and marginal farmers due to financial constraints.

In order to achieve increase in productivity by small & marginal farmers GOI should provide 100% subsidy for seed replacement every year.

6. Assistance for Breed Improvement:

Animal husbandry plays an important role in the lives of farmers especially amongst women. However, due to non improvement of breed, yields are stagnated in the backward states. For e.g. Kerala has achieved 60% breed improvement compared to 2% in Bihar. The income variation is 12,000/-per family in Kerala compared to 3000 in Bihar.

Government need to take up Breed improvement as a national policy on the model of polio vaccine. It should freely allow import of quality semen and provide encouragement to develop competitiveness of dairy industry.

7. Rationalising Duties On Imported Agricultural Commodities:

China and other developed nations are providing huge subsidies to their farmers and also adopting innovative technologies. They have helped the farmers to increase their production and also massive export under WTO.

In the past 3 to 5 years, Indian farmers faced serious problems due to dumping of agricultural raw materials such as silk, cotton, oil seeds. Under WTO, GOI can impose 150-300 % duty. For unknown reasons government is not levying the required import duties on these products.

ADMINISTRATIVE

1. Minimum Support Prices – To Be Converted As Remunerative Prices:

Minimum support prices recommended by CACP do not reflect the ground realities. Farmers in general, small, marginal and tenant farmers in particular, due to lack of their withholding capacity are compelled to sell their produce at prices much below the MSP. Here it may be noted that, income through agriculture activity is the prime sustenance for a farmer’s family. In view of the fact that disparity between the rural and urban incomes have widened from 1:2 to 1:6 and above. There is a definite need to enhance the purchasing capacity of farmers. The farmers managerial
cost in CACP computation should be increased from 10% to 20% of total cost of production to make it remunerative.

2. Agriculture commodity prices be linked with price index:

The whole of farming community is facing the problem of irregular pricing of their produce. Exploitation of farmers by middlemen has become a common feature.

3. Give Status Of Agriculture To Aqua-Culture & Poultry:

Allied agricultural activities like poultry and aqua-culture are not considered as agriculture. Aqua-culture (Fish and prawn culture) makes use of agricultural techniques like pond (soil) preparation through ploughing and tilling, manuring using organic and chemical (to some extent) fertilizers, water filling etc. but still lacks the categorization as an agricultural activity. It provides lot of employment to the rural youth and contributes significantly to uplift the living standards of fish farmers, lakhs of inland and coastal fishermen communities. It is unfortunate that the Government of India is delaying its decision in declaring the status of agriculture to aqua-culture. It should be done immediately.

4. National Aqua-Culture Development Board:

Although aqua-culture has grown into potential sector, there is no common platform to discuss problems faced by fish farmers and raise issues and matters regarding fishery planning in the country. National Aqua-farmers Development Board (Autonomous body) with active participation and representation of aqua farmers should be launched immediately by the Government of India. Keeping in view of the success achieved by NDDB at Anand (Gujarat) through location impact, headquarters of National Aqua-farmers Development Board should be located in Andhra Pradesh.

5. To activate and enlarge the activities of agriculture TV Channel

INFRASTRUCTURAL

Encourage value addition, cold/ storage and agro-processing in a big way:

The present level of food processing @ 2% and value addition @ 7% is far below when compared to countries like Philippines, Malaysia etc. There is a definite need to encourage food processing industries by providing incentives like exemption of taxes and other duties. Subsidy to the level of 90%, scheme should be reintroduced in respect of small cold storage to preserve fruits and vegetables, which will help in minimizing post harvest losses and thus ensure better return to producers. Electricity needed for those units should be made available at confessional tariffs. There are no cold storage in the country for storing meat and meat products, especially fish and prawn. It is important to establish low degree cold storage to save small farmers in the aqua-culture sector for gaining premium rate for their produce. The establishment of a modern food storage system, refrigeration and a cold chain must become a national priority.

TAX STRUCTURE
Agricultural taxation is now a days becoming the major issue to be discussed at major forums.

**SUGGESTIONS**

**Institutional collaboration**

1. **Bring all agricultural subjects under one Ministry:**

   Agriculture is our main national economic and managerial challenge! Under the liberalized economic regime, industrial sectors are able to transform themselves and meet national aspirations without too much economic and institutional support from the state. The transformation of the agriculture sector, however, is still largely dependent on state support and intervention. The challenge we face is immense and of a magnitude we have not faced before.

   One basic cause of our failure to transform the agriculture sector into a high growth, higher wage paying and even, relatively speaking, has been the institutional arrangements within government. The ministry, which carries the name, Agriculture today has the least to do with it. Irrigation, Fertilizers, Food Processing and Rural Development are separate administrative ministries. Each one clearly marches to the tune of a different drummer and sees its priorities differently. **The whole Agriculture sector needs to be viewed as one.**

   It is, therefore, proposed that the achievement of the goal of the entire agriculture Sector – production, jobs, productivity, water resources and inputs – be concentrated under one roof and one Ministry.

   **This Ministry should be responsible for the subjects of Agriculture, Water Resources, Agricultural Inputs and Rural Development (AWARD).**

   This will not only help in framing policies with higher goals in mind but also ensure their implementation.

2. **Let India overcome monsoon Agriculture economy:**

   65% of our irrigable land is rainfed and dependency of farmers on unpredictable monsoon is highly risky as seen in 2002-03. Drought prone areas are causing continuous problem to the country. There are 400 major and medium irrigation projects, to irrigate 20 million hectares that are under various stages of construction.

   **They require 40,000 crores investment which cannot be provided by State Governments. The Planning Commission has recommended for Central Government assistance for their completion.**

   Let us prevail upon Govt. of India to provide one time grant including the State share, so that the projects could be completed in time and crores of farmers are assured of permanent work and income. It will also assure drinking water to the people in the area and industries.

3. **Physical drudgery is a violation of human right:**

   Unmitigated and restless physical work is driving village youth from agriculture. Improving productivity, quality is directly linked to mechanization of agriculture. Tractors and agriculture equipments are extended arms of farmers. Excise duty and Taxes on tractor, which is on par with car is highly illogical. Tractors and all agriculture equipment be made available to every farmer by totally waiving all taxes.
Mechanization can be a means to achieve social equity. Providing tractors to unemployed SC/ST/BC youth in each of the 6 lakh villages at a nominal price will bring about great social equity.

4. Under Developed areas:
Backward & drought prone area in Orissa, Chattisgarh, Assam, Parts of Eastern U.P. and Maharashtra, Karnataka, Tamilnadu, Rajasthan and Andhra Pradesh and other problem areas requires separate plans and facilities to improve the productivity to national average.

5. Development of Wastelands through Contract Farming:
Plantation Crops, Bio-diesel, aromatic, medicinal plants can be grown profitably in the wastelands for the benefit of rural people, industry and national economy. They will provide work income to rural people. This programme can be implemented through co-operatives or a tri-partite agreement between the Government, farmers, and industry.

Govt. of India to initiate favourable policies by way allocation of lands, tax concessions for investments, simplified legal procedures to encourage the programme.

6. Encouraging Food Processing Industry:
One major incentive could be by making the food processing and storage industries completely tax and duty free. In simple terms, processed food should be excise duty free and the plant and equipment used by this sector should also be excise and customs duty free. This will bring down the prices of the finished products encouraging greater domestic consumption and export competitiveness. The wastage of food grains, fruits and vegetables costs the economy at least Rs.50,000 crore each year.

The establishment of a modern food storage system. Refrigeration and a cold chain must become a national priority

As in the case of food processing industry bulk storage and refrigeration of food items must also be brought under the excise and customs duty free regime.

7. Private Sector Participation In Rural Development
Indian private sector can play a vital role in agricultural development including research, infrastructure, processing etc. with its huge financial resources, skilled manpower, and management expertise.

Private sector can play key role in technology transfer, research, infrastructure, wasteland development.

Their participation will provide huge employment, value addition, reduce wastage, and increase farmers purchase power. Additional income to farmer will lead to increased purchase power. In fact, in many risky areas of agriculture, farmers and private sector can work together. Governments to encourage private investments by providing incentives, facilities and long-term policy frame work.

8. Rationalizing import & excise duties:
Taxes are critical for processing industries development in the country using locally produced raw-materials. There is need for rationalizing taxes and duties on imported agri based products so as to develop competitiveness.
European Union, USA, China are providing huge subsidies, incentives and unreasonable concessions to their processing industries. Govt. of India has to keep the above realities in view in allowing import of processed agri products.

9. Need for Dynamic Agri Policies:
Sugar industry has become stagnated due to delay in sanctions for power generation, production of ethanol and alcohol which will help the industry become profitable. So also inconsistency in Export & Import policies. This adversely affected increase in sugarcane area and parity to price to farmers.

10. Government role on Social issues:
Government has imposed restrictions on tobacco marketing without realizing its adverse economic affects to farmers and labours. Lakhs of farmers are dependent on tobacco cultivation and millions of labour on in its processing. Tobacco products consumption is a social issue such as alcohol, horse racing, playing cards, lotteries etc. They have to be dealt by government through awareness and sensitization, not by coercive legislation.

Tobacco export policy requires to be reviewed in view of constant increase in international consumption at 2%. China and Brazil are utilizing the newly found market opportunities, whereas India is lagging behind due to lack of clarity in policies.

11. Reorganizing Commodity Boards:
The existing commodity boards have to be revamped in view of the need for the produce to improve quality and productivity so as to become globally competitive. Producer farmers should have a final say in the policies and administration so as to plan for futuristic policies, programmes and strategies. There is need to bifurcate existing spices boards as they cannot cover all the spices producers of various state and coordinate activities.

12. Equitable Allocation of State Resources:
The budgetary allocations to agriculture sector have been neglected in the past few decades. Majority of the state governments are allocating over 90% resources towards establishment. The farmers constituting 67% of the population with 59% working force and contributing 27% of GDP have a right to demand equitable share in the state resources. The Governmental expenditure on establishment charges should not exceed 30-35%.

13. Transparency and accountability in Government Working:
The programmes, schemes and resources allocated in rural areas requires to be transparent. The Banks have failed to provide 18% target allocated credit to agriculture sector in the past five years, in spite of Govt. of India and RBI strict guidelines. Majority of the Government programmes are not known to farmers. Government should make its development activities transparent and employees accountable.

14. Reviving Cooperatives:
With the access to technologies, modernization of agriculture, farmers are becoming knowledge workers. Taking the past experience and analyzing the reasons, there is need to revive cooperative institutions to provide credit, establish processing units, marketing, and other activities through farmers cooperatives.

Conclusion