INTRODUCTION

In Focus: Crop Incomes in India

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Over the last six months, a deepening crisis of farm incomes in India has led to widespread peasant and farmer protests, especially in Madhya Pradesh, Maharashtra, and Rajasthan. The protests culminated in a "Kisan Mukti Sansad" (roughly translated, a public forum for farmers' liberation) in New Delhi in November 2017. Tens of thousands of farmers and some 184 farmers' organisations came together to demand freedom from debt and remunerative output prices. Our In Focus this issue explores issues pertaining to incomes from farming in India.

Two contributions deal with problems of data on farm incomes. V. Surjit describes the evolution of farm level statistics from the mid-nineteenth century to the present; from reliance on Settlement Records and village studies to the development of the Comprehensive Scheme for the Study of Cost of Cultivation of Principal Crops in India (or CCPC) under the aegis of the Ministry of Agriculture. The CCPC is the primary source of information for government policy today, especially with respect to setting minimum support prices for a range of crops. As Surjit demonstrates, there have been improvements in methodology over time; nevertheless, there remain concerns about data quality and reliability. Furthermore, the published (online and print) CCPC statistics refer to particular crops and not to the incomes of farm households.

The first ever attempt by the Indian statistical system to estimate farm household incomes (from crop production as well as other activities) was in 2003. Biplab Sarkar critically evaluates the farm household income surveys of 2003 and 2013 conducted by the National Sample Survey Organisation, and argues that data from the two surveys are non-comparable, implying a lost opportunity to examine trends in farm incomes.

The Project on Agrarian Relations in India (PARI) conducted by the Foundation for Agrarian Studies has collected detailed household level data on incomes from crop

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production as well as livestock, fisheries, sericulture, and other off-farm and non-farm incomes, in 25 villages across 11 States over the last ten years. The methodology for collection of data on crop incomes closely follows the CCPC approach, but the unit of analysis is the operational holding of a cultivator household.

A recent book, *How Do Small Farmers Fare? Evidence from Village Studies* examines incomes of small farmer households using PARI data. The most important finding of the book concerns the low and inadequate incomes of small farmer households. In the majority of villages, mean annual household income of small farmers was barely equal to the minimum wage, or an income that could be earned by the family of a worker earning the official minimum wage for 300 days of employment (Bakshi 2017). At the same time, there was large intra-village variation, with large farmers (landlords and capitalist farmers) obtaining incomes that were at least 10 times the incomes of small farmers.

With regard to incomes from crop production alone, on average, the return (gross income minus paid-out costs) from farming (with one exception) ranged between Rs 4,500 and Rs 75,000 per hectare at current (2016-17) prices among small farmers. (The exception was a village with a negative mean income). Arindam Das and I have argued that the low-income villages (mean net income from farming less than Rs 15,000 per hectare per year) were

> mainly the rainfed villages or villages that had experienced drought or water shortage in the survey year. The high-income villages (over Rs 75,000 per hectare) were those with assured irrigation, multiple cropping, and a crop mix that included some commercial crops. (Das and Swaminathan 2017)

Irrigation alone was not, however, a guarantor of high incomes, for a variety of reasons. Extreme distress can be gauged from the fact that, with a few exceptions, a significant proportion of farmers (up to 20 per cent) made losses from crop farming. The incidence of loss (or deficit in net income) was inevitably higher among small farmers than large farmers, affecting over 40 per cent of small farmers in four of the 17 villages studied.

While the specific reason for low returns from crop production varies by village and agro-climatic zone, it is clear that small farmers are caught in the pincers of low and fluctuating prices, on the one hand, and high and rising costs, on the other hand.

Two of the contributions to In Focus examine factors affecting incomes from farming using data from the PARI archive. In his study of three villages of West Bengal, Biplab Sarkar captures market risks reflected in prices for potato, a major commercial crop of the region. A sharp fall in prices in the survey year was devastating for potato farmers, resulting in large losses across the board. With the same data, Tapas Modak and Aparajita Bakshi trace changes in irrigation in one village of West Bengal and bring out the role of public interventions in irrigation in

lowering costs and raising returns from farming. Together, these two papers show the role of market and non-market institutions in determining incomes from farming.

References

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