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The Distress in Rural India



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Women work in a paddy field on the outskirts of Guwahati, India, Monday, May 27, 2019. About 75 per cent of India's total female workforce engage in agriculture. Yet, the sector's share in economic growth has been rather poor. Photo: AP

Can cash doles such as farm loan waivers and increased Minimum Support Price (MSP) offset the rural distress that the country is facing? As the new Finance Minister, Nirmala Seetharaman, gets ready to present her first budget, Anil Kumar Vaddiraju, Associate Professor, Institute for Social and Economic Change, says in this article that the government would perhaps be prudent to focus on issues that are beyond quick-fix agriculture loan waivers and produce pricing, for the distress is not merely an economic one, but a mix of social, political and environmental dynamics.

There have been two broad approaches to studies on India's rural realities: One, by economists focusing on the political economy of agrarian society; and two, by sociologists focusing on caste, inter-caste relations, and family. This article contends that it would be incorrect to approach rural India solely from a political economy point of view. The approach taken by sociologists, largely focusing on caste and inter-caste relations, too, is important while discussing the rural reality in general and agrarian distress in particular. In addition to these, the questions of environment and ecology have, more than before, gained prominence with respect to agriculture. Unlike the manufacturing industry and the tertiary sector, agriculture is predominantly a nature-based activity and, hence, the sector's dependence on nature should figure prominently in the discussion. Therefore, it is not the agrarian political economy and social relations of production alone that determine the condition of agriculture and its society, but also caste relations, ecological conditions of agriculture, and 'the productive forces' that have come to determine today's agrarian distress.

With the above disclaimer, this article argues that the present crisis in rural India is underscored by multiple factors. By this, we do not mean that the economic crisis underlying agriculture is not the prime mover. The simple fact that the share of contribution of agriculture to the GDP has steadily been falling and that of the other

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sectors, located mostly in the urban areas, has been steadily growing, accounts for the steep fall of the agricultural sector in the Indian economy.

Interestingly, the agriculture sector is a large scale employer—59-per cent of the total male working population and 75 per cent of the female working population, and their dependents are involved in agriculture—but its share in the economic growth is quite less. Despite the chorus of economic theories—modernisation, neo-classical and Marxian included—stating what actually *should* take place, it is *still a normative question* as to why the sector, which is the most populated in the economy, should share less and less of its growth

and 'development'¹. It is the 'sector' as a whole and not just a class or set of classes that we are emphasising.

What is called for, therefore, is a deeper understanding of the rural reality. In the present context, the rural communities are thoroughly incorporated into the larger economic and political-social processes. This article first deals with the state and rural communities, followed by the crises within the rural communities and, thirdly and finally, the rural communities and supra-rural forces.

1. The State and the rural communities

The approach of the Indian State since Independence has been that of benign indifference. Agriculture always remained one of the largest private sectors of India. This is not to say that the Indian state did not involve itself in agriculture. But the state's approach to the sector evolved over three distinct stages and times. First, when the land reforms and tenancy reforms were carried out in the Sixties and early Seventies. Second, when the green revolution was introduced in the late Seventies. And third, when liberalisation took place privatising all markets in the Nineties.

The first attempt of reforming landownership was only partial and was not fully successful. The second attempt of increasing output through the green revolution was carried out initially only in irrigated areas and then extended to major parts of the country. This second intervention was more successful than the first one. The cumulative effect of these two interventions pushed up agricultural production by leaps and bounds, but it was at a tremendous social, political, and ecological costs.

Land reforms and green revolution led to a middle-small farmer economy that predominantly produces for the market. The second reform in particular drew all sections of farmers in general and a large section of the middle-small farmers in particular into the vortex of market and exchange relations. Commercialisation of agriculture and intensification of cropping pattern are the core features of this process. This resulted in dependence on the market for inputs and outputs in the context of a vast sector where there were no proper mechanisms to regulate this spurt of markets². It should be made clear at this stage that today's crisis in agriculture has its roots deep in the green revolution model, which led to the total integration of the entire agricultural process into the vicissitudes of the market.

The third intervention of the state, i.e. the opening up of the economy to global markets in the 1990s, led to the culmination of the crisis that began with the green revolution. Therefore, it would be myopic to concentrate only on the present condition of farmers and come up with alleviating sops. As the rot had set in on the agricultural sector long ago and has its roots in the past, tracing its history becomes important.

The farmers' movements of the Eighties emerged against the background of these two state interventions: half-done land reforms and introduction of green revolution. The questions that farmers' movements then raised were that of remunerative prices for agricultural produce and fair terms of trade³ towards agriculture. The farmers' movements of the late Eighties, just prior to the introduction of liberalisation reforms, were the forebodings of the ensuing agricultural crisis. That the terms of trade towards agriculture were worsening at that time was heard and palliatives were offered.

However, ever since the larger economic reforms encompassing the entire economy began a few years after the farmers' movements, the terms of trade only got further and further worsened (Roy: 2018). And this explains why today's crisis is largely a sectoral crisis of a sector that is totally incorporated into the structures of market and is ever more at the mercy of them. To sum up, there are two points that we are making here:

a) the crisis in agriculture is not of today's making, but is inherited from the past; and is inherent in the green revolution led growth;

b) that the above mentioned factors have led largely to a sectoral crisis—the entire agricultural sector is involved—rather than the crisis of a single class within agriculture or a set of classes.

Table-1

Growth Rates of GDP of Agriculture Sector and GDP of the Economy, 1981-82 to 2013-14 (in per cent)

Periods	Growth Rate of Agriculture	GDP Growth Rate
1981-82 to 1989-90	2.9	4.7
1990-91 to 1999-00	2.8	5.3
2000-01 to 2009-10	2.4	6.8
2010-11 to 2013-14	2.1	3.7

Source: Hand book of Statistics, Reserve Bank of India various years [Essays from Economic & Political Weekly - Quarter Century of Liberalisation in India (Pg.No.195)]

Table-2

Share of Output from Agriculture in GDP, 1981-82 to 2013-14 (in per cent)

Years	Share
1981-82	29.6
1989-90	25.2
1994-95	23.5
1999-00	19.6
2004-05	16.0
2009-10	12.3
2013-14	11.8

Source: Hand book of Statistics, Reserve Bank of India various years [Essays from Economic & Political Weekly - Quarter Century of Liberalisation in India (Pg.No.195)]

In addition, the green revolution-led agricultural growth also resulted in tremendous ecological damage. The chemical-pesticide dominated agriculture has, along with increased yields, resulted in permanent damage to the agricultural eco-systems. The

main reason is that the green revolution-led agriculture is highly dependent on water and irrigation and, therefore, has resulted in extraordinary depletion of groundwater, soil erosion, pollution of the environment, erosion of the village commons, and has resulted in the non-sustainability of agriculture as an activity itself.

2. Superstructural factors

Here, by state we do not only mean the state apparatus but more broadly include all the elements of the state—more particularly, the rural communities and the party system, bureaucracy and the ideological state apparatus of the state, i.e. the latter with relation to the penetration of the state ideological apparatus through communication by various channels. And finally, but in no small measure, the repressive state apparatus. Firstly, the roots of democratic politics have reached far deeper, going down to every village in every corner of the country, than before. The Panchayat elections often are only notionally apolitical. In reality, all the elections at the village level and in rural areas, including panchayats elections, take place on party lines.

The second factor is the spread of television and digital media to the villages. Today, it is difficult to find an Indian village without access to TV and its 24/7 news channels broadcasting political developments, from the White House to the local neighbourhood. The rural world, thus, is now fully incorporated into the ideological structures of the world; and this, when contrasted with their conditions of existence caused by inter-sectoral and urban-rural inequality, can cause alienation, besides whatever entertainment it may bring. Often, there are organised and everyday forms of protest against the immediate social reality, for example, by Dalits against upper castes, and other militant forms of protest, in the backdrop of this alienation. However, the state has now not only penetrated the rural world through its political parties and ideological structures, but also with its repressive arm to put down such protests and conflicts. The point is, the rural world no more lives in splendid isolation from the rest of the world.

The rural communities within

The rural communities within contain many elements of significance. These are the fast transforming caste relations, and the decline of caste as a ‘system’ as such, with

the decline of *jajmani* relations. The total economic decline of caste-based occupations as means of livelihood that formed the rural economy should be noted. The rural family, too, is fast changing from larger families to nuclear families leading to gradual dissolving of communities and, thereby, further individualising farmers (the ‘sack of potatoes’ phenomenon, to recall Marx). Amid all these changes, despite transformations, the social institution of caste is constantly being reproduced as an element through intra-dining and intra-marriage relations.

The second point related to this is the economic strengthening of some castes in the green revolution areas and consequent clashes between the castes (Frankel: 1971, Pandian: 2013). The green revolution had mostly strengthened the middle-ranking backward caste farmers and, to some extent, small farmers of the same castes in irrigated regions. Consequently, this has resulted in clashes between upper backward castes and most backward castes, and between upper backward castes and Dalits. However, in non-irrigated, non-green revolution areas, the phenomenon has largely been of the decline of entire village communities: in other words, pauperisation of the entire village communities. Thus, the decline of caste occupations, decline of agriculture, the lack of water for irrigation, rising wages and migration of existing youth for education, employment and urban aspirations, has crippled the rural economy in non-green revolution regions.

There is also a related question on class relations in villages. In this regard, we need to question some frameworks that have held salience hitherto. We need to question the ‘peasant-class differentiation’ model developed by economists such as Utsa Patnaik and the ‘two-class-two-sector’ model once elaborated by the late Ashok Mitra⁴, another well-known economist. While the ‘peasant-class differentiation’ has relied on the thesis that there are multiple classes in Indian rural society with the landlords at the top and the agricultural labourers at the bottom, the two-class-two-sector model assumed that there is an exploitative capitalist class and working class in each sector—agricultural and non-agricultural. These two theses—the differentiation model which focused on multiple classes in agriculture, and the two-sector-two-class model which assumed that there is a capitalist class that exploited working class in each of the two sectors—are problematic today. First, with respect to Patnaik’s thesis, we would like to bring in Shantanu De Roy who recently said:

In India [...] almost 91% of households are marginal, small and medium farmers who cultivate on less than 2 hectares (5 acres) of land' (Roy, 2018: 208-209).

It is because of this singular reason that these views have today become what M.N.Srinivas has called 'book views' of the rural reality. Srinivas' comment was on the Indological views of the Indian society. He contrasted a 'field view' of the Indian society to the Indological, vedic-brahminic 'book views' of Indian society. We use here the same distinction between Marxian book views of Indian agrarian political economy and the field views of the same.

In addition, in the hey days of farmers' movements, both these authors have argued that better remunerative prices and favourable terms of trade towards agriculture will only benefit capitalist landlords and rich peasants. These theoretical standpoints today are untenable in

the light of the evidence cited from Roy above.

However, one can put forth a more nuanced proposition in this

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regard. Also, there is a marked regional variation in the agrarian scenario in the country wherein we find that in the non-green revolution areas, which constitute the majority of regions in the country, the phenomenon is that of the pauperisation of entire village communities.

In the present circumstances, the village population *in toto* forms an underclass. To repeat the point, the sectoral issues have become more prominent and the inter-sectoral gulf and chasm has widened after liberalisation, rendering all classes of farmers vulnerable to the fluctuations of markets and monsoons.

In irrigated, green revolution regions, however, the peasant-class-differentiation model applies to some extent. Here, classes are formed more distinctly and the class differences are clearer. Even though, most of the time, they are classes-in-themselves rather than classes-for-themselves. This phenomenon is prominently caused and aggravated by the incorporation of all the sections of the farmers into the markets.

Given the above reality in the present context, the rural societies are complex societies rid of the earlier presumed simplicity in form and content. For example, rural classes are never as obvious as we assume when we proceed to study them. Caste-class overlap and researcher's own place in society make these matters more complicated. However, this is neither to deny the existence of class nor caste inequalities. All that we are emphasising is that owing to the overall *economic and political* incorporation of the rural into the larger state and market structures, the sectoral issues today have become more important. Socially and politically, the influences of a larger world and incorporation into the political structures have increasingly led to the decline of the autonomy of rural communities. This has added to the internal crisis as well crisis vis-a-vis other sectors. Farmers' suicides are just a tip of this iceberg; incorporation into markets led often to high investments on commercial crops, followed by incurring of debts. When monsoon and markets failed the highly individualised farmers ended up committing suicides. Agriculture under the aegis of global capitalism thus extracts its human price.

Rural and the supra-rural

In the European transition debate, there were two stand points: a) Maurice Dobb held that the prime mover or contradiction moving the social forces towards capitalist transition was internal to agriculture; b) Paul Sweezy held that the prime mover is external to the agrarian sector, emanating from the towns and cities. Sweezy held that capitalism was not essentially developing inside agriculture, rather capitalism is spreading to the countryside from the forces external to the same (Hilton, 1978).

In other words, the Dobbesian view held that the prime mover is intra-rural whereas the Sweezian view held that the prime mover is external and supra-rural. In the Indian context, the latter, i.e. Sweezy's view point, seems to be appropriate among the two. The forces that are shaping the rural sector are today largely supra-rural. Capitalism is spreading and penetrating Indian agriculture from outside. The prime mover is external to the sector emanating from the other sectors, and geographically from towns and cities encouraged by the policies and practices of the state. We look at some of these aspects below.

Let us consider the aspects of increasing penetration of markets: input markets and output markets. This includes increasing penetration of multi-national seed companies, e.g. Bt seeds, and accompanying pesticide companies and chemical agriculture companies (Roy: 2018). Also, this process is related to the increasing penetration of finance capital. The rural economies are today highly monetised. As mentioned earlier, in addition to these, there is also an increasing penetration of super structural factors such as media, communication and urban culture and ideology. Therewith is the increasing consumer culture in rural areas as well. An added factor today is the increasing mobility of rural populations and increasing intensity of transactions between the rural communities and supra-rural social economic and political forces situated in towns and the urban world.

There are also increasing points and processes of interactions of cultural intensity between rural and urban communities—such as commerce, education, hospitalisation, travel, culture and entertainment—leading to what some Latin Americanists called a form of ‘social urbanisation’ taking place in rural areas. Social urbanisation leads to increasing following of urban life-styles and consumer culture in the rural areas and, therewith, the increasing purchase of ideology of urbanism, individualism and the decline of family supports. Rural areas in this sense have ceased to be socially rural and they have become much like individualised ‘socially urban’ places. To conclude, the current rural distress is all encompassing and is social, political and an economic one. Solutions such as loan waivers and crop-insurance go some way in meeting this crisis. However, the phenomenon itself is larger, and is entangled with the hopes and disappointments created by the globalisation-led development path itself.

Given the above reality we can only think of three major policy solutions for the impasse in rural sector. These include

- a) turning the terms of trade again in favour of agriculture and agriculture-based allied sectors,**
- b) instituting strong regulatory measures for agricultural marketing of both inputs and outputs—currently each state has its ways of managing agricultural marketing allowing leeway for middlemen; there is need for a uniform national policy for**

agricultural marketing of inputs and outputs wherein middlemen do not play a major role and walk away with huge profit margins; and

c) there is a strong case for rejuvenating the agricultural sector with total revival of agricultural extension services.

This is enormously important today as most of the time farmers are purchasing seeds, cultivating and marketing crops without much help of the extension services. In fact, the article by Roy mentioned above discusses this aspect of collapse of the extension services in detail both in the era of liberalisation and even prior to that. This author is aware that given the magnitude of the rural distress, these policy recommendations address only some of the ailments of the sector. However, they address the economic distress in a more effective way than the direct monetary doles now being offered by various governments in the form of loan waivers.

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Notes:

1. The fundamental point is that in order to understand agrarian distress we should not examine the same in isolation. The agricultural sector should be examined as part of the larger economy, polity, state and society. Another important point is that agriculture was a marginalised sector even prior to liberalisation reforms of 1991. However, there were less as acute agrarian crises as there are now. The point is that as long as all the sectors were growing slowly there was no acute crisis. However, as soon as the service sector and industrial sector started growing at rapid pace, the agrarian crisis has become more and more acute. This is because the sectoral inequality being a relative inequality, the agricultural population finds itself more and more left behind and marginalised. This is one of the main subjective reasons of the crisis and this perception is worsened by the deteriorating objective conditions of the agricultural sector since liberalisation.
2. There are no uniform, proper, efficient and transparent agricultural markets even today across India. Agriculture being a state government subject, each state has its own exploitative theatre regarding agricultural marketing.
3. By terms of trade we mean the monetary terms of exchange between the goods and services produced by the agricultural sector with the goods and services produced externally to the sector i.e. that of industrial and service sectors.
4. It is important to note that the book 'Terms of Trade and Class Relations' by Mitra was debated in the shadow of farmers' movements demanding better remunerative prices whence the sectoral issues came to the forefront of Indian politics. It is also important to remember this debate today because never before the sectoral issues within the Indian economy have been more important than they are today.