

BOOK REVIEW

The Crisis of the Small Farm Economy in India

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Swaminathan, Madhura, and Baksi, Sandipan (eds.) (2017), *How Do Small Farmers Fare? Evidence from Village Studies in India*, Tulika Books, New Delhi, pp. xii+355, Rs 995.

INTRODUCTION

According to various estimates, more than 3,00,000 farmers in India committed suicide between 1995 and 2014. For a large majority of cultivators, farming as an economic activity has become non-remunerative; low-income farmers face an uncertain future, one that is characterised by low levels of productivity, income, and wages. The importance of agriculture in the national Gross Domestic Product (GDP), in terms of sectoral contribution, has declined to 14 per cent despite the dependence of over half the population on agriculture. Problems of hunger and food insecurity are common in various parts of the country, even among households that are engaged in farming. In the recent past, farmers from across the country, including Maharashtra, Rajasthan, and Tamil Nadu have agitated for better and remunerative prices for farm produce. In March this year, tens of thousands of farmers belonging to the small, marginal, and landless categories in Maharashtra walked from Nashik to Mumbai, demanding land rights under the Forest Rights Act, 2006. It is evident that the agrarian crisis faced by farmers in India is a multidimensional problem and requires urgent study.

The agrarian crisis is not a crisis of production alone, though production is an important aspect of farmers' lives. The crisis is linked to the prevailing agrarian and social structure in India, which has not seen any major transformation in the post-Independence period. On the contrary, agricultural policy has, at times, operated independently of any understanding of the existing agrarian social structure in the country. Differences arising out of variations in size of landholding,

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caste, and gender have not received adequate emphasis. Instead of resolving these longstanding concerns, the New Economic Policy of 1991 tended to reverse the process of land reforms and encouraged contract farming and the privatisation of marketing channels. Volatility in the costs of agricultural inputs and the prices of agricultural outputs has adversely affected small and marginal farmers. The Situation Assessment Survey (SAS) of Agricultural Households report released by the National Sample Survey Organisation (NSSO) in December 2014 estimated that the average income of an agricultural household from all sources was Rs 6,462. For small and marginal agricultural households, i.e., those that owned or operated less than two hectares of land, the average annual income was Rs 5,327. The report also showed that the share of income from cultivation increased with an increase in landholding.

Despite the romanticised representation of farmers and the rural in popular media and occasionally in academic literature, the SAS survey of 2003 estimated that more than 40 per cent of farmers in India would prefer to quit agriculture given an alternative. This question was not asked in the second SAS survey, but a recent paper by Agarwal and Agrawal (2016) presents a detailed analysis of the perceptions of farming households. The paper shows that about 90 per cent of farmers looking to exit agriculture belonged to the categories of small and marginal agricultural households. Small and marginal farmers perceived low profitability as a significant factor in their desire to exit agriculture.

The volume under review brings into focus small-scale farming and the implications of an untransformed agrarian structure and the neoliberal regime in economic policy after 1991 for small farmers. Defining small farms as those with a landholding size less than two hectares (five acres), about a quarter of all small farms in the world are in India. By this definition, about 85 per cent of all farms in India are small farms. In terms of absolute numbers, the number of persons associated with small farm households was close to half a billion (Swaminathan and Baksi 2017, pp. 1–2). Small farms and small farmers are often viewed as the agents of rural transformation. In this context, this volume, comprising 12 chapters, makes some salient contributions both at the conceptual and empirical levels.

SMALL FARMING: FROM CLASSICAL DEBATES TO THE NEOLIBERAL ECONOMY

The United Nations named 2014 the International Year of Family Farming, and the Director-General of the Food and Agriculture Organisation (FAO) declared that family farmers were the “leading figures” in battling global hunger and ensuring sustainable development. The declaration appeared thus to take a stand on the larger debate on the superiority of small farms over large farms with respect to efficiency and equity. In contrast to such sweeping formulations, the investigation of small scale farming in this book aims to provide a detailed and empirically grounded picture of small farms and farmers. In the first chapter, Venkatesh

Athreya, Deepak Kumar, R. Ramakumar, and Biplab Sarkar review the arguments posed in support of small farms, especially those that state that small farms are efficient and achieve the objectives of social justice. Empirical data carefully collected and analysed as part of the Project on Agrarian Relations in India (PARI) conducted by the Foundation for Agrarian Studies (FAS) do not support the hypothesis of an inverse relationship between farm size and profitability. The evidence suggests that there is differentiation within the peasantry, and that differentiation has accelerated in the period of globalisation (Ramachandran 2011).

The first chapter is a useful review of the classical debates on the agrarian question and makes an important contribution to the existing literature. A continuing theme since the Narodniks and Chayanov, and in the contemporary period, has been the characterisation of peasant society as a historically specific and distinct mode of production, with its own world view, which is radically different from the world view proposed by capitalism. The rooted peasant way of life is often posed as an alternative to the alienation suffered by workers under capitalism. However, this view is historically untenable and conceptually deficient. First, the idea that small-scale production exists in isolation from market society does not hold true. Every farmer enters into a relationship with the market on different terms. Secondly, the peasant way of life is characterised by onerous labour and self-exploitation. In addition, the conditions of education, health, nutrition, and sanitation among the poorer sections of peasantry in India are marked by poverty and deprivation. Thirdly, capitalism eventually destroys small scale production. This process might take a long time during which the condition of the peasant further deteriorates. The state must intervene to support the livelihoods and incomes of the peasantry, especially those belonging to the small, marginal, and landless categories. Rather than romanticising the past (which might not have existed at all), peasant movements must make demands upon the state to regulate the market.

There is an additional element that makes this debate an important one for contemporary times. Agrarian populism emerged as a powerful theoretical and political force in the West in the late nineteenth century and reached a high point in the writings of Alexander Chayanov. The family farm was conceptualised not only as a reaffirmation of the past but also as a possible future towards which the peasant could strive. It is interesting that India has been an important ideological battlefield for Chayanov's ideas. In terms of its economic ideas and socio-cultural expressions, agrarian populism enjoyed support among Indian thinkers even before Independence. Mahatma Gandhi used the notion of a rural idyll to represent the essence of Indian civilisation. In the 1970s, notable farmer leaders such as Charan Singh conceptualised the problem of farming in terms of a contradiction between the town and the country, or in other words, "Bharat versus India" (Bentall and Corbridge 1996). The populist themes of "peasant essentialism" and "cultural otherness" are of a piece with the ideology of the Hindu Right (Brass 1991, 1994, 1997; Lindberg 1995). Social differentiation among the peasantry, including caste

differences, leaves little room for a theory that is based on the idea of a homogenous and undifferentiated peasant identity. The debate among agrarian economists about the nature of agrarian transformation, given its political implications, is no more an academic exercise.

SALIENT FEATURES OF THE SMALL FARM ECONOMY IN INDIA

In chapter 2, T. Sivamurugan and Madhura Swaminathan discuss the profile of villages studied under PARI and the methodology employed for socio-economic classification of households. For the purpose of the book, small farmers have been defined as possessing an operational holding of less than two hectares of irrigated land or six hectares of unirrigated land. The variations among the 17 villages spread over nine States are immense in terms of their agro-ecological and historical characteristics, and levels of class differentiation. This is an important point, as the abstract notion of “small farmers” does not capture this variation. The chapter, therefore, includes a section on the specific characteristics of the small farmers in the study villages – ranging from less than one acre of irrigated land to more than five acres of unirrigated land.

Chapter 3, by Niladri Sekhar Dhar, deals with issues of labour supply, labour hiring, and labour use in agriculture, with a focus on small farmer households. In the classical literature, the development of capitalism in agriculture was associated with a gradual polarisation between two classes: landowners and the agrarian proletariat. Capitalism as a mode of production is based on a particular kind of production relation, in which the producer is separated from the means of production, and the surplus is owned, accumulated, and reinvested by the capitalist. The dominance of capital in social relations is essential in this definition of capitalism as against the existence of a market economy (Dobb 1951, pp. 5–10). Wage labour must be distinguished from the “general category of hired labour” (Ramachandran 1990, p. 1). In this framework, the wage labourer or a proletarian can be viewed only as a labourer possessing freedom in its two senses, freedom from ownership of the means of production, and freedom to sell his or her labour power.

Agricultural labour, in a general sense, might refer to workers employed in agriculture, with different degrees of freedom and involved in various processes of labour. The agricultural labour force may include poor peasants (who do not possess the negative freedom of expropriation from their means of production) as well as feudal and semi-feudal bonded or attached workers (who do not enjoy the positive freedom to sell their labour power). Consequently, the process of proletarianisation signifies the progressive enhancement of the double freedom of agricultural workers in the countryside.

This chapter highlights the complex and slow process of capitalist agrarian transformation in the study villages. A large section of the small peasantry works

as manual workers in the agricultural and non-agricultural sectors. Small farmer households have exploited every available opportunity of labouring out, including family labour in crop production. On an average, a small farmer household participates in three to five occupations. Along with high levels of labouring out, this shows the levels of poverty and lack of opportunities among this section of the peasantry. Gender-specific agricultural operations and child labour continue to play important roles in the labour processes of agriculture. The concept of “partial proletarianisation” of the agrarian labour force may be one way to characterise the process of transition in agriculture in India (Byres 1981, p. 431). Though the presence of landless labourers is not a new phenomenon, a significant portion of the rural proletariat in the countryside also consists of labourers who retain the ownership of some means of production (either land or other non-agricultural occupations) and fall under the category of the peasant. A final point that needs to be highlighted is that of hiring in of labour by small farmer households. The changing dynamics of agricultural work has meant that even small farmer households hired in a significant amount of labour, especially as agricultural tasks increasingly became piece-rated.

The real crisis faced by the small farmer household is discussed in chapter 4 on incomes from crop production by Arindam Das and Madhura Swaminathan, and in chapter 5 on household incomes by Aparajita Bakshi. The results of the studies, carefully presented, are striking. Almost every single agricultural household belonging to the small farmer category was engaged in wage employment in the agricultural or non-agricultural sector. Despite the diversification of occupations and “pluriactivity,” which shows the involvement of households in crop production, animal rearing, labouring out, and the non-agricultural sector, the average level of income accruing to small farmer households was low. The mean annual per capita income of a small farmer household at 2010–11 prices, ranged from Rs 6,167 in Mahatwar village in eastern Uttar Pradesh to Rs 31,005 in Siresandra village in Kolar district in Karnataka. Tehang village in Jalandhar district in Punjab was an outlier with a mean annual per capita income of Rs 55,929. Chapter 5 asks the oft-discussed question: why do farmers continue cultivation despite such low levels of income? The answer lies in the incomplete structural transformation of the Indian economy, increased informalisation, and depressed wages at the bottom of the labour market hierarchy. Small farmer households participate in the non-agricultural sector, but poor wages and a low average number of days of employment preclude exit options.

Chapter 6, by Arindam Das, Tapas Singh Modak, Biplab Sarkar, and Madhura Swaminathan, discusses the costs of cultivation among small farmers in the study villages. An important finding of the chapter is that despite high levels of self-exploitation by small farmers, they hired labour from outside the family for crop cultivation. Labour costs, therefore, were an important component of paid-out costs accruing to small farmer households. Further, irrigation costs, costs associated

with hiring machines, seed costs, and rent on leased-in land were consistently higher for small farmer households than for large farmers.

Chapter 7, by Kamal Kumar Murari and T. Jayaraman, discusses fertilizer use among small farmer households and finds no statistical difference between fertilizer use and the efficiency of fertilizer use between small and large farmer households.

Chapter 8, by Pallavi Chavan, draws out the important relationships between access to formal credit, and land ownership and social status. The author points out that “in none of the villages surveyed did more than one-third of small farmer households report fresh borrowing from formal sources during the survey year” (p. 264). Even in villages with a relatively developed formal credit system, such as the study villages in Maharashtra, there was no guarantee that the agricultural credit needs of small farmer households would be met. An important corollary of the conclusion drawn from this chapter is the continuing need for land redistribution, given the crucial role it plays in enabling access to formal credit.

Chapter 9, by T. Jayaraman, discusses the relationship between climate change variability and small-scale farming in the study villages. The author shows how small farmer households face income variability due to climate change processes, and are at a much higher risk of climate change than households belonging to dominant classes. Indeed, a fundamental socio-economic transformation of the relations of production is required to bring about lasting results. The growth of the productive forces in agriculture and a progressive transformation of agrarian relations are both necessary for a resolution of the environmental crisis.

Chapter 10, by Madhura Swaminathan and Rakesh Kumar Mahato, discusses educational attainments among small farmer households in the study villages. Keeping other factors constant, small farmer households fared poorly in terms of educational attainment vis-a-vis large farmers. In particular, female members of small farmer households performed poorly in terms of educational achievement.

Small farmers were also at a disadvantage with respect to access to basic household amenities such as housing (and the quality of housing), type of cooking fuel, availability of electricity, safe drinking water, and lavatories. Chapter 11, by Shamsher Singh, shows that about 59 per cent of small farmer households lived in non-pucca houses, though most owned their dwelling spaces. Other results from the study are noteworthy: more than one-fourth of houses belonging to the small farmer category had only one room, and almost 97 per cent of all small farmer households depended upon firewood, dung cakes, and other traditional sources of fuel for cooking. More than one-fifth of small farmer households did not have an electricity connection for domestic use, and more than one-half did not have toilets and therefore were forced to use open spaces.

CONCLUDING OBSERVATIONS

Although small farms and small farmer households are valorised as the bearers of tradition, the reality is that their socio-economic conditions demand urgent attention. This volume breaks a number of myths associated with small-scale farming, especially the romanticisation of the small farm. It also shows that the crisis faced by small farmers is multi-faceted. Findings from the book confirm the hypothesis that the problem in farming is not only one of productivity but also of profitability. Some of the conclusions from the analysis of data from the study villages are expected and well-known: for instance, the low levels of income of small farmer households. Despite the existence of “pluriactivity” and multiple sources of income, many of these households could barely earn the amount equal to the state-prescribed daily minimum wage. A significant proportion of small farmer households were engaged in manual work in and outside of agriculture.

Agriculture in India in recent times presents a unique case of inadequate change in the agrarian and social structure coexisting with rising inequality and differentiation. Small scale farmers who form the majority of the agricultural population are left without alternatives that would allow them to exit agriculture. As the authors of chapter 1 note, “the present study takes the view that just as it is necessary not to romanticise small scale farming, it is equally important not to abandon the small farmer” (p. 6). In order to enhance levels of income and improve living standards, policy needs to attend to the following: higher levels of public expenditure to provide irrigation and essential amenities to every household, the expansion rather than restriction of the availability of credit and extension facilities, and the creation of better jobs in the non-agricultural sector.

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