

# CONSORTIUM OF INDIAN FARMERS ASSOCIATIONS (CIFA)

## 13<sup>TH</sup> NATIONAL FARMERS CONFERENCE

*10<sup>TH</sup> DECEMBER, 2017 PUNE*

Consortium of Farmers Associations (CIFA), under its aegis, conducted the 13<sup>th</sup> National Conference of Farmers, an annual conference, at Pune on the 10<sup>th</sup> of December, 2017. A wide range of issues which are engaging the minds of distressed farming community and the intelligentsia were discussed at the conference. Some of them which are of importance and which would need the immediate attention of policy makers are listed in brief in this note. This note is forwarded to people who have the welfare of farmers at their heart and who can singly and collectively along with others in their group, influence policy makers to think on ameliorating the distress of the farmers. The important issues as stated below are not prioritized simply because of the reason that they are all important and need immediate attention. CIFA is preparing elaborate research notes on some of these issues and would circulate the same as and when they are prepared.

### 1) Minimum Support Price(MSP):

- a) Farmers across the country unanimously wanted the implementation of the Swaminathan Committee report with immediate effect. The MSP should be fixed at cost plus 50% profit as recommended by Swaminathan Committee. The UPA and NDA coalitions at Centre have turned a blind eye to the recommendations and the farmers feel that this will be the most important singular issue that will play out in the elections of the future.
- b) The Commission for Agricultural Costs and Prices (CACPC) must be made into an autonomous statutory commission with adequate representation to farmers organizations. The costs as determined must be inclusive of all costs, more specifically the cost of labour.
- c) The contribution of agriculture to GDP has remained constant in spite of increased productivity as the prices of agricultural produce has either remained constant or has reduced. Thought must be given to factor in inflation while determining the MSP.
- d) The procurement from farmers is plagued with corruption and inefficiencies at the market yards. This has quite often pushed the gentle farmers to unruly behavior. The administration has to be toned up to mitigate the woes of farmers at the marketing yards.

### 2) Credit and Risk Mitigation:

- a) In spite of the initiatives taken by the Central and State governments timely credit is not available to the farmers and more so to the tenant farmers. The need to revitalize the farm credit as also the institutions which provide farm credit is of paramount importance. The farmers have to be taken out from the clutches of money lenders on a war footing with a policy of zero tolerance.
- b) An effective and transparent method of recording the tenant farmers annually for each crop season has to be documented as this data base will only enable the equitable distribution of loans and subsidies to the tenant farmers.
- c) The initiative taken by the Prime Minister in propagating crop insurance has won the hearts of many farmers. However, the *modus operandi* and the implementation have to be revisited. It was suggested that the cost of insurance be built into the cost of seeds. The farmer's identity

shall be noted on the invoice which will form the basis of claim for the insurance. Any failure of the seed or the monsoons will entitle the farmer to claim insurance to the extent of loss. In case of spurious seed supplies the insurer company can stake a claim against the seeds company. This system is in practice in some of the African countries and has proved a great success. Thus insurance can be provided for all risks including the vagaries of climate. In case of disasters effecting vast areas governments can always chip in with help to insurance companies.

### 3) Water.

Farmers across the country were of the unanimous opinion that water is the most important factor in farming and expect the governments to provide irrigation facilities on top priority.

The 23 priority AIBP projects under PMKSY bypass most irrigation deprived districts of the country. Micro Irrigation subsidies under PMKSY will benefit areas developed under minor irrigation like wells and bore wells. To improve farmer's income the Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) should focus on unirrigated half of India's cultivable land. We suggest the below initiatives to improve irrigation availability to most deprived areas.

- a) **Irrigation under concurrent list:** Irrigation has to be brought under concurrent list. To enable to strengthen irrigation infrastructure in large scale Irrigation Authority of India has to be created in line with National Highways Authority.
- b) **Permanent Water Dispute Tribunal:** - Provisions to be made in the permanent water disputes tribunal to be established, the bill introduced in Parliament, to conserve, redistribute water judiciously and give priority in allocating water to rain scanty backward regions of the Nation.
- c) **Long Term Irrigation Fund to provide lifesaving Irrigation to Rain Fed Areas:** - The GOI has to create Long Term Irrigation Fund to develop minor irrigation projects including revitalizing of existing tanks, construction of new tanks and ponds exclusively in rain fed areas in the backward regions of the nation. This will enable to improve the ground water and encourage private investments in well and bore well and minor lift irrigation. The lifesaving irrigation facility created with this fund will enable to increase the productivity of pulses and oil seeds. This will enable higher farm income as well savings in foreign exchange by attaining self-sufficiency in pulses and oil seeds production. The import bill of edible oil for FY 2016 was about INR 65,000 crores constituting about 2.5% of India's total import bill. A substantial portion of the area under oilseed cultivation is rain fed therefore any investment in revitalizing existing tanks and construction of new tanks is likely to be recouped in a relatively short time.
- d) **Interlinking of Rivers:** - River interlinking will enable to resolve problems in flood and drought affected regions of the nation. It address the concerns of water shortage in course of economic development of the regions and also address the problems of disparity in water allocations. We suggest to take up the River Linkage on top most priority.

### 4) Mahatma Gandhi National Rural Employment Guarantee Act(MGNREGA)

- a) An important input in farming is the labor cost and its availability. As mechanization of agriculture has not made rapid progress there is still an excessive dependence on farm labour in agriculture. The diversion of labour in villages to activities other than agriculture activities under the MGNRGA has affected the farmers and has contributed to increased costs.

- b) The time has now come to link the man days available under MGNREGA to farming activity. This will not only help the farmers in subsidizing the labor costs but would also improve the productivity of labour.
- c) Each Panchayat shall be allotted a budgeted number of man days under MGNREGA and out of such man days 50% of days will be allotted to the farmers on per acre/per crop criteria. Number of man days per acre per crop shall be determined in advance. The payment will be made to eligible labour on the rolls of the Panchayat and after certification by the farmer. This will ensure that the farmer will ensure productivity of labour and the resource is not wasted. Most importantly he will get the benefit and the labour gets guaranteed wages. Marginal farmers who themselves work on their farms may self-certify that they have worked under MGNREGA and claim the benefit.

#### 5) Panchayat Raj Institutions.

- a) Farmers are agitated over the dilution of Panchayat Raj institutions over the years. This has led to total dilution in accountability of executive bodies. Political committees are being formed as extra constitutional authorities in villages to provide benefits to their supporters. This is a disturbing trend and CIFA has received complaints that state subsidies are reaching only political supporters. This is unconstitutional and is leading to political and official corruption. In other words subsidies are being used to strengthen political base.
- b) There is an urgent need to strengthen Panchayat Raj institutions as this will allow the farmers to vent their grievances at local level in a democratic way.

#### 6) Income Security Act.

- a) While the wage incomes of rural and urban labour have been increasing over the years the income of the farmers has either reduced or remained constant during this period. In other words it is becoming remunerative to work as labor rather than do cultivation. This is a disturbing trend and is not in the interests of the country. Farmers are becoming labor in the villages or migrating to towns to work as labor.
- b) Farmers across the country believe that they are not generating any surplus from their agricultural lands. There might be some exceptions here and there and some horticulture farmers may be getting huge incomes in some years but then they form only a miniscule of the farming community. It is another matter that the horticulture farmers are totally in the grips of agents in the market yards and it would be an onerous task to pull them out of their clutches.
- c) In view of the diminishing or non-existent farm incomes it is felt that financial security be provided to the farmers through legislature through Income Security Act.

#### 7) Producer Companies.

- a) The Companies Act 1956 has provisions to incorporate a producer company. However, this has not taken off as expected due to practical difficulties as enumerated herein
- b) The producer company is taxed like any other company under the Income Tax Act,1961 there by subjecting the agricultural income to marginal rate of taxation under the Act.
- c) The dividend distributed to the farmers by the company will suffer dividend tax which will reduce the dividend income of the farmers to that extent
- d) The dividend received by the farmers is not treated as agricultural income

- e) It was proposed at the conference that a separate code be drafted in consultation with farmer organizations as the present law has onerous administration procedures which the farming community would not understand
- f) More importantly, immediately licence producer companies to put their shops in the market yards to sell their produce.

8) Mechanization and Modernisation of Agriculture.

- a) As labour is becoming scarce in the rural areas it is important to continuously mechanise the operations through introduction of new machinery and implements.
- b) The interaction between farming community and universities must be increased and farmers must be educated continuously in modern agricultural practices.
- c) The farming community and industry must develop partnerships through producer companies so that the information on latest agricultural practices are disseminated effectively to the farmers on real time basis.

9) WTO and Export-Import policy.

- a) The liberalized import of farm products, especially pulses and oil seeds, to stabilize the prices has led to losses to farmers in many ways. The imports more often than not reach the markets when the next crop produce comes in. The policy makers must budget for imports well in advance so that the shortages are met at the right time. There must be a well thought out long term import-export policy for agriculture products taking into consideration the problems faced by farmers.
- b) It should be ensured that farmers' interests are not compromised at the WTO especially dairy and horticulture products. In the interregnum farmers must be educated to produce world class produce and strengthen them to compete internationally.

10) Make in India.

- a) The farmers of India appreciate the efforts of Prime Minister in promoting 'Make in India'. This can be done by bringing together producer companies and agri-product manufacturers in co-operation.
- b) It was found that in Rajasthan opium is imported with utter disregard to the fate of opium producing farmers ostensibly on quality issues. The state must actively support the opium farmers by helping them to improve the quality of their produce rather than allow indiscriminate import of opium.
- c) In the same way state must support the aqua farmers, dairy farmers, tobacco farmers, coffee farmers. The time has come to prepare these farmers to face competition from the world and this has to be done by the state agencies on a war footing.

To conclude, the Conference was highly successful in raising the important issues that affect the farming community. After the conclusion of the Conference the Gujarat Assembly results have been declared and it could be seen from the pattern of voting that the rural areas are voting against the establishment as they are a distressed lot. CIFA **strongly recommends that a special Parliament session should be called to discuss the above issues and more particularly the implementation of the Swaminathan Committee report.**