

**Agraian Crisis and National Commission for
Enterprises in the Unorganised Sector :
Recommendations *VERSUS* Reality**

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Agrarian Crisis and National Commission for Enterprises in the Unorganised Sector : Recommendations *VERSUS* Reality

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Summary :

The farm dependent population in India has been under severe strain since the second half of 1990s. As the country has embarked on the neo-liberal policy paradigm, the supporting system to farmers from supply side (subsidies and extension services) and demand side (monopoly procurements and price stabilisation mechanism) by the state have either been withdrawn or made less effective. Market integration driven trade liberalisation under WTO further worsened the plight of farmers and agricultural labourers in India, forcing them to resort to the extreme step of ending their lives. Like farm sector, capital employed in the petty commodity production sector has been under stress, culminating into a full blown crisis. Government of India appointed a National Commission for Enterprises in the Unorganised Sector (NCEUS) with the mandate to suggest measures to the government to resolve the crisis in the unorganised sector. Accordingly, small and marginal farmers have also been brought under the purview of enquiry of the NCEUS. The Commission did rightly identify the issues, but the measures recommended in its report to resolve the crisis is again totally embedded in neo-liberal policy paradigm and therefore it is argued in the paper that the recommendations of the NCEUS, if implemented, is unlikely to provide solace to the target group. The state often makes legislations, appoint commissions, despatch study teams and declare solidarity with the victims of the state managed atrocity like agrarian crisis. Such containment strategies are designed and worked out by the state to avail spaces of manoeuvre on behalf of the capital to get it averted any interruption in the process of accumulation. The NCEUS is yet another one in the series.

Key words: neo-liberalism, state, crisis, farmers

Never in the recent past, has Indian peasantry been pushed into the kind of extreme hardships that they have been passing through under the neo-liberal regime since the early 1990s. As far as figures on suicides go, as many as 1,82,936 farmers have killed themselves between 1997 and 2007 (Govt. of India, 2008). Moreover, the upward spike of suicides still continues in spite of the fact that the central and state governments have announced various relief programmes such as *Vidharbha* Package for 36 crisis ridden districts in Andhra Pradesh, Karnataka, Kerala and Maharashtra in 2006 and other farmers' relief measures such as Debt Relief Commission. The very next year of the announcement of the *Vidharbha* Package in 2006, 16372 farmers including 2369 women farmers killed themselves across the country, which accounted for 14.4 percent of the total suicides reported in 2007. Regional pattern in farmers' suicides shows little signs of deviation from its past trends since the spread of the epidemic in the second half of the 1990s. Maharashtra topped the list (4238 cases) closely followed by Karnataka (2135 cases), Andhra

Pradesh (1797 cases), Chattisgarh (1593 cases), Madhya Pradesh (1263 cases), Kerala (1232 cases) and West Bengal (1102 cases) in 2007. If at all any change worth noticing has taken place in the epidemic, it is nothing but other states adding onto the list. Also hardly any sign of let-up could be observed in the spate of farmers suicides in those states. Against this backdrop, it is surmised, that the National Commission on Enterprise in the Unorganised Sector (NCEUS) extended its purview of investigation to the farm sector too to look into the agrarian crisis with a view to make recommendations to the government.

In the wake of the crisis developed with the introduction of neo-liberal policy package in the unorganised sector, the Government of India constituted the National Commission for Enterprises in the Unorganised Sector (NCEUS) in September 2004. The NCEUS was mandated mainly to review the status and diagnose the constraints in improving production, productivity and employment in the unorganised sector in India with a view to suggest policy measures to the Government to overcome the constraints. In view of the above, the NCEUS under the chairmanship of the noted economist, Professor Arjun Sen Gupta, during its tenure for more than four years, has brought out eight reports on various issues and problems in the unorganised sector along with categorically spelled out policy recommendations and submitted to the Government for action. The NCEUS covered agriculture too in its extended definition of enterprises in the unorganised sector and studied in greater details the problem, issues, and causes of stagnation and distress to suggest a comprehensive policy package for the revival of the sector. Accordingly, the NCEUS submitted a report titled "*A Special Programme for Marginal and Small Farmers*" to the then Prime Minister in December 2008. In the report submission letter, the NCEUS chairman stated in unambiguous terms that "*The Commission has now examined in detail the conditions of work and livelihood of marginal and small farmers and prepared a report... .. The Commission has also examined the various issues confronting these farmers including their low access to services, low value realisation, and low level of diversification, leading to a deficit in incomes over expenditure. The commission is of the view that the situation requires immediate corrective measures and the problems confronting Marginal and Small Farmers at this juncture require a fresh and focused approach. We have accordingly recommended a Special Programme for Marginal and Small Farmers, which if implemented, will, in our view substantially improve the condition of this vast segment. We have held extensive discussions on this with the officers in the Ministry of Agriculture and the Minister of Agriculture himself*" (NCEUS, 2008).

The NCEUS's decision to extend the definition of Enterprises in the Unorganised sector to cover marginal and small farmers assumes special significance on following grounds: (i) In the total workforce of 394.90 million in the unorganised sector, agricultural sector sheltered 252.80 million or 64 percent of them in 2005-05; (ii) workforce in the agricultural sector is comprised mainly of agricultural labourers (89 million), marginal farmers (74.60 million) and small farmers (39.90 million). These three categories of workers together constitute 80.50 percent of the total workforce in the agricultural sector (NCEUS, 2008:1); (iii) marginal and small farmers are the worst hit victims of agrarian neo-liberalism introduced from 1991. The Commission's recommendations are, therefore, decisive for the majority of the work force in India. The objective of the paper is to review the recommendations of the NCEUS with respect to the crisis that farmers and agricultural labourers have been trapped into for the last one-and-a-half decade.

Agrarian crisis: tracking down the root

Recent literature on agrarian distress driven farmers' suicides in India has examined both macro as well as crop and region specific factors, which have hard-pressed the peasantry in different states ultimately driving them to resort to the extreme step of killing themselves since the second half of 1990s. A brief review of the literature would help put in place the importance of recommendations of the NCEUS with respect to the stalemates in the farm front. Studies on agrarian distress and farmers suicides in major crisis-ridden states have convincingly proved that trade liberalisation led price fall for agricultural commodities, compounded further by the hike in production cost coupled with near total absence of state withdrawal from procurement and market interventions in 1990s and 2000s have caused the distress to take its roots in rural India and persist, claiming thousands of lives of farmers. (Jeromi, 2007; Siddhartha and Sangeeta 2007; Sukhpal Singh, 2004; 2006; Mohanakumar and Sharma, 2006; Narasimha Rao, and Suri, 2006; Srijit Mishra, 2006; Ratna Reddy and Galab, 2006; Deshpande, 2002;). Granted that the studies differ on proximate causes of farmers' suicides in different states, to a very great extent, they converge on the fact that the external trade liberalisation and the neo-liberal policy driven reforms in the economy have played havoc with the farm dependent population in the country. For further evidences on the association between neo-liberal policy packages and agrarian distress, the case of cotton farmers in Maharashtra, (case of cotton holds good for Karnataka, Andhra Pradesh and to a certain extent Punjab) and pepper and coffee growers in Kerala are recapitulated in this context. In Maharashtra, farmers suicides are confined, to a very great extent, to cotton growers in *Vidharbha* region. As part of external trade liberalisation induced market integration drive, following policy changes have been brought since 1991; (i) lifted cotton from canalised channel to Open General Licence (OGL) in 1994, which made cotton a freely importable item; (ii) import tariff of cotton have been phased out to a nominal level of 5 percent by 2002-03 and; (iii) non-tariff restrictions on imports of raw cotton, as part of WTO regime, have been totally withdrawn. Inasmuch as every effort has been made to open up the domestic market for cotton, in oblivion of vast chunk of the workforce dependent on the crop for livelihood in not less than five major states in India, imported cotton has flooded the domestic market (Siddhartha and Sangeeta, 2007:75). External trade liberalisation compounded further by reforms in the domestic production sector pulled down the market price of cotton from Rs 22261 to Rs 15942 (- 28%) per candy between 2000-01 and 2004-05 (Siddhartha and Sangeeta, 2007:75). Supplementing to external trade liberalisation drive, reform measures in the domestic economy have left its devastating consequences on supply and demand sides of cotton. Implications of the changes in general macro economic policy have been more or less the same for cotton as in the case of other crops: (i) fertiliser decontrol, which pushed up price of fertilisers and pests, driving the cost of production of cotton by 154 percent between the period 2000-01 to 2005-06 (Siddhartha and Sangeeta, 2007:76); (ii) reduction in public investment in agriculture adversely impacted on irrigation for and extension services to farmers and, (iii) the entry of Bt cotton added further to their woes. In 2004-05, the cotton gave a bumper yield in Maharashtra. In the same year, there was a substantial hike in world production of cotton particularly in USA and China, which flooded the domestic market crashing the cotton price even further. The decline in price mismatched with a hike in production cost in turn drove the farmers to money lending sharks.

The case of cotton growers in Karnataka and Andhra Pradesh are in no way significantly different from their counterpart in *Vidharbha* region. Deshpande's study on Karnataka reported that 38 percent

of farmers who had fallen prey to the distress in the state had owned land above four acres and 11 percent of them had possessed an area above 10 acres. More interestingly, 9.79 percent of the farmers had their cotton grown in irrigated land. (Deshpande, 2002:2606). In another illustrative study on Punjab, Singh highlighted that 95 percent of cotton growers in the state had used high yielding variety and grow cotton in the irrigated land (Singh, 2004:5583). These evidences are sufficient enough to disprove that droughts and other supply side constraints for small and marginal farmers have been the primary reason for the distress.

Farmers in Kerala, another state with suicide epidemic, have a different story to tell. Farmer suicides in Kerala have been confined mostly to Idukki and Wayanad districts. India is the largest producers of pepper with 25 percent share in the world production and 13 percent share in the export market. Kerala enjoys a near monopoly position in the production of pepper in India accounting for 95 percent of its area and production with an export intensity of around 70 percent before the outbreak of the crisis in 2001-02. The pepper exported from India fetches a premium price in the international market by virtue of its intrinsic quality (Mohanakumar and Sharma, 2006:1556). As the recession set in by early 2000s, making use of the provisions under WTO and Indo-Sri Lankan Free Trade Agreement with India, low quality pepper was imported into India from other major producing countries and was re-exported as Indian pepper eventually resulting into a loss of India's cliché market for pepper in the world. Consequent upon that price of pepper in India nose-dived from Rs 174/kg to Rs 68/kg between 1998 and 2004. Synchronised fall in the price of other agricultural commodities in the international market, particularly of coffee, which is grown as inter-crop with pepper was knocked down from Rs 95 to Rs 50/kg during the reference period (Mohanakumar and Sharma, 2006:1554). As in the case of cotton, the Coffee Board had also closed down its sales depots and stopped monopoly procurement of coffee, handing over the coffee market to private dealers. In effect, the private dealers were unwilling even to purchase *Robusta* variety of coffee produced in Kerala even for Rs.20/kg notwithstanding the fact that the published price for coffee was Rs 50/kg in 2006 adding further to the sufferings of coffee growers in Idukki and Wayanad districts in Kerala.

Issues and problems in farm sector identified by NCEUS

The issues and problems identified by the NCEUS may be juxtaposed with the hard facts thrown up by the literature on agrarian distress in India in the 1990s and 2000s. The NCEUS report has seven chapters, 23 appendix tables and three annexure, condensed over 77 pages. The first two chapters of the Report discuss the relative shares in land and output of different types of farmers. The issues and problems in the farm front are discussed in Chapter 3 and 4 of the Report. The NCEUS has not attempted a detailed investigation to identify the problems in the farm front, but sourced information and analysis mostly from the Report of National Commission of Farmers (NCF), National Policy for Farmers (NPF) and 11th Plan document. The task of the NCEUS, to a great deal, could be cut back, for it is fully in agreement with the causes of agrarian distress identified and recognised by such other state sponsored commission reports and documents. In chapter 3, the NCEUS identified the following supply side constraints encountered by farmers: (i) fragile asset base, (ii) imperfect markets for inputs and outputs, (iii) less access to credit, (iv) unskilled labour force, (v) illiterate or less informed farmer folk about HYV seeds and modern practices of farming, (iv) poor access to public goods such as irrigation and other infrastructure

facilities, (vii) lack of collectivisation (apolitical); and (viii) negative externalities arising from land and water management. (NCEUS, 2008:7-22). Undoubtedly all these are serious supply bottlenecks constraining the farm sector to realise its potential. However, farmers in India have been living and surviving with these constraints in varying degrees for more than half a century and they have succeeded in making strident jumps in area expansion, production and productivity. Conceded that all such bottlenecks have been operational in the farm front since Independence, until the second half of 1990s, distress-driven farmers' suicides epidemic were unheard of. Moreover, these constraints are common to third world agriculture. It would, therefore, not be justifiable to attribute the distress and suicides in the farm front solely to structural bottlenecks. Apparently, there is no denial that these constraints have a supplementary role to aggravate issues in the farm front. Explanation for the current impasse in the farm front needs to be sought elsewhere. However, the NCEUS indicated clearly in the introductory section of the Chapter 3 that the globalisation policies had worsened the situation of farmers in India and the Commission attributed the situation to huge subsidies and the protection offered to their farming folk by rich nations (NCEUS, 2008:7). The NCEUS seems to have failed to take note of the fact that the huge subsidies and protection have been in vogue in rich countries for a very long time. The pertinent question could have been why such protective measure in rich countries had not been an issue for farmers in India until recently.

In Chapter four, the NCEUS elaborates the schemes and programmes implemented for marginal and small farmers under two heads, viz., (i) earlier strategies and (ii) recent initiatives. Under the head *Recent Initiatives* the NCEUS has asserted that the public investment in agriculture, research and extension services, and other direct support offered by the government to the farmers have largely been withdrawn under the influence of shift in policy paradigm since the early 1990s (NCEUS, 2008:23-25). Further, the government withdrawal from the sector has thrown the vulnerable section to the private traders even for credit and in no less uncertain terms the NCEUS has put that the marginal and small farmers have been totally neglected under the neo-liberal regime. The disconcerting manifestation of the neglect and distress is the spate of suicides in the 1990s and 2000s. To recapitulate it, the NCEUS identified four important factors which have driven the farmers in India to their current impasse are: (i) liberalising the domestic farm commodity markets by diluting the tariff and non-tariff measures especially after signing with WTO-led market regime, which has resulted in frequent and wild shocks in farm price; (ii) government withdrawal from public investment and market intervention to support and stabilise farm price; (iii) opening up the farm sector for the off-shore capital to play havoc (iv) huge subsidies coupled with market protection in rich countries have competed out the farmers in India (NCEUS, 2008:25). Problems identified in Chapter 4 of the Report are in absolute conformity with the root cause of the agrarian distress identified in the handful of literature which have come up in 2000s. The NCEUS deserves appreciation for its right and straight forward identification of the problems confronted by the small and marginal farmers.

Recommendations of NCEUS

On having identified the issues and problems in the agrarian front, the NCEUS has set out its recommendations and strategies of implementation. The Commission emphasises solely on productivity enhancement as the way out for marginal and small farmers to come out from

their current crisis and the NCEUS has forwarded the following recommendations for productivity enhancement: (i) develop area specific irrigation schemes, (ii) minimise risk (iii) tenancy reforms and group farming, (iv) strengthen extension services and modernise agriculture; and (v) develop technological platforms. The NCEUS has also recommended setting up of a mechanism to ensure uninterrupted input supply and procurement of output from marginal and farmers. Other mitigating measures suggested for small and marginal farmers included: (i) land and water management, (ii) credit availability, (iii) farmers' debt relief commission in every states.

Strategy to implement the Recommendations

The NCEUS has outlined an approach / strategy for translating the recommended package into action. Issues and problems of marginal and small farmers have been grouped under *first order* and *Second Order* problems. According to the NCEUS, the *first order* problems arise from supply side bottlenecks. Under the *Second Order* problem, inaccessibility of marginal and small farmers, owing to their low resource endowments, to the state support schemes and extension services are included. The Commission holds the view that farmers in India fail to fetch better price for their products and are unable to get quality inputs at the best competitive price because of information asymmetry and high transaction costs. The first order and second order problems were sought to be resolved by forming farmers/producers groups (emphasis on apolitical line) because the NCEUS held the view that political organisation are incapable to solve the problems that farmers encounter now. In the formation of Groups, the NCEUS exhorts the farmers to adopt the Best Practiced Models in Andhra Pradesh, Kerala and Maharashtra. Along side, farmers have also been suggested to organise group activity through cooperatives, Self-Help Groups, producer company, Rythu Mithra Groups, Community Managed Sustainable Agriculture, SEWA and FAO models to do away with supply bottlenecks and marketing problems. The primary objective of the Group Approach is to share the cost of irrigation and other infrastructure development cost, procuring inputs and marketing of outputs in order to take maximum advantage of scale economies and thereby get rid of with transaction costs and information asymmetry. For the formation of Farmers Groups and capacity building, the NCEUS has recommended Rs 30 to 50 million per district or a total of Rs 20000 million per annum for the country. If this package is implemented, the commission has claimed in the report submission letter to the Prime Minister that, "will, in our view substantially improve the condition of this vast segment (NCEUS, 2008).

Reality versus Recommendations

The literature on agrarian distress in the 2000s and other government sponsored studies such as NCF, NPF and XI Plan document, have all stated rather categorically that the neo-liberal economic policies are the root cause of the agrarian crisis in India. As the NCEUS is in agreement with the observations of studies on the topic, one might expect a recommendation with an overall thrust to strengthen the state intervention in input as well as output markets for agricultural commodities, manifold enhancement of public investment in agriculture related infrastructure and above all a total reversal of the neo-liberal policy paradigm to retain the protection to the produce of the marginal and small farmers in the domestic market. In sharp contrast to it, the Special Programme for Marginal and Small farmers by the NCEUS has not even made courtesy mention about any such policy shift in the recommendation part of the Report. Instead, the

NCEUS addresses other issues whereas the root cause of the crisis is primarily borne out of the market integration driven price fall and its volatility coupled state's withdrawal. Moreover, the recommendation of the NCEUS has not even bothered to look into the most burning issue of price fall and its volatility of agricultural commodities of small and marginal farmers at all. Here it is argued that the NCEUS has submitted a set of recommendations to resolve the crisis in the farm front in India, which are rooted more deeply and widely into the economic philosophy of neo-liberal policy framework and therefore the recommendations are rather likely to meet the same effect as that of other Relief Packages implemented hitherto. The observation is premised on following grounds.

1. Approach of the NCEUS :

The approach of NCEUS is at variance with that of NCF as the former adopts a sectoral approach to address the issues of marginal and small farmers whereas the latter has followed a generalist approach encompassing all types of farmers. The NCEUS merits appreciation for its recognition that the peasantry is differentiated. However, the justification of NCEUS, for having adopted a sectoral approach, confined to marginal and small farmers, is the observed difference in the extent of impact of the agrarian crisis on different types of farmers. It appears that the explanation offered by the NCEUS's for its departure from NCF's approach appears to be rather naïve in the sense that the impact of globalisation on the farming community in general has been uniform in terms of input prices, deterioration in the availability of infrastructure made available through public investment, state intervention in the product market and external trade liberalisation (Deshpande, 2002).

2. Productivity enhancement :

The argument has often been floated by neo-liberals during the agrarian crisis, which in turn help them hold the farmers and farm workers responsible for the crisis (Mohanakumar, 2008). The impasse in the farm front is attributed to low productivity driven lack of competitiveness in the international market that leads to low farm income, attract less investment to the sector leading again to low productivity. The 'low productivity triggered' vicious circle is in the circular movement and the farmers have got trapped into it because of their inefficiency. It is well recognised that low productivity is an important bottleneck operating from supply side in third world agriculture and therefore all constraints to enhance the productivity needs to be addressed to push upward the production possibility frontiers. On the contrary, the current crisis in the farm front is demand driven. The supply side argument embedded in neo-liberalism is purposely used in this context to help the state contain people's ire against it. It is important to note that Natural Rubber (NR), a commercial crop grown mostly (93% of total production in India) in Kerala has the highest productivity *vis a vis* the major producers of the crop in the international market, viz., Thailand, Indonesia and Malaysia. The farmers and labourers dependent on the crop too have undergone the same hardships due to the fall in NR price consecutively for more than six years from 1997 to early 2003. During those years, labour and land moved out of the sector. The severe shortage for tapping labourers in NR plantations in Kerala, is an aftermath of the neo-liberal policy driven crisis of those years. (Mohanakumar and Binni, 2009). The increasing proportion of women labour entering into the farm sector as noted by the NCEUS could also be partly attributable to the long-term crisis in the sector.

Table 1. Farmers suicide and membership of cooperative societies

State	Number of farmers committed suicide	% of farmers with membership is SHGs	% of farmers with membership in registered farmers' organisations	% of farmers with membership in cooperative societies
Maharashtra	4238 (1)	4.90 (10)	2.20 (11)	54.00 (3)
Karnataka	2135 (2)	8.10 (8)	5.30 (5)	35.80 (11)
Andhra Pradesh	1797 (3)	17.70 (3)	2.40 (9)	31.10 (13)
Chattisgarh	1593 (4)	6.50 (9)	2.40 (10)	49.90 (4)
Madhya Pradesh	1263 (5)	2.70 (15)	0.80 (14)	42.80 (6)
Kerala	1232 (6)	19.90 (1)	10.50 (2)	59.50 (1)
West Bengal	1102 (7)	1.90 (17)	4.00 (6)	20.80 (17)
Rajasthan	618 (8)	0.60 (26)	0.40 (19)	21.30 (16)
Uttar Pradesh	486 (9)	1.50 (20)	1.00 (12)	20.10 (18)
Tamilnadu	484 (10)	12.90 (4)	3.40 (7)	42.40 (7)
Gujarat	317 (11)	3.20 (12)	5.90 (4)	48.90 (5)
Assam	278 (12)	8.20 (7)	7.00 (3)	17.20 (22)
Orissa	240 (13)	2.80 (14)	0.20 (24)	21.80 (15)
Haryana	179 (14)	1.00 (24)	0 (26)	37.30 (10)
Jharkand	113 (15)	2.80 (13)	0.20 (23)	2.40 (27)
Punjab	88 (16)	1.50 (19)	0.30 (22)	38.90 (9)
Bihar	86 (17)	0.80 (25)	0.30 (20)	7.00 (23)
Jammu & Kashmir	33 (18)	0.20 (27)	0.60 (17)	24.90 (14)
Uttarakhand	28 (19)	4.90 (11)	0.90 (13)	4.20 (26)
Sikkim	21 (20)	1.80 (18)	0.10 (25)	42.00 (8)
Meghalaya	18 (21)	18.50 (2)	0 (27)	18.40 (21)
Arunachal Pradesh	15 (22)	2.50 (16)	3.00 (8)	18.90 (20)
Himachal Pradesh	15 (23)	8.80 (6)	0.70 (15)	57.10 (2)
Manipur	0 (24)	9.20 (5)	0.30 (21)	6.60 (24)
Mizoram	0 (25)	1.40 (21)	18.20 (1)	19.30 (19)
Nagaland	0 (26)	1.40 (22)	0.70 (16)	5.40 (25)
Tripura	0 (27)	1.10 (23)	0.50 (18)	32.80 (12)
All India	16379	4.80	2.20	29.30

Note: 1. Figures in the parenthesis show respective ranks in the variable.
2. Suicide figures are not standardised with respect to size of farmers because life of a farmer among a few or a many has equal importance.

Source: 1. A special programme for Marginal and small farmers. National Commission for Enterprises in the unorganised sector, New Delhi.

2. National Crime Records Bureau, Government of India. 2008

3. First and Second order Problems :

The NCEUS holds the view that fragmented land holdings, information asymmetry arising from pre-capitalistic relations of production in agriculture, imperfect market conditions in input and output markets, indivisibility of investment and diseconomies of scale have been adding onto the cost of production and these factors are major constraints to the development of Indian agricultural sector and hence is the crisis. The constraints are compounded further by inaccessibility to extension and other state agricultural services to farmers. The politics of ascribing underdevelopment of capitalist traits in agriculture in Third World nations to fragmented land holdings is notorious. Moreover, imperfect market conditions in agricultural sector can not be viewed in isolation of the production conditions in agriculture in third world economies. Imposition of capitalist farming from above in the form of contract farming could only make the situation worse for its dependent population. In spite of the worst experience in contract farming in Punjab, Karnataka and other parts of India, the NCEUS has placed contract farming as a solution for the crisis in large farms in India.

The NCEUS has identified certain supply side constraints and these bottlenecks are observed to have assumed considerable proportion as the public investment in infrastructure has declined alarmingly since India has embarked on the new policy paradigm. The observation is well in tune with the reality as the share of public sector outlays for agriculture and allied activities has declined from 4.9 percent during the 9th plan period to 2.7 percent in 2007-08 (Government of India, 2008^a:73). The NCEUS has realised that the major problem in the agriculture sector is lack of coordinated act among farmers and once the farmers come together to put their act together, the bottlenecks can be removed and the crisis can easily be prevented. For that the NCEUS recommends 'Group Approach' for farmers to get rid of with supply side bottlenecks and nullify demand side constraints. The Group Approach suggests the government to substitute public investment in agriculture with Self-Help Groups, agrarian cooperatives or with other forms of farmers' organisations formed with the sole purpose of maximising economic gains and minimising costs. Alongside, the hidden objective of state withdrawal from the farm sector could be translated into action without much hassle. The NCEUS hypothesises that the higher the membership density among Farmers' in such groupings, less is the impact of the crisis. In other words, the hypothesis states an inverse association between membership density and farmers' suicides. The hypothesis can be tested by correlating farmers suicides with information on membership in SHGs, registered farmers organisation and agrarian cooperatives. In Table 1, states are ranked by the cases of suicides of farmers reported for the year 2007 along with membership density in different groups or organisations. No such one to one correspondence between farmers groups and cases of suicides could be observed from Table 1. An important observation emerging from Table 1 is that the first seven states in membership density in SHGs and other registered farmers' forums fall in the first ten states in the incidence of suicides. The best of the example is Kerala which is ranked high for its percentage share in membership density, but the state has also figured prominently in the incidence of suicides during 2000s. The relationship is statistically verified in (Table 2). No significant relationship could be found between cases of suicides reported and farmers memberships in SHGs or other similar groups. However, a word of caution is in order in that context. From Farmers' Groupings, political organisation which mobilises farmers and rally them against the neoliberal policies of the government needs to be distinguished because the prevalence of such organisation can check the gravity of the distress. In the present crisis ridden situation, even such organisations have not succeeded as they were too fragile to mobilise their rank and file against the onslaught of neoliberal package. It would have

been more meaningful, had the NCEUS undertaken a similar and simple statistical exercise before ascribing the role of the state to SHGs and Cooperatives for its own conviction.

The politics of viewing SHGs, cooperatives and other micro-level organisations as panacea for everything in the farm front, demands a little elaboration in this context. United Nations Development of Economic Affairs had recommended agrarian cooperatives for agriculture development in the Third World in the 1950s. Following it, the concept did figure in prominently in the development debates and policy framing during the 1960s and 1970s (Tom Brass, 2007:266). As neoliberal economic philosophy has taken the roots of development policy framing in the Third world countries since 1980s, the micro-level politics such as SHGs, neighbourhood groups, other forms of micro-level clientele based formations have been pushed to the forefront of developmental debate by the international organisations. Unlike in the past, the uncritical enthusiasm for micro-level forms sources its political energy and ideological backing from ‘new post-modern populism’(Tom Brass, 2007:267). Agrarian cooperativisation would work and farmers of all types stand to gain mutually only under a modicum of social equality, political democracy and economic viability. For the SHGs and agrarian cooperatives, it has become all the more difficult to make any meaningful inroads in the farms sector because of the large scale entry of agrarian capital into the sector during the neo-liberal regime in India. The protective shield that the farmers used to enjoy in the market from the state has greatly been withdrawn. Many agrarian cooperatives and federation of SHGs formed in Kerala during the 9th plan period as part of People’s Plan Campaign miserably failed to take viable roots stand testimony to the proposed alleviatory programme of the NCEUS. The financial recommendation of the NCEUS is Rs 2000 million, meant for building up a platform for coordination of Farmers’ Group and also for their capacity building while for the irrigation to be in place in *Vidharbha* region alone, is estimated to cost Rs 4000 million.

Table 2. Correlation between farmers’ suicide and density of membership in farmers’ organisations (27 states)

Variable	Farmers’ suicide	SHG membership	Membership in registered organisations	Membership in cooperative societies
Farmers’ suicide	1.00			
SHG membership	0.236253	1.00		
Membership in Registered organisations	0.102618	0.189884	1.00	
Membership in cooperative societies	0.473207	0.275426	0.15497	1.00

Note: * significant at 5 % level.

Data on suicides are related to 2007 and density of membership for 2003.

The State often makes legislations, appoint commissions and despatch study teams, pay visit to declare solidarity with the victims of the State-led atrocities (*Vidharbha* visit and Package Declaration in 2006) on behalf of the capitalist state to avail spaces of manoeuvre (Raju, 2007:357). It is inevitable for the state because wholesale expropriation of the peasantry would deprive the capital of cheap labour power reproduced within the confines of a peasant economy (Raju,2007:357). Yet, study reports assume significance from the victim’s side for reasons: (i) sufferings of a vast section

of people could be brought to a wider public notice; and (ii) findings and recommendations of the study team, if they are beneficial to the victims, could be used to mobilise farmers to exert pressure on the state. Viewing from this angle too, the recommendations of the NCEUS does not appear serve any purpose to the small and marginal farmers.

To conclude, the NCEUS did rightly identify issues in the farm front and causes of farmers' distress. However, suggested remedial measures seem to be unconnected to the identified causes and therefore helpfulness of the Report to mitigate the hardships of farmers is unconvinced. It has widely been accepted that the current impasse in the farm sector calls for a political rather than an economic solution. Earlier alleviatory packages for farmers announced by the Central and State governments have miserably failed to stop agrarian distress because the tone and tenor of the packages have fully been rooted in neo-liberal paradigm. Unless the root cause of agrarian neo-liberalism led crisis is politically addressed, agrarian crisis will aggravate leading to '*wholesale expropriation of the peasantry*'. Solution to the issue in its totality demands a paradigm shift in the ongoing policy regime. A close look at the agrarian crisis and the recommendations by the NCEUS indicated that the recommendations were strictly in tune with the neo-liberal paradigm and therefore, if implemented, would only add to the list of relief packages announced by the central and state governments to mitigate hardships of farmers in distress, but did give the farmers little relief.

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