Introduction

Economists must not only know their economic models, but also understand politics, interests, conflicts, passions, the essence of collective life. For a brief period of time, you could make changes by decree; but to let them persist, you have to build coalitions and bring people around. You have to be a politician.

---Alejandro Foxley, Chilean Minister of Finance

Agrarian suicides do not take place in isolation but in a socio-cultural and economic context. The upsurge in farm suicides in India recently has been taking place in many multiple contexts. Suicide could be an individual act but the context could be very complex, therefore, it has to be studied from multiple vantage points. This study attempts to do the same thing. However, economic determinism of the suicides dominates over other disciplines in the study. Andhra Pradesh (AP) topped in the cases of farmers’ suicides. In a short span of less than two months, between May and July 2004, more than 400 peasants in the state committed suicides.\(^1\) Even the traditionally agrarian well—off districts experienced these unfortunate suicides. In a severely drought-prone district like Mahabubnagar, the condition became even more acute. This phenomenon was not a sudden development, but there was a substantial dislocation of livelihood options, which led to the situation of despair and helplessness among the peasants. It became clear that the set of policies unleashed by economic liberalisation in the country played a major role in suicide cases. Growing debt, drought conditions, stagnant employment, declining level of consumption, increased migration all factors collectively have been destroying peasants’ lives. During the same period of May and July 2004, around 27 farmer suicides were reported in Mahabubnagar district.

There is a general deterioration in the economic position of rural people after India chose to liberalise its economy formerly in 1991. “Liberalisation, Privatisation and Globalisation (LPG) process could not benefit the rural India. In other words, global market is making inroads in remote corners of rural AP badly affecting their employment, income and consumption pattern”. Decelerations in agricultural growth have had severe consequences for levels of living in rural areas. There is an incompatibility between the incomes and expenditures for almost all classes of farmers (marginal, small and semi medium) with consumption expenditures higher than incomes. In an unevenly developed state, the liberalisation policies have had accentuated crisis in the agriculture sector, and out of helplessness, hopeless farmers are left for ‘survival of the fittest’ situation. The agrarian suicides have to be contextualised in a macro-level political economy of changing policy regimes of the post-colonial Indian state.

**Political Economy of Globalisation**

State or politics and market or economy interacts in the modern world. In Caporaso and Levine’s opinion, ‘economic processes are everywhere political in that in order to operate; they require political conditions, both at local level and from the state.’ The parallel existence and mutual interaction of “state” and “market” in the modern world creates political economy. The political economy aims to explain this type of interaction in terms of the effects of market and economic forces on the distribution of power and welfare among the communities and states. These relations are causal and cyclical. In Kindeleberger’s words, both the state’s budget and the market are mechanisms of product and resource allocation. In a purely political world in which the market did not exist, the state would allocate available resources based on its social and political objectives. In a purely market world in which state intervention did not occur, the market would allocate values based on relative prices

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and individuals pursuit of self-interest. State as the embodiment of politics and the markets as the embodiment of the economics cannot be separated from each other rather both mutually influence each other. This interaction is the core of the political economy. In other words, political economy is “the reciprocal and dynamic interaction … of the pursuit of wealth and pursuit of power”. Thus, the study of political economy focuses on market and its relationship with the state.

In a globalised world, understanding political economy in various perspectives is desirable. Globalisation as the expansion of market economy shapes the opinion of individuals. The attitude towards globalization is clearly defined by structural positions and distributive consequences. Globalisation ideology and its universal appeals are grounded mystifying its profound class roots and class inequalities. In this context, the political economy is seen as "the reciprocal and dynamic interaction of pursuit of wealth and the pursuit of power", each perspective prescribes the arrangements and restructuring of market, state and society. If economic globalisation is all about market economy, which engages in a critical relationship with the state, it has impact on the international relations. Markets are 'self-regulating and attain their own perfection in the assumption of the liberal economists. At the same time, minimal intervention of the state in the economic affairs is deserved. It was mentioned earlier that globalisation is all about integration of different markets, because market does not confine only to the capitalist economies, but even the communist regimes had them. The dynamism of capitalist system has been driven by the profit motive, and it must compete in the market. Competition weeds out the inefficient rewarding efficiency and innovation. Mc Neil argues, "In the absence of market, capitalism loses its creativity and vigour". The market economy is one in which goods and services are exchanged based on relative prices. In the absence of any constraint, markets have the tendencies to expand. The three characteristics are responsible for the dynamism of the market according to Gilpin, first, the critical role-played by relative prices in

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the exchange of goods and service. Second, there is the centrality of competition as a determinant of individual and institutional behaviour in the market. Third, efficiency determines the survivability of economic actors.\textsuperscript{11} The institution of market also has the tendency to change every relationship to a market relation. This commercialisation even brings all traditional societies into the orbit of the price mechanism. It has the tendency to include some and exclude others on the draconian terms. However, the concern and logic of the institute of state is different from that of market. Its origin was to represent the collective and social good of the society.

In this context, first perspective is economic nationalism, it was originally known as mercantilism and as statism or protectionism etc. The central idea is that economic activities are and should be subordinated to the goal of state building and the interests of the state. International relations are to be determined for economic benefits. The defensive economic nationalism exists in the less developed countries; they pursue protectionist related policies to protect their nascent and emerging industries. The attainment of economic self-sufficiency assumes importance than increased economic dependency through open market system. Their production is meant for self-reliance to achieve import-substitute policy. The second perspective of political economy is liberal perspective; it emerged in reaction to the first perspective i.e. economic nationalism. For the liberals, economy and politics exist in their respective parallel spheres. The liberal economy is committed to the particular rules and logic, of free-markets and minimal state intervention in economic activities. It emphasises individual liberty, equality, individualism, free market economy and the existence of private property. Liberal economic principles are for organizing market economy to achieve higher economic growth, individual welfare and maximum efficiency. They believe that individuals always maximise their utility. Certain economic laws, which are impersonal and politically natural, structure their behaviour (apolitical). The state is needed in a situation of “the market failure” in order to provide the public good.\textsuperscript{12} There would be harmony in the end in the society. They do not believe in existence of causal relationship between advancement of capitalism and the imperialism. 'They believe that economics is progressive and politics is

\textsuperscript{11} Gilpin, \textit{op.cit.}, p. 19

retrogressive’. According to this perspective, international free trade and economic integration becomes the cementing source of peaceful relations among the nations. The third perspective is the Marxist one. In Gilpin’s words, "Marx himself viewed capitalism as a global economy." This perspective essentially is a reaction to the liberal market economy. According to this perspective, ‘private ownership of the means of production, and wage labour existence are the main characteristics of capitalism. The inherent problem in capitalism is that of over production and under consumption and anarchy causing periodic depression and economic fluctuations. The profit motive leads to over-accumulation and impoverishment of majority population in the face of unemployment and declining wages. Capitalism draws the global periphery in the market economy. The end of market would be the only means to do away with uncertain and exploitative liberal economy. However, it did not happen, partially, due to the success of liberal economy and subsequent expansion of imperialism. The fourth perspective is of the feminist thinking in reflection to global market economy i.e. feminist perspective. In Rege’s analysis, this perspective reflects its contribution to globalisation in three sub-perspectives. Their reflection is on global economy’s capacity to work as a unit in the real time, neo-liberal ideologies and belief in guiding this process, culture being homogenising and heterogenising. The first sub-perspective is gender and political economy of development, with its focus on the effects of the Structural Adjustment Programme (SAP) on the shaping of gender relations. It takes inspiration from socialist feminist tradition and argues that global market system has been "hyper-masculinised" which recognises certain knowledge as valid. Women in this process have systematically been excluded. The labour is also feminised and ghettoised. At the same time, there is consolidation of "private sphere" through emergence of neo-nationalisms. Their mobility is regularised. According to Rege’s understanding, "the history of economic inter-nationalisation through a gendered base lays the nexus between patriarchies and the capitalist enterprises makes both as an operational reality and an analytical strategy". The second sub-perspective is of post-colonial/transnational analyses as to how inequalities of class,

13 Gilpin, op.cit., p.35  
14 Ibid., p.29  
16 Ibid, p. 4559
gender, nationality, sexuality and ethnicity were created over time and space in particular ways. The emphasis is on 'the diversity of womanhood tries to understand specific process of domination and subordination'\textsuperscript{17}. It studies the incorporation of third world women in the global division of labour. According to this perspective, what is inherent to globalisation is that 'the re-domestication of women is made apparent in home based works. However, the third sub-perspective transiology or post communist perspective which emphasis on the loss of former socialist rights to employment, living wages, child care and other public services as disproportionately affecting women. The diffusion of western type of democracy is masculinising the public sphere.

In the post-colonial world, there were different models of development available to the developing world from 1950 until the 1990s. Collapse of communism and the so-called triumph of capitalism ended these options. In this time span, thinking about development witnessed a complete swing of the pendulum, from the development consensus to the Washington Consensus\textsuperscript{18}. The disillusionment with the development consensus was complete by the early 1990s. In Nayyar’s opinion, the Washington Consensus had acquired a near-hegemonic status in thinking about development, even though this hegemony did not long last due to the financial crises in Asia as elsewhere. Consequently, the dominance of the Washington Consensus began to wane, but it has not been replaced by a new consensus. By mid-2000, the situation was somewhat diffuse. There were discernible strands in thinking about development. Nevertheless, the orthodoxy embedded in the Washington Consensus remains the most influential, but with modifications as a “Washington Consensus Plus”\textsuperscript{19}.

The propagation and actualisation of globalisation discourse in the world has been carried out in the name of economic development. It is very important to remember that development here modelled on the neo-liberal growth-led ‘trickle down’ approach, which is a very narrow based understanding of development. In

\textsuperscript{17} Ibid.
\textsuperscript{19} Ibid., p. 262
Amartya Sen’s understanding, development is a process of expanding the real freedoms that people enjoy. These freedoms are both the primary ends and the principal means of development. They include freedom to participate in the economy, which implies access to credit, among other facilities freedom of political expression and participation, social opportunities, including entitlement to education and health services. Development means stability with growth like in India during 1970s. The development discourse incorporated the philosophy of “social justice”. Therefore, development with justice was integrated to the hitherto neglected, underprivileged and marginalised sections in the mainstream of the society by providing various state sponsored economic and social benefits to them. From the mid 1980s, there is shift in the development discourse that is empowerment with development, which recognizes the human person as central to the development. Economic development gets priority over human development. Individual welfare assumes importance over community welfare. After this shift, many communities are left behind. State in India has become an instrument of economic facilitator than interventionist by forgetting its historic role of offering a good life of positive liberties to its citizens.

Development in the era of globalised economy has been a contested concept. Because globalisation everywhere has been a source of debate, it can rightly be said that attitude towards globalisation is closely defined by structural positions and distributive consequences. Globalisation ideology and its universal appeals are grounded in mystifying its profound class roots and class inequalities and at the same time, there is an emergence of powerful ties among the nation states and the ruling classes within those states. It is like a new industrial revolution driven by powerful new information and communication technologies. Among the marginalised communities, there is a double anxiety because of globalisation as there is a fear of inclusion on draconian terms, and there is also a fear of exclusion from the development and upliftment process. For these communities, exclusion from the development process means exclusion from the history itself. For example, globalisation has been linked to the more rapid growth but this does not mean that it is an effective instrument for reducing poverty. Export-oriented growth strategy based

21 James and Henry, op.cit.,
on trade openness may lead to significant worries of income inequalities of households at the bottom of the income strata.\textsuperscript{22} Here, the state’s developmental role shifts from the upliftment of underprivileged to the facilitator of capital inflow from the outside nation. It concentrates more or less on the infrastructural development. The cost of this could be a reduction of the budget allocation to the social service sector. The presence of globalisation means great prosperity for the few and continuing inequality and poverty for many, so the common people need state and state intervention.\textsuperscript{23}

It was assumed that the present phase of globalisation has the 'speed' component, technological sophistication, economic integration, ideological universalism and most importantly universal consensus. However, things seem to be exaggerated. Opposition is coming from everywhere on a global scale. It creates dependency but not mutual dependency. The major beneficiaries are ‘triad’ countries of European Union, United States of America and Japan. Within the developed countries, only small minority people are getting benefits and enthusiastically promoting market economy by leaving majority of underprivileged at the mercy of the market. The term ‘inclusion’ in this process is draconian. The exclusion means exclusion from history itself. This process gives least attention to certain universal principles like justice, equality, right to be human, and to selectively choose and promote certain principles like liberty, individualism, capitalism, political and civil rights etc.

Naturally, in the capitalist society, one of the inherent problems is that of there is over production and under consumption. In order to capture markets, earlier capitalism chose colonialism. Nevertheless, in a post-colonial situation, the international financial institutions act as a masquerade behind which neo-liberal economic policies could be pushed through. Those countries, which have gone for loans, were forced to accept certain conditionalities, which are not in the interest of these countries. It could be argued that it is an imposed globalisation for these

countries. Gilpin argues that the markets are neither autonomous nor self-regulating. Rather an open world economy marked by free trade and capital mobility can be managed most effectively by rules based regimes underpinning by the state’s sovereign power.\(^{24}\) In Stiglitz’s argument, the promise of globalisation has been broken. The rules of globalisation game are not in favour of the developing nations and the poor people. He questions whether the globalisation process has the potentiality to change and enrich every one specially the poor people. He argued that the terms and conditions are decided based on ideology and politics. The policies of the international financial institutions like World Bank (WB) and International Monetary Fund (IMF) are based on assumption that there is some degree of transparency. However, these institutions are least transparent. Stieglitz is very critical about the market integration because the rich countries’ market is not accessible to the poor countries.\(^{25}\)

With its colonial legacy of economic underdevelopment, India chose economic nationalism to achieve not only the political sovereignty but also the economic sovereignty. That is why it followed the import-substitute strategy over the export-led growth. To understand changing policy priorities of Indian state over a period, it is necessary to study the nature of post-colonial Indian state.

**Nature of the Postcolonial Indian State**

No fully satisfactory representation of the nature of the post-colonial Indian state exists in the available literature.\(^{26}\) There are divided opinions regarding the pre-eminence of state in the era of globalisation. One group of scholars would argue that pre-eminency of the state could not be taken for granted in the era of expanding capitalist mode of production to a new geographical region. Susan Strange, Thomas Friedman and Kenichi Ohmae are the main scholars who argue along these lines. Globalisation reached a new higher stage. Now the individuals (empowered with e-

\(^{26}\) Terence J. Byres (1994, Eds) *The State and Development Planning in India*, Oxford University Press, New Delhi, p.44
mails, instant news and production networks) rather than national governments have become the agents of change. The world is becoming flat as national boundaries blur and more and more people compete and co-operate on equal footing.  

Another set of scholars would see presence of today’s state in a changed fashion, as there are always limits to reach the state. This does not mean that nation state has lost its relevance. They point out that states have tremendous resilience and remarkable abilities of self-perpetuation and that a strategic retreat from excessive activism may only strengthen it. Markets are neither autonomous nor self-regulating. Rather an open world economy marked by free trade and capital mobility can be managed most effectively by rules based regimes underpinned by the states sovereign power. At the same time, new closeness between nations is still more virtual than real. State authorities have shifted from market steering orientation…to market supporting orientation.

Defining state requires differentiation between state and civil society (represents private sphere, the sphere of egoism or self-interest) in any social formation. It is the relationship and mediation between the two and development planning is one such form of mediation. Civil society is site for accumulation, which is centre to capitalist transformation. The general descriptive definition of state according to John Haldon a Marxist Historian is ‘that the state represents a set of institutions and personnel…exerting authority over a territorially distinct area’. In Byres views those ‘institutions and personnel’ include whole apparatus of planning, associated work force and bureaucracy etc. in a phrase, state includes the whole ‘institutional ensembles of state.’

The nature of post-colonial Indian state has been characterised and presented variously from different ideological vantage points. First of all presenting the Indian state as a capitalist state, representing the interests of ‘the Indian ruling capitalist class; and major function of the state’ is ‘to act as an chief instrument of modernisation on capitalist lines’, to protect, develop and defend a capitalist socio-

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economic formulations. In Kaleck’s critique, it is a narrow Marxist instrumentalist view of the Indian state. Second, understanding of the Indian state as a semi-feudal state, those who are sympathetic to Maoist ideology characterise Indian state as a semi-feudal state dominated by semi-feudal structures. In this formulation, capitalist transformation is doubted, as that transformation which was assigned to the development, planning could not take place because obstacles created by the semi-feudal structures relationships. In this tradition, semi-feudal state has not been completely formulated except in Bagachi’s writing on ‘semi-feudal democracy.’

The third formulation of the India state is the Gramscian hegemonic state. Gramscians thoughts on character of state and his concepts of coercion, consent, hegemony and passive-revolution have influenced intellectuals across the world to formulate class character and concrete treatment of state. Gramsci sought to explore ‘the maintenance of class domination through a variable combination of coercion and consent’. Gramscian thought had some influence on the historians of India, especially on subaltern historians led by Ranajit Guha. Other writers who have used Gramscian concepts in Indian context are Kalyan Sanyal and Partha Chatterjee. Kalyan Sanyal provides an interesting treatment of transitional society, where entire economy has not yet come under capital. He identifies the central dilemma of a transitional society ‘that in a transitional economy, interest group located within the domain of pre-capital may have considerable influence on the state and these groups may use their power to thwart the expansion of capital if the state is allowed to intervene in civil society.’ In this sense classic impasse of development planning, indeed, capitalist development...reinforced the capital/pre-capital dualism rather than destroying it. He

30 A R Desai (1975) “State and Society in India: Essays in Dissent” Bombay, p. 139 in Byres, op. cit., p. 37
32 Hegemony seen as ‘the way in which the bourgeoisie establishes and maintains its rule. It also involves ‘the successful mobilization and reproduction of the “active consent of dominated groups by the ruling classes through their exercise of intellectual and moral leadership. See for details, Bob Jessop (1982) “The Capitalist State: Marxist Theories and Methods, Oxford University Press
33 Passive revolution encompasses ‘a reorganization of economic, political and ideological relations, often in response to a crisis, that maintains the passivity of subordinated groups and separation of leader with led
points out that ‘the dissociation of the domain of pre-capital from the process of accumulation..... (which) has posed a serious problem for the hegemonic role of capital’.\textsuperscript{36}

Marxist view considers state as an ‘instrument of class rule’.\textsuperscript{37} In this perspective, the state must be seen as ‘a set of institutions that underwrite, maintain and reproduce the exploitative class relations’. In Miliband’s terminology, the state acts at the behest of ‘the dominant or ‘ruling classes’.\textsuperscript{38} In the Indian context, class that has been ruling and dominating since 1947, it is not a single class; rather there was coalition of ruling classes with divergent class interests. This proposition is enough to reject the thesis of ‘at the behest of rendering of the state.’\textsuperscript{39} There has also been a powerful argument in favour of relative autonomy of the state. In the post-colonial Indian context, since the capitalist class was unreformed and was in an embryonic stage, state intended for a capitalist transformation. In this situation, debatable issue was whether these capitalist class/classes were in a place to use state for their own end, where the non-capitalist class dominated the scene. The state, in this situation, works more or less as a cohesive factor and prevents the social formation from bursting apart. In Byres opinion, post- independence Indian capitalist transformation could not take place because non-capitalist class was powerful than the capitalist one. In his words:

\textit{In India, in the aftermath of independence, a capitalist class, or capitalist classes, were weakly developed, and, arguably, little more than embryonic, in both town and country. A state without relative autonomy, confronting a civil society in which non-capitalist classes were powerful, could not seriously undertake capitalist transformation.}\textsuperscript{40}

Marxists and non-Marxists have made serious attempts in the past to capture the

\textsuperscript{36} Ibid., p. PE,-29
\textsuperscript{37} The class character of the state points to the classes that are the primary beneficiary of the state action or in-action
\textsuperscript{38} Ralph Miliband, (1973) “Poulantza and the Capitalist State”, New Left Review, 82 , Nov-Dev, p.85
\textsuperscript{40} Ibid., p.22
essence of post-colonial Indian state. In Marxist school, Alavi’s (1972) examination of post-colonial state in Pakistan and Bangladesh is a well articulated one, even though it does not refer Indian case, still it remained as a seminal work on post-colonial state. In Balagopal’s opinion, the first four decades of post-colonial existence can be described as a period of ‘surrogate accumulation’ on behalf of the capitalists. For this purpose, public sector was used for capital formation on behalf of the capitalists and now they want to take over. From 1947 until 1960, the nature of the Indian state was not an issue and there was no attempt anywhere to study it outside communist party circles. However, after the mid 1960, it started attracting a serious attention of scholarship, because, in Byres opinion, in the mid 1960s, disillusionment with Indian planning grew and the notion of ‘crisis of Indian planning’ spread. Within the communist parties of India, there has been a general agreement that Indian state is an ‘organ of class rule’. The disagreement has been on that of which class is dominating. In Kurian’s formulation, ‘the state in India is an organ of the class rule of the bourgeoisie and land lords, led by big bourgeoisie which in increasingly collaborating with foreign finance capital in pursuit of the capitalist path of development’; here the real disagreement exists about whether the Indian bourgeoisie was national or comprador. Hanson looking Indian state form the American political science theoretical model informs us about inadequacy of class analysis of Indian state. In his opinion, class, analysis is useful up to a point beyond that it does not offer any enlightenment. In his analysis, ‘India has an exceptionally complicated and highly fluid class structure, in which it would be futile to search for any unique source of political power’.

In Michael Kalecki’s formulation, the Indian state could be characterised as intermediate regime, Kalecki in 1966 wrote a brief essay, ‘Intermediate Regime’, published in Polish. In this essay, he attempted to capture the class nature of the state, in a formulation that was clearly intended to apply to India. This idea was strongly

43 K Mathew Kurian (1975) “Class Character of Indian State”, p. 113, in Byres, op. cit., p. 26
endorsed by K.N. Raj (1973), who attempted to give more concrete content to the idea because, Kalecki gave only a general formulation. Kalecki attempted to identify the class nature of state, in order to explain the character of the attempted to capitalist transformation (pursued via development planning), which he posits qualitatively different from the classical capitalism. However, in this brief essay he stopped of treating contradictions, which might have bearing effect on the intended capitalist transformation. Kalecki points out that the native upper middle class was weak and it was not in a position to perform the role of “dynamic entrepreneur” on a large scale. This point differed in Indian path of development from the classic capitalist development. In Kalecki’s opinion given this situation ‘the basic investment for economic development must therefore be carried out by the state i.e. via state capitalism’. It was also thought that the state has to be assigned the role of an active promoter of change and a central agency of massive accumulation. In Kalecki’s formulation, instrument of active promoter was development planning, state planning is closely connected with planning of one form or another, which underdeveloped countries cannot avoid today.

The defining characteristic of ‘intermediate regime’ is that it is a ‘regime’ a ‘state’ or a ‘government’, which represents the interests and therefore the role of ‘ruling class’ is performing by two class: the urban lower middle class and the rich peasantry’ or two factions of one class. Thus, it stands in between proletariat and the bourgeoisie and represents its interests. This class has antagonistic relationship from ‘below’ and ‘above’. From above they have antagonistic relationship with urban upper middle class or urban bourgeois who ally with foreign capital and on the other hand, from below it faces challenges from ‘small land owners’ i.e. poor peasants, landless peasants, landless labourers and poor urban population. In Kalecki’s formulations, other strata joined the identified ruling class: which it seem were beneficiaries of the regime like white-collar workers and other workers. This regime’s domestic policy has international underpinning in terms of pursuing the policy of neutrality between two bloc i.e. communist and capitalist blocs. Then it is able to

47 Ibid, p.116
receive aid from the two blocs, cleverly it is being a proverbial clever calve suck two cows. Weakness of Kalecki’s formulations is that reach peasantry represents the ruling class and poor peasantry antagonises that but in this scheme the middle peasantry is missing. Moreover, there is a misrepresentation of the character of urban bourgeois as simply under-represented in the ruling class coalition but in post-independent India, their strength has grown considerably.

**Indian State in the Development-Planning Context**

The state in India has been described contradictorily and colourfully like ‘weak’ ‘soft’ ‘overdeveloped’ ‘captured’ ‘a weak developmental state’ etc. It has remarkably displayed resilience, adaptability and finesse during moving away from import substitution to export oriented development. In Rudolph and Rudolph’s formulation ‘India is a political and economic paradox: a rich-poor nation with a weak strong state’. In the past sixty years, state has institutionalised its “stateness” by reaching to every aspect of social life. Until 1991, state occupied the commanding heights of economy and it was characterized as ‘earnestly activist state’. However, there was always mismatch between its quantitative presence and a commensurate quantitative increase in its autonomy and capacity, for it the Indian sates soft character or the ‘soft-state ‘or a state which lacking both ability and willingness to institute fundamental reforms and enforce social discipline. The state action (in-action) in developmental intervention process has been interpreted variously Indian planning, which considered as the positive intervention for economic transformation in the country assumed its specific class bias. In his opinion, ‘Indian planning was meant to benefit the industrial capitalists and the rich farmers. Kohli argued that the Indian state is ‘weak’ and ‘captured’. The state is weak because ‘the institutionalised patterns of domination within India based on alliance between the nationalist political elite (controls democratic capitalist regimes) and broad based dominant classes. This dominant alliance created hurdles in the developmental and distributive outcomes.

Not only that even the alliance was quite unfavourable for social, economical changes because each group jealously protects its prerogatives.\(^{50}\)

While retaining a deep commitment to principle of parliamentary government during the three decades of independence, the planning process under this set up was described as a new model of development i.e. approaches to planning under democratic pattern of socialism. In Frankel’s opinion, the process ‘sought to combine goal of growth and reduction of disparities, while avoiding the violence and regimentation of revolutionary change’.\(^{51}\) Under Nehru’s leadership, commitment to democratic social transformation was an integral part of economic strategy. The inherent problem with the planning process was that it was a convergence conflicting and contradictory Gandhian economics, which was against modern industrial civilisation and the Marxist track. Both the ideologies share their basic assumption about the immoral character of capitalist economic institutions. Thus, economic planning in India had grown out of consensus that emerged between both socialism and Gandhism, in Frankel’s words:

This fortuitous conjunction of “traditional” Hindu values (as they were interpreted by Gandhi) and “modern” ethical precepts in theoretical Marxism provided an unexpected basis for active collaboration between the religiously oriented, backward-looking Gandhian wing of Congress and secular-minded, modernist intelligentsia. Inevitably, at the same time as the Gandhian-Socialist consensus grew, a split began to develop in modernist ranks between the intelligentsia on the one hand and the emerging business classes on the other; the first advocating industrial development in combination with socialist reforms, the second supporting capitalist techniques and showing little sympathy for egalitarian principle.\(^{52}\)


\(^{52}\) *Ibid.*, p. 15
The post-colonial Indian state could not gather strength to launch a frontal attack on the existing feudal caste ridden social structure in the fear of disintegration of its dis-integrationist social tendencies. Thus, egalitarian principles were limited only to economic sphere through socialistic rhetoric. That is why the entire post-colonial political culture was built around accommodation of different contradicting and conflicting interests. Congress Party representing this kind of political culture accommodated dominant interests in its ranks; thus, the goal of social transformation had to pursue outside the arena of party politics. Thus, the paradox emerged between accommodative politics and radical social transformation. It was a legacy of nationalist movement, which was led by Gandhi. In Frankel’s words:

The resolution of the paradox of accommodative politics and radical social change required a substitute for a frontal assault on the strategic position of the dominant landed castes, one that could gradually undermine the vertical patterns of political organisation fragmenting the peasantry around ties of kinship, caste, and economic dependence and create the condition for peaceful mobilisation of the poor on the principle of their shared poverty; In fact, the broader outlines of such an approach has been worked out Gandhi during the early years of the nationalist movement.\(^5^3\)

Thus, India dominant classes remained formidable despite several state designed measures to dismantle them. That is why subsequently this class could gather enough strength to introduce economic reforms to further strengthen their hold. Even though the losers of reforms are in great numbers, there has not been a much of a political backlash against reforms and no serious pitched battles except occasional skirmishes. Not only at the national level, political parties, implementing reforms prescriptions at will and without opposition, but also many state-level political leaders irrespective of their political affiliation have supported the liberalisation process.

In Byres analyses of development, planning in India from that Marxist perspective is that, Indian planning development has been marked by inherent internal

caste and class contradictions. His analysis centres around two methodologies in assessing the planning development in India, firstly, in an analytical-political sense, which derives from procedures of political economy, and secondly, in a chronological-political economy sense. In Byres opinion of the post-colonial state in India, this is seeking *inter alia*, to create conditions for a successful, transforming capitalist development. Thus, the state here is viewed as ‘an instrument’, which prepares ground for capitalism and thus ensures its dominance and development, state, thus intended to dissolve economic backwardness through capitalism. At the same invoking ‘state socialism remained as an empty political rhetoric’. The capitalist development also includes capitalist industrialisation and addressing the agrarian question, in this state was deeply implicated and manifested via development planning. In Byres opinion:

*Capitalist transformation required particular kinds of class formation, relating to both dominant and subordinate classes; and a functional shift in the balance of class power towards capitalist classes. This is not to suggest ‘functionality’. It is simply to state a necessary condition of capitalist development.*

In this process, the state’s role in development planning, is decisive but with the state caught between its avowed transformative mission, as represented through five-year plans, and its representation of domination and emerging class interest, which may be contradictory. Indian state after independence in a narrow instrumental sense through developmental planning, tried to secure capitalist transformation. Moreover, in Byres opinion, also it was only a part of the state activity. There is also a general view of the state in which the state is viewed as architecture of planning; in the planning the institutions that it creates; the plans; which are generated, their content, and their economic and social strategies, their targets. State is agent and arbiter of planning. In the recent past, here in almost Hegelian assumption, state has ‘withdrawn’ from economic planning through economic liberalisation. Byres ask us to abandon the

55 Ibid, p.11
56 Ibid. p.12
57 In Hegelian account state has an independent identity and capacity to chose its own way of action
narrow instrumental view of a neutral, technocratic developmentalist state.

Bardhan argued that Indian model of planned development created vast patronage opportunities controlled by powerful coalition of bureaucrats/politician big business and the rural elite. This capture and co-opting by the dominant classes and castes undermined the states reformist and distributive capabilities. According to him, Indian democracy serves the interest of ‘dominant proprietary classes’ made up of the industrial capitalists, the rich farmers and professional bureaucrats. Import substitution policy, industrial licensing system mostly benefited the industrial capitalist class. In the same manner, rich farmers benefited from governments high support for agriculture products and subsidised credit. Bureaucratic elite benefited from political power and income through their control over ‘license-permit-raj’. This type of patronage dwindle the state resources for development and social programmes. The inter-elite accommodations enable them to utilise the instrument of state to entrench their power privileges and engage in self-aggrandizement.\(^{58}\) Bardhan in his epilogue argued that, there has been an increase in the diversity, fluidity and fragmentation in the coalition of dominant interest group, in the post-reform period of 1991. They have forged new links with private capital. Thus, the state has adapted to the exigencies of the globalisation.\(^{59}\) In the recent times, according to Bardhan there is a slow, at times grudging acceptance within the bureaucracy that the Indian state has overextended itself in the economy, far beyond its administrative capacity. There is also a new alliance has emerged between the bureaucracy and private capital. Now regional governments have much stronger links with regional capital. Meanwhile in Bardhan’s words: ‘The ideological props for pervasiveness of state control and regulations that the left intellectual community used to provide have been crumbling with the precipitous decline of state socialism in different parts of the world’.\(^{60}\) In Chatterjee’s formulation, ‘planning is an exercise in instrumental rationality. The planning was aimed at accumulation with legitimation. Chatterjee, while using the Gramscian notion of passive revolution termed the politics of planning as an instrument to achieve it. It is a process involving a politico-ideological programme by

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59 Ibid., p. 408
60 Ibid
which the largest possible nationalist alliance was built against colonial rule. It does not attempt to break up or transform in any radical way the institutional structures of rational authority set up in the period of colonial rule. Not only that, state also did not undertake a full-scale assault on all pre-capitalist feudal dominant classes in the country, rather the passive revolution limited their power, neutralised them, attacked selectively and made it part of subsidiary alliance within reformed state structures. The contradiction in the planning process was that one of rational planning and irrational politics are inseparable parts of the very logic of this state interventionist passive evolution.\(^{61}\) It is also appears as a form of determining state policy. Planning as an exercise in state policy incorporated in its most distinctive element. It constitutive experts committee appears to be an important instrument in resolving a political debate. Thus planning appears to be representing the universal rationality of state, and it was expressed at two instrumental levels: the bureaucracy as the universal class and monarch immediate existence of class. In that sense, planning therefore was the domain of the rational and pursuit of universal goals, it was a bureaucratic function, to be operated at a level above the particular interest of civil society, and institutionalised as such a domain of policy-making outside normal process of politics and execution through a developmental administration. Even though planning constituted, a domain outside politics, was to become an instrument of politics.\(^{62}\) Planning was also to meet twin objects of accumulation and legitimisation. Taking forward the arguments of Chakravarthy\(^{63}\) Chatterjee’s opined, it had two implications for planning in India. First, ‘planning had to be ‘a way of avoiding unnecessary rigours of an industrial transition so far as it affected the masses of India. Second, planning was to become a positive instrument for resolving conflict. Chatterjee argues that, India needs to be seen as an example of passive revolution\(^{64}\) and has some plausibility. In his opinion, there are two crucial features of it, which has had profound implications for the development planning and capitalist transformation in the country. Firstly, it has failed to produce a full-scale assault on the institutional

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\(^{61}\) Partha Chatterjee (1994) “Development Planning and Indian State”, in Byres, op.cit., p.51

\(^{62}\) Ibid., p.57


\(^{64}\) Passive revolution is one in which the new claimant to power, lacking the social strength to launch a full-scale assault on the old dominant classes, opt for a path in which the demands of new society are ‘satisfied by small doses, legally in a reformist manner. Such a way political and economic structures of the old feudal classes are not destroyed. Gramsci treated such situation a ‘blocked dialectic.
structures of the colonial state; and second, it has failed to attempt attack pre-capitalist dominant classes. Within this passive revolution framework, one needs to understand the issue of failed agrarian reforms and the constrained domination of capital over the nation state. The objective of the strategy of passive revolution in Chatterjee’s opinion was to contain class conflict within the manageable dimension, to control and manipulate many dispersed power relations in society to further as best as possible the thrust towards accumulation. Thus, Chatterjee has tried to show two processes—one of rational planning and another of irrational politics as inseparable parts of the very logic of this state conducting the passive revolution.

Nature of India state has always been reflects in pursuit of its economic policies, even though sometimes it could be in rhetorical form. It was true in Indian state’s rhetoric towards socialism in the initial decades of post-colonial regimes. In Das’s opinion, ‘the policies of the Indian state have been basically in favour of the propertied classes, especially the capitalist class in its current neoliberal policy.’ After waging a long battle against colonial rule, India attained independence on August 15, 1947. During the transition, it had to pass through much turmoil caused by several undesirable socio-political and economic developments. The aim of the national leaders at that time was not only to attain political independence but economic independence also. After consolidation of the political power rehabilitation of the economy from the ravages of world wars and partition, India chose to make a sharp break with the inherited colonial economic policy of Laissez-faire. That break was aimed at planned development oriented towards economic policy change, autarky and building socialism. It was said that "planning as an assertion of economic nationalism, ultimate control and direction of the national economy". This was aimed at socialism through the political means of democracy. Economic nationalism was subsumed under socialism. India’s development pattern until 1991 had consisted three dimensions. First, there was emphasis on capital goods, metal making and heavy engineering industries. Prominence was accorded to heavy, basic or investment goods industries. The second dimension was economy oriented inward looking for

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65 Chatterjee in Byres, Op. cit., p.57
66 Ibid., p.71
making India self-reliant and self-sufficient. Third, agents of change management and ownership of economy was assigned to the state itself. In the opinion of Patnaik and Chandrasekhar, the economic policy regime was not only a brainchild of Nehru and his group, but rooted in the freedom struggle itself. The economy had been dominated by metropolitan capital in the pre-Independence period. Freedom meant freedom from this domination also it would not have been possible without state taking active role in building strong economy and hoped transition to socialism. "The post-independence India became the classic case of diregiste development". Public sector occupying a sizeable economy in infrastructure and basic industries development along with private sector existence 'a mixed economy', Mahalanobis gave a theoretical basis, but, Indian state and class character of the planning became a matter of debate. Nayyar divides post-independence economic development in to three phases. The first, phase was of the years between 1947-66, in which the strategy of development was shaped by a political consensus and characterised by a long-term perspective. The second phase of 1967-90 witnessed a qualitative change in the interaction of economics and politics. Economic policies and economic development were strongly influenced by the compulsions of political democracy. The third phase, 1991-97, was characterised by an absence of consensus and a presence of short-termism, in which the economics of liberalisation and the politics of empowerment seem to be moving the economy and the polity in opposite directions.

The Mahalanobis model was founded in the historical commitment of freedom movement to economic nationalism. The model was conceptualised in 1955 in the approach of operational research to planning in India, was applied in the 'plan game' under the title of 'Draft recommendations for the formulation of the second five year plan (1956-61). The basic capital or investment goods industries was retained by the government and consumer goods industries, household industries, agriculture, service industries were allotted to the private entrepreneurs. This model envisaged a 'transition phase' during which labour intensive small-scale and

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household industries work for the sake of higher employment. The major components constituting a development pattern of this model were, building powerful major industrial base through investment in capital goods industries, inward orientation of the economy and subordination of small-scale industries to the capital goods industry. The problem was that no balance of payment considerations entered into calculations of this mode, no foreign trade considerations entered in to this model. The ownership was retained with the state 'this model had a sound basis in the economic theory of that time.\textsuperscript{72}

The heavy industry strategy was to strengthen Indian economic position and national independence. The development of cottage and household industry can provide employment and consumer satisfaction. Nehru wanted ever-expanding public sector on the commanding heights. His ideological pillars were socialism, nationalism, democracy; plans were not for profits but for social gains. According to Patnaik, Nehru and his economic model represented a particular class or suited for the class, the Indian bourgeoisie. The plans were all in line with objective of the bourgeoisie. As a class configuration, prevailed upon which industrial capitalism was to develop, dictated in broad terms, a certain course of action and the Mahalanobis strategy fitted in with this model.\textsuperscript{73}

Nayar characterises Indian state from 1950's to 1990's as in between mercantilist socialism and liberalism. With its second five-year plan, the Indian state launched to transforming India into an industrial and socialist society characterised by national-self-reliance. The political means were democracy and economic goal was socialism. He opines that there was incongruence between economic goals of second five-year plan and political system of India. Plan was ambitiously goal determined rather than a resource based. It imposed forced savings; the emphasis on heavy industries, which was a long gestation associated, surpassed the already difficult employment situation. The agriculture was neglected and the government assumed greater burdens on its shoulders.\textsuperscript{74} Indian democracy was just installed from the up, not worked from bottom up, it was formal than substantial. Before proper

\begin{flushright}
\textsuperscript{72} Ibid., P. 59  \\
\textsuperscript{73} Ibid, p. 110  \\
\textsuperscript{74} Nayar, op.cit. pp. 88-101
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implementation of this ambitious model, there arose a foreign exchange crisis in 1957-58. Lack of resources and the concentration of maximum resources on core planning of developing industry food shortage arose, inflationary tendency set in. There were limited imports allowed. Very soon, India went for obtaining loan from the IMF. Though the exchange crisis accentuated, India signed an agreement to provide food grains under PL480. Very soon it became dependent, as already India was suffering from backwardness of economy, dependency in agricultural development, scarcity in capital goods, were aggravated with recent dependency on the west, especially United States.

After Independence, Indian economy was made an insulated one. The state chose to occupy the commanding heights in the developmental process. However, the technological backwardness became major impediment for industries incompetence. The economy was forced in tandem with WB dictates; at the sametime, the country encountered two wars with its neighbours. The third plans major problem was on the food front during 1964-69. Some economists started proposing liberalisation policies, like priority to agriculture, economic liberalisation through relaxation of license and economic control, reliance on market forces.\textsuperscript{75} The WB team visited India in 1964 headed by its president to, examine the requirements of the fourth five-year plan. It endorsed new Agriculture policy, by that time it had not imposed any strict conditionalities favoured against agrarian reforms or cooperatives also recommended liberalisation and devaluation of rupee. When Mrs. Indira Gandhi become the prime minister in 1969 favoured this and chocked-out the path. Though in the 1960’s, industrial licensing remained unchanged, devaluation also could not show much impact on monetary system. Nevertheless, agriculture policy removed any possibilities of socialist transformation of agriculture. India’s dependent position of colonial legacy, and U.S. hegemonic global power to keep others dependent on it, shattered any radical transformation of Indian economy. Not all these happened under the guidance of planning commission. In the year 1969, the Congress government lost its credibility. It compelled Mrs. Gandhi to reverse the economic liberalisation policies. Old socialist rhetoric appeared in the political circles and ‘remove poverty’ become the populist slogan. Some positive measures such as the restrictions on big

\textsuperscript{75} Ibid., pp. 97-99
business, constraint on foreign business, nationalisation of private banks etc. were taken. The new licensing policy reversed the liberalisation of mid 1960's. Emphasis was made on public sector expansion and certain industries exclusively were reserved for small-scale sector. Socialism found real expression in practice.

There was a retreat from radicalism during 1974-1984. India faced economic crisis, threat to national security, Bangladesh war, and there was huge influence of refugees causing drain of food and finance. The U.S. discontinued its economic assistance. India had to spend foreign exchange on food import on the high priced international market, which put strains on balance of payment. The Organisation of Petroleum Exporting Countries (OPEC) oil price hike primarily affected Indian economy in 1973, and its effect was visible on fertiliser and agriculture production. The poor performance of public sector also aggravated the situation. All these developments added to the losing legitimacy of the congress government. In 1973, Mrs. Gandhi disillusioned and shifted her economic policies towards growth-oriented strategy. She started taking stern actions against employees. There were series of strikes taking place. "The policy shifted from the pursuit of social justice and socialism to discipline in the management of the economy through the adoption of orthodox measures." It resorted to cure economy through policy shift towards economic liberalization measures. After Emergency, the Congress party was defeated in the 1977 elections. It came to power again in 1980, and continued the old policies of liberalisation. Again, the oil price hike by OPEC in 1979, country had to confront with an enormous crisis in balance of payment. The policy change manifested in respect of liberalisation of some selective sectors, tougher attitude towards performance in public sectors. Deregulation and competition became the watchwords. IMF provided a massive loan. New industrial policy was announced which the industrialists hailed. The liberalisation was an internal crisis as well as a world phenomenon.

Following the death of Indira Gandhi, her political successor Rajeev Gandhi became the prime minister. In his tenure as prime minister during 1985-90, he made

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76 Ibid., p. 114
77 Ibid., p. 119
liberalisation as the centrepiece of his politics programme. In his view, growth was an essential requirement for modernisation, to make India an advanced nation in the 21st century. He took out the inherited socialist framework for the economic agenda. His tenure marked by "any absence of economic crisis is indeed the most distinctive aspect of his liberalisation efforts compared to all earlier policy shifts." Rajeev Gandhi was committed to liberalisation, and reliance on private sector. Government role was shifted towards facilitating growth. In three areas, changes manifested in taxation, industrial licensing and trade policy. Direct and corporate taxes were lowered. The opposition came from the left parties, and within congress, government retreated from the liberalisation policies by realizing that these policies were not helping the poor. Once again, unequivocally congress proclaimed its commitment to socialism. In the year, 1989, National front government an unstable coalition went on with further liberalization of industrial policy.

During the regimes of Mrs. Gandhi and Rajeev, there were policy-orientation towards liberalisation, and economy was still a controlled one. In the year 1991, there was continuity with 1980's reforms marked acceleration and paradigm shift. It was a great historical event, because the earlier regimes had brought economy to a point of collapse. According to Patnaik and Chandrasekhar, high inflation, lowering foreign exchange reserves had caused the shift. However, more over crisis was speculative in origin. The speculation was unrelated to the real economy. Vulnerability of speculative forces in part was a result of its gradual liberalisation. The inflation shot-up badly and it affected the poor. Trade balance was worsening because of gulf war and high oil import bills. There was also current account deficit. They opined that India could have overcome balance of payment crisis, and restored the confidence among the investors. There was also chance for accepting low-conditionalities from World Bank and IMF, instead of going for a whole gamut of SAP. It happened because

The planning process took a back sit thus the constitutional vision of achieving egalitarian social order. Because the planning process that was also influenced by the constitutional vision of achieving egalitarian social order envisaged in Directive

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78 Ibid., p. 121
79 Ibid., p. 124
80 Patnaik, and Chandrasekhar, op.cit., p. 3001
Principles of State Policies (DPSP). It was accepted as the guide to the ‘economic and social pattern to be attained through planning’. According to Haragopal, these very principles came under heavy attacks with result of liberalisation of Indian economy. In his opinion, the India constitution has progressive provision in the form DPSP that would promote common good in the country. During the economic crisis, the Indian government adopted structural adjustment programme (SAP) designed by international lending institutions like IMF and WB. It had serious implications for the people and even more so for the working class. He further argued that the part III of Indian constitution had been abridged ever since it came into force. The implementation of the SAP required abandoning of Part IV of the Indian constitution. It would further result into the marginalisation of the Constitution itself.\(^81\)

As discussed earlier, the integration of developing countries into the process was made through the conditionalities of the international financial institutions. When India faced economic crisis in 1991, WB and IMF decided to support India to tide over the crisis. However, they attached a precondition. The IMF made India to accept this precondition. India accepted article VIII of the articles of agreement of the IMF. The clause reads:

*No member shall without the approval of the fund, impose restrictions on the making of payments and transfers for current international transactions*\(^82\)

This implies that, any one whether domestic importer or foreign exporter, should be able to exchange domestic money for foreign currency to settle any transaction involving sale and purchase of goods and services from abroad. It was after only India signed this article of IMF that the foreign funds and investments started flowing in. Consequently, India had to amend the Foreign Exchange Regulation Act (FERA), and the rupee was made convertible on current account.

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Economic Reforms and the State Intervention

Somehow, India chose the path of economic reforms in a big way in July 1991. Who were behind India's liberalisation policies? Were the economic development policies adopted by the Indian government flawed or there were some external forces compelled India for this policy? Economic reform policy consist two components, economic stabilisation and structural adjustment programme to come out from the situation of defaulter in balance of payment front. India chose to go for stabilisation and seeking help from IMF became inevitable to the restoration of macroeconomic stability and international confidence. That year budget allocation was drastically cut down on social sector and capital expenditure. The economic orthodoxy was revived in order to meet the conditionalities set by IMF and WB. The shrinkage of state in favour of market started.

What are the reasons behind the liberalisation in the country? For Nayar, the internal policies of economic development were defective. The strategy of heavy industrial development was beyond the means of Indian economy. The ideologically oriented strategy could not produce any surplus to reinvest in other industries; the recurring losses were to be borne by the government. In turn, it had to depend on the external aid. There was a gross neglect of food economy and agriculture sector. In the last quarter of the century, India's dependency increased along with economic marginalisation and the growth rate could not cross the Hindu growth rate of 3.5 percent. For him it was a poor performance of the economy rather foreign pressure being the cause for the policy reversal. Marxist scholars like Patnaik and Chandrasekhar would argue that there were contradictions in Indian economy, which state could not tackle effectively. State had to meet the growing expenditure to make sure the domestic market expansion. It worked in a negative way in the absence of any effective reforms to meet this expansion. The state’s inability was visible to maintain or impose minimum discipline and respect for laws among the capitalists especially laws related to tax. Industrial goods production was narrow based in contrast to metropolitan innovative production. The affluent section of the society favoured policy change from the beginning and they compromised with metropolitan class. For them, the imperialist pressure against India's economic regimes was the
main cause for the policy for instance WB coerced government of India to accommodate oil multinationals. Thus, India was made to become part of the world market economy. There are arguments for and against these types of reforms form different ideological vantage points.

Thus, the economic reforms in India were a culminating point of divergent views on the political economy of the country. The liberalisation process was set to have a fundamental departure from the past in independent India. First, economic growth combined with economic efficiency became the objective function. Second, there was a conscious decision to substantively reduce the role of the state in the process of economic development and rely far more on the market. Third, the degree of openness of the economy was increased significantly and at a rapid pace. In sum, India moved from a quest for state-led capitalism to a world of market-driven capitalism. The post reform economic growth rate has accelerated in Indian economy but this has been accompanied by the growing inequalities. In Kohli’s words ‘unlike much of high growth East Asia, the Indian economy has grown within the framework of democracy.’ Kohli attempts to analyse whether India’s growth rate acceleration resulted from the states embrace of neo-liberal policies or some other complex identifiable pattern of state intervention. Definitely state intervention has been playing decisive role in the growth story. What was wrong with Indian state when it was struggling to keep its promise of becoming a self-reliant economy through growth with distributive consequences? Kohli provides us with clue of Indian state’s capacity, in his words: “the India’s sluggish economic growth from 1950 to 1980 was a product, not mainly of state’s market distortions but of a mismatch between the limited capacity of Indian state and the highly ambitious statist model of development.” Any growth performance in a comparative context suggest two observations in India, first any successful growth story must take into consideration ‘the favourable initial conditions’ like robust indigenous industrial sector and low

84 Nayyar, op. Cit., p. 3127
86 Ibid., p. 1252
foreign debt economy around 1980s in the country, and second, realisation of the fact that the “Washington consensus” has not worked well in many parts of the world.

There are two strategies and interpretations of the state intervention in India’s economy i.e. pro-market and pro-business in the post-reform time. Pro-market strategy emphasises on economic liberalisation. It supports new entrants and consumers in the market unlike pro-business strategy, which supports already established producers. Pro-market strategy rests on the ideas of free play of markets, which is suppose to lead efficient allocation of the resources, as well as promote entrepreneurs who would boost the production and growth. The so-called “Washington consensus” “neo-classic economics” inspired it. Proponents of this strategy are critical to the earlier state intervention strategy. In this strategy specific policy suggestions emerged like, privatising public sector enterprises, cutting public subsidies, reducing public role in determining prices, devaluation, reduction of tariffs and opening of markets to foreign investors. This strategy based on following beneficial outcomes: higher rate of economic growth, pursuing comparative advantage which would create labour-intensive industrialisation, thus rapid employment growth, the term of trade would shift towards country side benefitting rural poor, and since capital moves towards resource scares areas in search of higher returns, regional inequalities would be reduced overtime, thus mitigating inequalities”.87

The pro-business strategy included the changing role of the state in India since 1980s; it included abandonment of left-leaning, anti-capitalist rhetoric and politics, prioritising economic growth, and a slow and steady embrace of Indian capital as ruling ally.88 It also included among other things, repression of labour force and economic nationalism as guiding principle of the economy. It mainly supported the established producers instead of the new entrants in the economy. Form 1980s onwards, the pro-business political and policy changes are responsible for the recent growth acceleration. Until 1980s, state policies were aimed at redistribution, now it has been replaced with pro-growth and pro-business strategies. The argument here is

87 Ibid., p. 1253
88 Ibid., p. 1252
that the success or failure of economic growth is not much a function of the degree but the quality of state intervention. It is the question of how the state has established its intervention through a more institutionalised form with the private sector of the economy. State’s exclusive commitment to higher growth coincides with the profit maximising of the private sector. It developed from the real application or experience of south East Asian economies. The policy it pursues includes expansion of monetary and fiscal policies, tariff exchange rate that is aimed at boosting domestic demands and coercive labour discipline. This narrowly focused model of development would have consequences as expressed in Kohli’s words:

> When a democratic state is narrowly committed to growth and business groups, not only is the quality of that democracy likely to suffer, but it is also likely to create distributional and political problems. The three most evident in India are, growing region and class inequalities, with political ramifications, the utilisation of ethnic nationalism-instead of the less volatile, interest oriented appeals- as a tool of political mobilisation; and a rapid turnover in ruling governments.\(^89\)

From the 1980s onwards, India experienced accelerated rate of growth because of sure and slow adoption of new development model by replacing statist and nationalist model of development of Nehru ear. It was accentuated towards a populist direction by Mrs. Indira Gandhi around 1980s in the direction of a state and business alliance for economic growth.\(^90\) After national emergency, Mrs Gandhi down played the distributional concerns, prioritised economic growth, and sought an alliance with private sector. She also adopted anti-labour stance and reduced significance of economic planning. Thus, her populist slogan *Garibi Hatavo* ran out of steam. Politically, Mrs Gandhi might have calculated that realignment with big capital may not be too costly either. There are three main components of new model of development. First, prioritising economic growth as the state goal, second, supporting big business, and third, taming labour as the necessary aspect of this strategy. In the 1980, the government started implanting these policy changes. Within six months of

\(^{89}\) *Ibid.*, p. 1252  
\(^{90}\) *Ibid.*, p. 1255
coming to power, Mrs. Gandhi put out a new industrial policy statement that put “maximising production” as the state’s priority. Subsequently, several committees were constituted to give appropriate policy recommendation to suit the changed state priorities. There was emphasis on deregulation but Indian state and business class advocated a much activist state, which would spend more, control labour more and support capital actively. In Kohli’s analysis, this is a shared elite policy preference within India, were thus clearly more pro-business than pro-market’. Hitherto reserved public sector industries were opened for the big business private sector enterprises. Rajeev Gandhi adopted and accelerated this process, all together ‘socialism’ pretentions were dropped, and economic liberalisation heralded. The political problem, which arose out of this policy shift, was dealt with by invoking ethnic sensibilities. However, it proved true that ‘Indian Reforms has not followed the free market logic of capital moving to scarce areas. The logical evident is more akin to ‘a Mathew effect’, namely, ‘to him who hath shall be given’.92

The reforms in India, as discussed earlier, represent two sets of views in the political economy literature. One was an optimistic rosy view, which argued in favour of reforms as an irreversible process. The other view is a pessimistic one, and it argued in the backdrop of political fallout to the reforms process in the context of coalition political rag-tag. Pranab Bardhan93 would take a somewhere in between centrist view of reforms per say differentiating with the view of Bardhan, Rob Jenkins takes the view that the reforms in India was introduced by stealth.94 It means a great deal of substantial reforms has been accomplished, avoiding major headlines or political confrontations. Consequently, slow but steady creeping reforms have set in. While agreeing some of the arguments this view made, Bardhan differentiates on several fronts. Bardhan argued that there is a politics of reforms and here the politics represents distributive conflict, about winners and losers, and how they are organised about it or fail to.95

91 Ibid., p. 1256
92 Ibid., pp. 1361-1370
95 Bardhan, op.cit., p. 400
The situation after the reforms has become a zero-sum game. In Indian political economy, according to Nayyar, ‘the real issue is the tension between the economics of markets and the politics of democracy. The problem, he argued that, is compounded because markets exclude people, particularly the poor’.\footnote{Nayyar, \textit{op. Cit.}, p. 3121} In his opinion, ‘it is important to recognise that while democracy may be about the tyranny of majorities, markets are inevitably about the tyranny of minorities’.\footnote{\textit{Ibid.}, p. 3122} In the post reforms period, since 1991, Indian economy has been growing at a faster rate. It is true that economic growth enhances its potential for reducing poverty and solving the other social problems. However, it is evident from the experience that economic growth has not been followed by similar progress in human development, which is more inclusive and comprehensive than just accumulating national income. Instead, growth has been achieved at the cost of greater inequality, higher unemployment, weakened democracy, loss of cultural identity, or over consumption of natural resources. Economic growth is not merely the ends but also the means to the larger overall- well-being. Growth should be converted in to higher living standards, human development by keeping in mind the considerations of equity and justice. Moreover, object of claim as right. Policies adopted to increase economic growth must be consistent with human rights standards. It must be equitable, non-discriminatory, and participatory which conformity of equity and justice. If improvement of people’s well-being were the objective of development, then economic growth consisting of the accumulation of wealth and the growth of GNP would not be an end in itself. It can be one of the ends, and it is a means to some other ends.\footnote{Arjun Sengupta, (2000) “Realizing Right to Development”, \textit{Development and Change}, 31(3), June, p. 568} There is a major disjuncture between politics and economy in India as far as economic or market reform is concerned. We are informed that market has arrived in India to stay and shape the economy of the country on the assumed political consensus. On the other hand, according to Bardhan one development has captured the political imagination of the nation, which in essence is anti-market, i.e. the propagation of group equity and caste rights in the country.\footnote{Bardhan, \textit{op.cit.}, p. 410} Thus, the ruling elite of the country introduced reforms

\footnotesize{\textsuperscript{96} Nayyar, \textit{op. Cit.}, p. 3121
\textsuperscript{97} \textit{Ibid.}, p. 3122
\textsuperscript{99} Bardhan, \textit{op.cit.}, p. 410}
with certain level of political and economic calculations. However, the poorer section, which is not competitive enough to take advantage of these reforms have became the easy prey of the market economy, which is predatory in nature.

**Understanding the Suicide Phenomenon**

The concept ‘suicide’ is one of those deceptively common-sense terms that everyone knows but the meaning and causes of which are strongly disputed. Durkheim defined suicide as "all cases of death resulting directly or indirectly from a positive or negative act of the victim himself, which he knows will produce this result." Durkheim had had used extensive statistical data to support and conceptual theories in his work on suicides. In Abraham and Morgan’s opinion, this was meant Durkheim refuted theories based on psychology, biology, genetics, climate and geographic factors. He speaks of suicidal currents as collective tendencies that dominates some very susceptible individuals and catch them up in their sweep.

While rejecting extra-societal reasons for suicides at the conclusion Durkheim says suicides are actually explicable aetiolgically with reference to the social structure, which may induce, perpetuate or aggravate. For him, the suicide rate is factual order, unified and definite for each society has a collective tendency towards suicides, a rate of self-homicide, which is constant for each society so long as the basic conditions of its existence remains the same. When Durkheim collected his data, he found that suicide was higher among Protestants than Catholics, because the Catholicism has condemned it as mortal sin. Suicide rate was found lowest among Jews. It was high among single people than married people and lowest among married people with children. The rate of suicide declined with each additional child a parent had. Suicide was higher among soldiers than among civilians. It was higher for officers than enlisted men, and among enlisted men, it was higher for volunteers than draftees. The suicide rate was higher in times of economic depression and economic booms than during more stable periods. Durkheim's analysis led him to identify three distinct

102 Ibid,
patterns of suicide. The three patterns most commonly referred to are egoistic suicide, altruistic suicide and anomic suicide.

Egoistic suicides happens when the people who are not strongly supported by membership in a cohesive social group. As outsiders, to sustain them in their lives, they depend more on themselves rather than on goals of the group and rules of group conduct. In times of stress, they feel isolated and helpless. These suicides occur when the ties binding the individual to others are weakened owing to the absence of adequate social integration. As a result, individual’s participation in social activities becomes less and isolation increases. As a result, life lacks purpose and meaning, the subject experiences a loss of direction, a sense of apathy and finally and absence of attachment to life itself. The altruistic suicides take place when the people are deeply committed to the group norms and goals by subordinating their own goals. They do not value their lives in front of the goal of the group or organisation. They get ready to commit suicide whenever the group demands for that. In other words, it results from over-integration of the individual into his social group. These suicides involved dying for a cause.

Anomic suicides are very common when the society is in crisis or rapid change. In such times, customary norms may weaken or break down may happen. With no clear standards of behaviour to guide them, many people become confused, their usual goals lose meaning, and life seems aimless. Such situation generates feelings of failure and disappointment, which lead to the growth of what is termed as ‘suicidogenic impulse’. Durkheim views anomic as the chronic state of modern socio-economic system i.e. capitalism and hence industrialisation. Anomic suicides are attributed to unlimited aspirations and the breakdown of regulatory norms. When there is mis-match between aspirations and actual situation or when there is, a sudden economic crisis deregulates the normative structure of the society. These changes upset the societal scale instantly but a new scale cannot be immediately improved. In this situation poverty works against suicide because it itself is a restraint. Durkheim views that the incidence, the meaning and the cause of anomic suicide are all linked to the new conditions faced by the rural populace because of rapid economic changes.

Durkheim gave equal weightage to social causes over psychology.\textsuperscript{104} According to him, the act of suicide is an individual phenomenon the causes of which are nevertheless located in the wider socio-economic context. In his own words, “the victim’s acts which at first seem to express only his personal temperament are really the supplement and prolongation of a social condition which they express externally.”\textsuperscript{105} What has the outward appearance of taking one’s own life may in fact be the result of irresistible pressures exerted by those in the wider context. He attributed anomic suicide to unlimited aspirations and the breakdown of regulatory norms i.e. collective order of the society, which works as moral force that can effectively restrain the social and moral needs. However, occasionally this mechanism breaks down and normlessness ensues, in Durkheim’s words:

\textit{But when society is disturbed by some painful crisis or by beneficent but abrupt transition, it is momentarily incapable of exercising this influence; thence come the sudden rises in the curve of suicide...in the case of economic disasters, indeed, something like a declassification occurs which suddenly costs certain individuals into a lower state than their previous one. Then they most reduced their requirements remained, their needs, learn grater self-control. All the advantages of social influence are lost so far as they are concerns; their moral education has to be recommended. But society cannot adjust them instantaneously to the new life and teach them to practice the increased self-repression to which they are unaccustomed. So they are not adjusted to the condition forced on them, and its very prospect is intolerable; hence the suffering which detaches them from a reduced existence even before they have made a trail of it.}\textsuperscript{106}

In pre-industrial societies, suicide was not an act of despair but of abnegation. Suicide

\textsuperscript{104} The view that “...economic distress does not have the aggravating influence often attributed to it....it tends rather to produce the opposite effect. There is very little suicide in Ireland, where the peasantry leads to wrenched life. Poverty stricken Calabria has almost no suicides: Spain has a tenth as many as France. Poverty may even be considered as a protection (Durkheim, 1952, p.245). in B.B. Mohanty, \textit{Op. Cit.}, p. 244


was defined as a culturally virtuous act. Nevertheless, Durkheim located suicide epistemologically and politically within the framework of the negative views he held about the wider process of socio-economic transformation. These related to the breakdown of both the division of labour and the ‘organic solidarity’. He attributed it to the pre-industrial societies and corresponding rise of individualisation connected with the spread of industrialisation. In his view such developments leads to social disintegration. In pre-industrial societies, suicides are reflection of social cohesion resulting in altruistic suicides. However, in more industrialised societies it is the result of absence of community i.e. individualisation coupled with alienation. Nevertheless, in Durkheimian notion the present agrarian suicides are egoistic in nature. In these suicides, individuality is being prevented from assertion, so it reaffirms the importance of community. The degree of individualisation varies in relation to the domestic environment such as family. Durkheim deplored the negative impact of industrialisation on rural society in the form of organic solidarity, which emerged because of social differentiation and division of labour. Organic solidarity emerges by breaking the mechanical solidarity of primitive societies, which were considered as contended society. In Mohanty’s opinion in the recent past in India Durkheimian pre-industrial agrarian society was present in terms of traditional rural society. Now agriculture modernisation in the form of Green Revolution and other liberalisation of agriculture economy has brought a sudden change in the socio-economic structures of the rural India.

Farmers’ Suicides in other Countries

However, suicides by farmers in different parts of the country in the past two decades have changed discourse on Indian agriculture completely. This change had come when the debate on agrarian economy was shifting from the debate on mode of production of 1960s to the growing crisis in 1980s to the farmers’ suicides in the recent decades. The suicides are taking place in the country in the backdrop of Indian

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107 Organic solidarity develops out of differences, individual’s moral and mental similarities are disappeared, society is characterised by specialisation and division of labour and individualism.
108 Mechanical solidarity is solidarity of resemblance. People are homogeneous: mentally and morally; they feel the same emotions, cherish the same values and hold the same things sacred. Communities are, therefore, uniform and non-atomised. It arose from similarities of individuals in modern societies.
109 Mohanty, op.cit., p.247
agriculture acquiring progressively ‘small farm character, focus is shifting from food crop to commercial crop, new input such as seeds occupies a prominent place in the inputs; apart from that Indian agriculture slowly but steadily being linked with the global market. Thus, nonetheless suicide is the manifestation of a larger crisis in agrarian capitalism—an intrinsic characteristic of capitalism. It is also to be located with the international agriculture business when the terms of trade was becoming more and more hostile to it. Moreover, this situation was accentuated with more and more rural biased policies of government since 1980s. The crisis was also reflected in the farmer’s movements in the form of long marches etc and in the discourse and debates in reflected in the forms of debates on urban biased policies, unremunerative prices, growing indebtedness, marginalisation of agrarian concerns in the policy formulations etc.

In the globalised world, peasants form various parts of the world are becoming victims of market fundamentalism. Farmers in countries like India have become vulnerable to these changes because the growing number of small and marginal farmers in India has enhanced the vulnerability. These segments of farmers are new to negotiate with market forces. Agriculture as a profession is not new for them but market is. At the same time, their inability has not only increased with emergence of market economy but even their inability has increased to negotiate with changing civil society and state in the wake of globalisation. Here the apparent reasons are ‘ongoing drought and financial debt restructuring, falling commodity prices, however the ultimate reason is the way the globalisation has created the volatile economy and de-peasantised/ displaced larger category, collectively have been destroying peasants’ lives.’\textsuperscript{110} Thus, the farmers are very fast losing control over their lives. Nandy’s Psychoanalysis highlights the increased helplessness of farmers in the globalised economy:

\begin{quote}
There are millions of poor in this world; they have all not committed suicides. In normal times, the rate of suicide is not higher amongst the poor….. So suicides and other forces of self destructiveness have other source of
\end{quote}

origin….What you see amongst farmers of India is a sense of desperation and despair, and that is to do with the fact that while they were previously poor they had control over their lives, profession, work. They might have been poor but they were poor with a minimum amount of dignity, a minimum sense of control, some pride in their work, in their own profession and their lifestyle. Now changing times have taken away the pride, taken away the control. They are being reduced to machine that produce agricultural commodities for the sake of the markets which they do not know, with the help of technology that they cannot understand and utilise, are taking decisions which are not really their own, where there are no option. It is a controlled world where you do not know who controls you, and when that world collapses. You do not know how to handle it. That sends a sense of despair and that leads to suicide\textsuperscript{111} ...

Peasant suicides have been reported from all over the world. “while quantitative information reveals many facets of suicides, a major problem experienced in suicide research has been the identification and qualification of many ‘events’ ‘actors’ ‘stressors’ or ‘triggers’ actually leading to suicide and ‘para-suicides.\textsuperscript{112} There is direct connection between globalisation, severe economic crisis of African continent, struggles of indigenous people in Latin America and farmers’ committing suicides in Australia, India and England. This connection is of globalisation of world economy, connecting each of the individual economy and each social group within the economy.

In the recent past, Australian hinterlands have emerged as the centre of the farmers’ suicides, in which 17 people in every 100,000 people committed suicides between 1988 and 1998; nearly 2,000 farmers have committed suicides in the last five years. In Australia, approximately one male farmer dies from suicide every four days, a rate that is significantly higher than that of non-farming rural men and of the general male population. Psychoanalysis of suicides among the farmers in Australia finds out

\textsuperscript{111} Ashish Nandy as cited in Kamal Nayan Kabra 2004, ‘Victims of Market fundamentalism, Mainstream, July 3, p.9
a variety of factors contributing to suicidal ideation and behaviour.\textsuperscript{113} Given the strength of the relationship between depression and suicide in the general population, one obvious factor which might have contribute to the elevated suicide rate amongst farmers is a higher prevalence of depression amongst this occupational group.\textsuperscript{114} The study stresses on the contextualising suicides ‘the vast majority of farmers do not contemplate, let alone complete suicide. It is individual personality, gender, relationship and contextual factors that must be better understood if the unacceptably high suicide rate amongst farmers is to be tackled.’\textsuperscript{115}

In the United States of America, just in three provinces since 1999 1,100 farmers’ have committed suicides. China has also adversely affected by the economic liberalisation, which in Chinese context involved the privatisation of land in rural collectives and the decline of the latter as a secure form of employment and income.\textsuperscript{116} At the same time, at least one farmer suicide recorded in every month in United Kingdom.\textsuperscript{117} In U.K, the rising incidence of suicides among the farmers and agriculture workers has been linked to the process of economic liberalisation that began in the 1980s.\textsuperscript{118} This process involved withdrawal of subsidies to the agriculture sector, de-regulation of agriculture commodity price and increased competition from global market; all of it took place without providing adequate safety net. In UK, suicides have been linked with loss of financial resources and status within the already isolated agrarian communities. India is not unique to this kind of situation in a globalised economy.

\textsuperscript{113}These factors include the following: social factors such as loneliness, social isolation and relationship breakdown; genetic influences; physical illness, particularly chronic debilitating or painful illnesses; mental health problems and mental illness, particularly depression; and the availability of means to harm oneself. Consistent with this, a range of factors have been proposed to account for the high rates of suicide amongst farmers, including mental illness, physical illness, financial and business-related problems, reluctance to seek help, ready access to lethal means.


\textsuperscript{115} Ibid., p.9

\textsuperscript{116} See ‘China Finally Faces Up To Suicide Crisis’, 2004, \textit{The Observer}, 21 November


\textsuperscript{118} See for details, Down and Out on the Farm (1987), \textit{The Guardian} (London), 12 march
Patterns of Development and Agrarian Distress in Andhra Pradesh

Andhra Pradesh (AP) comprises of Coastal Andhra, Rayalaseema and Telangana regions. Each region is marked by distinct characteristics. It is the fifth largest state in terms of the area in the country. The economy of the state is agrarian in nature. In recent years, the plan allocations to the priority sectors such as agriculture, irrigation has been declining from plan to plan. Agricultural sector in AP still contributes to more than one-third of Gross State Domestic Product (GSDP). It supports more than two thirds of the rural population. The development of agriculture is an essential pre-requisite to the state. The increase of electricity charges and gradual withdrawal of subsidies to agricultural sector also increased cost of cultivation unremunerative cultivation. This has led to unrest among the farmers resulting suicide deaths especially in Telangana region.\(^{119}\)

Increased vulnerability is one of the indicators of agriculture sector, because, the sector operates under a large number of constraints. They seemingly operated in a private domain and therefore it is believed that the individual farmers take most of the decisions. However, the reality is that the state policies affect the sector from both action and in-action. That is why role of the state in decision-making process of the farmers is quite prominent and well entrenched. The gradual shift in India’s policy priorities towards liberalisation has been well documented. The major policy shifts happened in key areas like trade, agriculture input market (seeds, fertilisers, power sector, irrigation sector, institutional credit, and food subsidy) and so on. It has had direct impact on the agrarian population and the rural poor. In the post-liberalization period, India removed quantitative limits on 470, agriculture products trading in 1998. It was further liberalised to 1400, agriculture products in 1999. It enabled large seeds producers particularly with foreign collaboration to access seeds from international sources. As a result, there was a shift from indigenous to hybrid seeds supplied by Multi-National Companies (MNCs). At the same time, state’s withdrawal from seeds subsidies made the situation complicated. This forced farmers to lend money from moneylenders in rural areas of Andhra Pradesh. It gave free hands to international

\(^{119}\) Patterns of Development in India; SER Division Planning Commission, *op.cit.*, 41
agriculture traders to import cheap subsidised goods from other countries. Indian farmers were forced to sell their products below their input prices. It reflected the inability of Indian farmers to compete in the international market to get reasonable out-put price. Seeds, input industry were liberalised. Since then, the farmers were forced to depend upon the corporate seeds. Many times, it resulted in free and un-impending entry of spurious seeds. Gradually, since 1991, fertiliser subsidies were reduced. Part of the power sector fell into private hands and the state withdrew the subsidies in this sector. Andhra Pradesh was an instance in power sector reforms. The Water Users association (WUA) in the state replaced irrigation sector management. As a result, the decision, making power at the village level fell into the hands of the landed gentry. Institutional credit was replaced with the micro-finance institution, so rural poor and farmers had to depend upon private financial sources for their agricultural development. Food subsidy gradually replaced by the target group concept, and it was limited only to the poorest of the poor.

In the area of investment in the public infrastructure development such as irrigation and power, the state actively retreated. In addition, the state withdrew its agriculture extension services. In the state, government corporations or co-operative institutions like, Andhra Pradesh Irrigation Development Corporation, Agro-industries Corporations, Seeds Development Corporation were closed-down. The co-operative sugar factories and co-operative spinning mills, which were envisaged to help the farmer, were closed-down. All these measures taken by successive governments in post-liberalisation period of 1991, led the agrarian sector into crisis. Deregulation of the input sector the entry of seed MNCs and the creation of seed monopolies have increased the cost of inputs and risk of crop failure. There was distress and decline in growth in the agriculture sector in the state. The rate of growth in agriculture in the state between 1980-81 and 1990-91 was 2.21, was marginally increased to 2.47 between 1993-94-2000-01. However, this was much below that of industry and services, which were at 7.36 and 7.69 in the first period and 6.20, and 6.71 in the second period respectively. Even it was below the national level, which is at 3.12 and 2.73 for the respective periods. Income from agriculture sector in Net

State Domestic Product (NSDP) has declined from 41.3 percent in 1983 to 27.4 percent in 2004-05, the share in workers remained constant (around 79 percent) until the turn of the century but declined marginally to 72 percent by 2004-05.121

There have been subsequent changes in landholding structure in the state, because entry of market and demographic pressure. There has been increased proportion of small-marginal holdings and growing proportion of agricultural labourers. As a result, it has been evident that the incidence of tenancy, especially in irrigated areas has increased. There is also emergence of a large proportion of “chronically disempowered” peasantry, who lack the wherewithal and incentive to make the necessary productivity enhancing investments that contribute to growth in agriculture, both in the resource poor dry regions or in the resource rich delta region. In Revati’s words:

Thus, the emergence of large proportion of tenants, marginal and small farmers and increased participation of vulnerable social groups also led to the formation of poor peasantry who do not possess negotiating skills to negotiate with the market, state and civil society for undertaking agriculture without much risk, especially in the context neo-liberal reforms.122

State irrigation policies were favourable to the resource rich Coastal region, which resulted in combination of high rainfall and high irrigation. The irrigated area was below 40 percent, also, the plan allocation to irrigation sector declined with each succeeding plan. However, there has been an increase of 20 per cent of irrigation facilities through canal irrigation during the last 50 years of state formation. The tank irrigation declined from 10.68 lakh hectares in 1955-56 to 9.00 lakh hectares in 1980-81, to 7.47 lakh hectares in 1995-96 and it remained at 7.47 lakh hectares in 2000-01, while well irrigation increased by more than threefold during the same time. It is significant to note that tube well irrigation also increased rapidly. The gross area

121 S Subramanyam and P Aparna (2007), Growth and Structural Changes in Andhra Pradesh Agriculture, Background Paper Submitted to Human Development Report, CESS, Hyderabad
122 E. Revathi (2007), Farmers’ suicides in Andhra Pradesh: Issues and Policy Concerns , Paper Submitted to the Book Project on Agrarian Crisis in India, IGIDR, Mumbai
irrigated increased from 26.56 per cent in 1956-57 to 44.12 over the years due to increase in dug wells and borewells. An amount of Rs 18,730.35 crore was spent on irrigation in the five-year plans between 1956 and 2005. The lion’s share of this public expenditure on irrigation was spent on major and medium irrigation, which increased area irrigated by canals from 12.92 lakh hectares in 1955-56 to 15.62 lakh hectares in 2001-02.\textsuperscript{123} Again, this increase was recorded in Coastal Andhra. The neglect of minor irrigation has resulted in fall in net area under tank irrigation from 10.68 lakh hectares in 1955-56 to 5.67 lakh hectares in 2001-02. As tank irrigation has been the backbone for agriculture in the Telangana region, it faced a raw deal in terms of decline in net area irrigated. Between 1955-56 and 2000-01, the percentage of irrigated to net sown area has increased from 24.3 to 40.4. By the turn of the century, the coastal region had 58 per cent of irrigated area to net sown area, whereas this is only at 36 and 23 per cent for Telangana and Rayalaseema respectively.\textsuperscript{124} Telangana and Rayalaseema regions had 60 to 70 per cent of irrigation with ground water sources whereas coastal region had 80 percent under surface irrigation (canal). Nearly 73 per cent of the bore wells and dug wells sunk during 1994-95 and 2000-01 were in the Telangana region. Minor irrigation census statistics shows that individual farmers, own 89 percent of irrigation infrastructure in the state of which the share of Telangana farmers is 62.40 per cent.\textsuperscript{125} At the same time, due to indifferent attitude of the successive governments most of the age-old irrigation tanks were prone to siltage and ultimately decline in irrigation potentiality from 10.68 lakh hectares in 1980 to 7.27 lakh hectares in 2000-01. This meant that the worst-off districts were compelled to bear the burden of investment by the individual farmers, especially, in dug and tube well irrigation, which are capital intensive. The farmers’ suicides were reported mostly from Telangana and Rayalaseema regions of the state. These regions are marked with semi-arid conditions and lack of assured irrigation systems and at the same time state investment in this sector decreased over a period in the post-reform times. Consequently, farmers in these regions were compelled to invest in digging bore-wells. Therefore, the considerable private investment went in to capital-intensive

\textsuperscript{123} Economic Survey (2005-06), Planning Department, Government of Andhra Pradesh, Hyderabad in Revati, op.cit.,
\textsuperscript{125} Third Minor irrigation Census, 2000-01 in Revati, op.cit.,
bore-well digging.

The green revolution strategy provided seed fertilisers and assured irrigation technology to some coastal districts like Krishna, West Godavari, East Godavari, Guntur and Nellore. This has resulted in increase in productivity and promoted commercialisation and mechanisation. The big and progressive farmers of these districts reaped advantages of new agricultural technology and generated surplus in agriculture. This surplus was often into diversified in industrial, service sector, transport, cinema, real estate, business and trade, finance. At the sametime, other regions like Telangana, Rayalaseema and North Coastal districts lagged behind in agrarian development. This lopsided development resulted in the widening of regional imbalances. Drought prone districts like Mahabubnagar in Telangana, Ananthapur district in Rayalaseema and Vizianagaram district in Coastal Andhra remained far behind the developed districts in respect of income, employment and living conditions. As a temporary and long run measure, to ameliorate the distress agrarian situation in AP, the present Congress regime took up irrigation development programme called Jalayagnam in a huge way with an estimated cost of Rs 93,000 crores. The programme it seems is not taking care of the regional justice and equity. Policy state for irrigation 2005-06 says, Twenty-six projects are contemplated to irrigate 59 lakh hectares, of which 43-lakh hectares will be in the Coastal Andhra region. Even after successful completion of Jalayagnam, the ratio of irrigation between Telangana and Coastal Andhra would be at 1:2.7 Colonial and post-colonial government policy initiatives preferred downstream coastal Andhra to Telangana region for irrigation project constructions.

The cumulative impact of the crisis was felt acutely in the backward region of Telangana. It was due to the backwardness in agriculture infrastructure development in the region, even though the region was bestowed with abandoned natural resources like water arable land and a hard working people. Successive governments in power have implemented subtly biased irrigation and agrarian policies towards the region that have pushed up the bar of backwardness. Such backwardness

126 Patterns of Development in India: SER Division Planning Commission, op.cit.,
coupled with changed cropping pattern forced farmers in the region to invest heavy in private agriculture development like digging bore well etc. and they entered into the vicious cycle of indebtedness. The crises reached such a proportion that the farmers found no other way than taking their own lives. The suicide cases, which have been reported in the state between 1st July 1998 and 15th May 2004, have reflected the above-mentioned regional variations. During the period, Telangana registered 2232 against 538 cases in Rayalaseema and 487 in Coastal Andhra region. During the same period, the state registered total 3257 suicide case.\textsuperscript{128} The data collected from the government of A.P shows the same trend. For instance, all reported suicide cases in the state between 1-7-1998 to 14-5-2004 are 3257 out of these cases Telangana topped by registering highest number farmer suicides at 2232 followed by Rayalaseema with 538 cases. Coastal Andhra registered the lowest suicide numbers with 487 cases. If we see in terms of percentage, Telangana recorded 68 per cent of suicides, Rayalaseema 16 per cent and Coastal Andhra 15, per cent.

\textbf{Agrarian Situation in Mahabubnagar District}

Between 1950 and 2000, the government spent 8700 crore rupees to construct heavy irrigation projects in the state. After the formation AP in 1956, it seems that state has favoured the rich farmers of coastal Andhra. It is evident from the total irrigated area in the state, out of the total irrigated area 77 per cent is in the coastal region. In the same period for the development of small irrigation projects, in Telangana region mere 1340 were spent. That is why Telangana and Rayalaseema regions remained permanently tank-irrigated area and the money spent during this period was even not enough for the maintenance of existing tanks. Over a period, tank irrigation was neglected. That is why total area irrigated by tank came down from 4, 47, 226 hectares in 1956 to 1, 92, 614 hectares in 2000.\textsuperscript{129} Even the green revolution, which was, favoured the well-irrigated areas and few water intensive crops like rice, cotton and wheat favoured coastal region. At the same time the research in these crops were intensified to increase the yield. As a result, the rainfed crops and less irrigated area of

\textsuperscript{128} M Kodandaram (2008) “\textit{Telangana Mucchata: Saamajika Aarthika Vyasaalu}”, (in Telugu), Hyderabad, Raamayya Vidya Peetham, p. 65
\textsuperscript{129} \textit{Ibid}
Telangana were neglected from the agriculture research and it further abridged between the two regions.

The Telangana region has river systems in its territory, for instance, 68.5 per cent and 79 per cent of the catchment area of Krishna and Godavari is in Telangana region, but water allocation is not to the same extent. The region has been marginalised in this area. As a result, farmers in the region have been investing heavily in creating private capital-intensive irrigation sources. The consequence is that farmers have borrowed heavily for the purpose to be trapped in the accumulated debt problem resulting in their suicides. Vamsi argued that, in Telangana region there has been significant growth in real agriculture output over the last 15 years i.e. since 1991. Nevertheless, at the same time NSSO data reveals that there was a significant decline in welfare of small, marginal farmers and agriculture labourers. It was also accompanied with more than thousand farmers’ suicides in the region between 1998 and 2002. The core argument he puts forward is that in the post-liberalisation period, agriculture liberalisation, agriculture growth and increased distress have become mutually intertwined. Vamsi uses a paradoxical phrase that ‘the growth-inducing distress and distress-inducing growth.’ There was growth in the agriculture sector in the decade of 1990s, but the highest growth rate districts have witnessed more suicide rates. The anomaly in the region is that, the region has recorded a moderate agriculture growth, but it has accompanied with distressed among the agrarian communities. During this period the role of market, intermediaries have gone up. The agriculture input supply dealers assumed the role of moneylenders. They supply the capital to the peasants and purchases the final produce form them in a cheaper price. It was observed that from the last 15 years the intermediaries extracting major chunk of agriculture surplus from the peasantry. However, there is a growth in the region, but that growth is distressed induced.

The 1981 census report reveals that 66.85 per cent cultivable area was available to total area of the Mahabubnagar district. However, only 12.38 per cent area was irrigated to total cultivable area. It displays that the very small portion of

cultivable land was provided with assured irrigation farming, though the cultivable area was highest in the district compared to any other districts in the state. Tank building was one of the important activities of kings and rulers for centuries in the uplands and semi-arid granitic areas, mainly to assure water for rice cultivation. The irrigation situation in the district remaining standstill, 1991 census report reflected the same thing, and 66.25 per cent cultivable area remained, as it was in 1981. The irrigated area to total cultivable area was 13.83 per cent. The decadal growth in irrigation was only 1.45 per cent. It was reported in the district census report that “Above 66 percent of the total area of district is cultivable nearly 1/5th of which is irrigated, there is no significant change in the irrigation position during the last ten years.” While exposing the state’s role in irrigation front, Simhadri asserts, “Spatially, it has shown scanty attention to drought and backwardness. Historically, it manipulated the planning, budgetary and execution of irrigation of irrigation projects to the advantage of Coastal Andhra.”

Canal irrigation is less expensive and more productive for the farming. The areas, which have been irrigated by canal through constructions of modern temples, called major irrigation projects are well-off area showing a greater progress and prosperities. The canal irrigation in Mahabubnagar district had a downward trend or remained unchanged between 1957-58 and 2003-04 from 7.99 per cent to 10.63 per cent. The tank irrigation in the district during 1957-58 was 68.65 per cent was reduced to 0.60 per cent during 2004-05. It is due to negligence of tank irrigation. The most expensive and capital-intensive irrigation option is tube well irrigation. There is a phenomenal growth in this irrigation front in the district. During 1979-80, the tube well irrigation was minimal to negligible level of 0.96 per cent to it has turned major sources of irrigation in the district during 2004-05 72.70 per cent. The indiscriminate digging of tube wells been causing led to the depletion of ground water level and source of major debt problem and consequential suicides in the district. The net area

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irrigated proportion to net sown area also had remained unchanged for example, 1979-80 it was 15.07 per cent increased very slightly to 16.27 per cent during 2003-04. During the same period, there is a decline in investment on irrigation sector.\textsuperscript{134} The Mahabubnagar district farmers had to depend upon tube wells, filter points and other wells, which together accounted in the district for 76 per cent of the Net Irrigated Area. It indicated that during drought years the irrigated crops were likely to be affected, considerably. Unlike canal irrigation, these sources needed lot of capital investment. The breakdown of institutional finance sources forced Mahabubnagar cultivators to approach the private financial source, which accounted as a major cause for debt problem. Groundwater source is the major component for agriculture in the district. The substantial \textit{Rabi} season irrigation is more dependent on groundwater sources. There are two only Medium Irrigation Projects - Koilsagar Project and Sarlasagar Project – with an \textit{ayacut} of 11,000 and 4,200 acres, respectively. This is proof as to how the district was neglected in the canal irrigation front. For instance, during the 1999 \textit{Kharif} season, the area under Paddy was only 70 per cent of preceding years as was the case with groundnut, indicating the lesser availability of water for agriculture. In Mahabubnagar district, the poor quality (or undeveloped) land and the non-availability of irrigation dictated the fortunes of those who contributed to the rural economy. With an increasing population of rural labour and visible interlocking of the credit and labour markets, it seemed that the story of farmers would continue. Simhadri opines that the perennial drought in Southern Telangana districts especially; in Mahabubnagar, is an artificial drought. It is the result of the discrimination meted out to the district in the water sharing. “Colonial and post-colonial government policy initiatives preferred downstream coastal Andhra over Telangana region for irrigation project constructions. This was the result of powerful lobbies of influential caste, class, and regional leadership of Andhra region, dominant in all parties”.\textsuperscript{135}

Annual rainfall statistics from the Andhra Pradesh Directorate of Economics


\textsuperscript{135} S. Simhadri (1997) ‘\textit{State Policy and Irrigational Disparities: A Study of Telangana Backwardness’ in ‘Telangana Dimensions of UnderDevelopment}’, in Simhadri and Rao (Eds) \textit{op.cit.},
and Statistics show that there was drought in Mahabubnagar District in 1997–98, 1999–2000 and 2000–01. The rainfall in 1995–96 and 1996–97 was average and there was slightly more rain in 1998–9.\textsuperscript{136} Despite receiving scanty rainfall, the district received least attention in the irrigation policy front. There were no efforts for long-term programmes to reverse the drought conditions. According to the study, the district uses only five per cent of rain water for irrigation and drinking purposes while the rest flows unutilised into the Krishna and Tungabhadra rivers. Several projects are long pending in the district, because of sheer negligence by irrigation department. These projects could have mitigated the drought conditions, but these plans have remained on papers. For instance, Jurala Project, Bhima first and second phases, Nettempadu, Koilsagar, Peddamarur and Kalwakurthy lift irrigation schemes were expected to irrigate 4.5 lakhs hectares apart from providing protected drinking water to many habitations. Successive governments have shown little concern or sympathy towards the people of Mahabubnagar.

The shift in cropping pattern from rain fed traditional food crops to non-food cash crops was a common phenomenon observed in the post-liberalisation period all over India. “This shift has obvious implications for the peasantry. Non-food crops imply a greater dependence on monetised inputs, such as seeds, fertilisers and pesticides also means increased recourse to borrowing”\textsuperscript{137} This shift was based on assumption that the freeing agricultural product market would only be beneficial to Indian farmers. The given logic was that this would bring price parity between Indian agriculture products with the prevailing global prices. It raised falls hopes among the farmers for cultivating cash crops. Especially, it has shown negative impact on the small and marginal farmers. At the same time, the state has withdrawn from agriculture extension services to advice appropriate strategy to face challenges posed by liberalisation process. This phenomenon has also affecting the farmers in Mahabubnagar district. The hopes were induced with the liberalisation policy among the farmers. There was declining percent of area under food crops from 76.59 per cent in 1979-80 to 62.25 per cent in 2003-04. In the same period, non-food crop percent to

\footnotesize{\textsuperscript{136} Deb etal, \textit{op.cit.},
\textsuperscript{137} Sridhar, \textit{op.cit.}, p. 1560}
the total crop area has increased from 23.40 percent to 37.72 per cent in the district.\textsuperscript{138}

All these existing historical and present hostile structural situations are working behind the suicides in the district.

**Problem of the Study**

Farmers’ suicides are an outcome of agrarian distress and agrarian distress was the outcome of agrarian policy reforms, which favoured corporate welfare over farmers’ welfare in the country. This policy shift replaced form-saved seeds with corporate seeds, which requires fertilisers and pesticides and could not be saved. There was increased risk of crop failures because diverse-culture is replaced with monoculture. Often untested and unsuitable seeds were sold in the market by MNCs. There was also ruining situation of viability of small farming replacing the generosity of the earth with global corporate profit motivations. In addition, there are rising input prices and decreasing output prices, rooted in the trade liberalisation and corporate globalisation. Drought was a partial explanation for indebtedness and crop failure. Deregulation of the input sector the entry of seed MNCs and the creation of seed monopolies have increased the cost of inputs and risk of crop failure.\textsuperscript{139} National Agriculture policy of ministry of agriculture, government of India (2000) stated, “Agriculture has become a relatively unrewarding profession due to generally unfavourable price regime and low value addition, causing abandoning of farming and increasing migration from rural areas.”\textsuperscript{140}

The first phase of suicides in the state can be traced to the mid nineteen eighties (1986-87) in Prakasam district of the state by cotton farmers. The second phase starts with mid nineties (1997-98) beginning with Warangal district but spread to some other districts of north Telangana by cotton farmers and also spread to a few districts in Rayalaseema especially the groundnut farmers of Anantapur. Unlike the pattern of suicides occurred in mid-eighties, the present ongoing suicides spanning the

\textsuperscript{138} Venkatesh, *op.cit.*
\textsuperscript{139} Radhakrishna, *op.cit.*
whole of the state and all commercial crops linked to global markets. Moreover, the incidence of suicides is more in post-reform period compared to the pre-reform period. The incidence of suicides across years and districts in Andhra Pradesh shows a pattern that it is more concentrated around backward regions. The incidence of suicides is found to be the lowest in Coastal Andhra Region among the three regions of Andhra Pradesh. Further, it is the lowest in the relatively backward areas of the most developed district like Guntur compared to the dominantly dry land agriculture districts of Telangana (Warangal and Mahabubnagar) and Rayalaseema (Anantapur). In contrast to Warangal, Anantapur and Guntur districts, the extent of commercialisation is high in majority of the mandals in Mahabubnagar. The higher degree of commercialisation along with higher dependence on groundwater for irrigation is leading to higher incidence of suicides in all the sample districts except in Mahabubnagar. In Mahabubnagar, the larger degree of commercialisation is leading to higher degree of diversification of commercial crops, wherein low value commercial crops also occupied larger space. Thus, the dependence on ground water for irrigation is ultimately the leading factor, given the variations in the levels of commercialisation, contributing to the suicides across various mandals of the districts.

The official Data collected from the revenue department shows that during the between 1998 to 2010 a total 4881 farmers have committed suicides in the state out of which 366 cases (8 per cent) were recorded from Mahabubnagar district alone. The actual figures could be higher for it one has to look beyond the official data. It is also evident from the suicide patterns across the mandals that the incidence of suicides is high where the over exploitation of ground water for irrigation is high. The competition among the farmers in extracting ground water in these mandals leads to more failures of wells, emergence of low water yielding wells and high cost for the extraction of one unit of water. All these ultimately result in heavy fixed capital requirements. The household analysis reveals that most suicide households are nuclear in type, a new generation of farmers, mostly belonging to the backward castes and falling into the small- marginal class, growing non-food crops underground water source of irrigation in the dry land areas of AP. Though risk factors point more

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141 Collected by the author from the Government of Andhra Pradesh, Department of Revenue, 2008
towards idiosyncratic (psychological) factors, they are rooted in economic factors.\(^{142}\)

Backwardness in agriculture sector in Mahabubnagar district could be inferred from the biased policy behaviour and the execution meted out to the district in the irrigation sector. The district, for instance is drained by the rivers Krishna, Tungabhadra, Pedda Vagu, Chinna Vagu and Dindi along with a few perennial tanks. “The irrigation facilities and water resources are very less making the district the poorest one among other districts.”\(^{143}\) While discussing regional disparities in irrigation sector in Andhra Pradesh, Simhadri argued that, the successive governments have shown half-hearted concern towards Mahabubnagar district. Erstwhile Nizam of Hyderabad encouraged the construction of minor irrigation storages to provide water to arid lands. Nizam government planned four major irrigation schemes for the district. These were Rjolibanda project on Tungabhadra River, Bheema project on Bheema River (the tributary of Tungabhadra), the remaining 2 projects were, extension of Tungabhadra left canal and the upper Krishna left canal extension. Among them, today only one project has been survived i.e. Rajoli Banda’. In the post Andhra Pradesh formation Tungabhadra and upper Krishna left canal extension and delay in Bheema project construction has deprived Mahabubnagar 174.9-tmc ft. water.\(^{144}\) As a result, district agriculture sector has been showing contradictory features. One side canal irrigation remained standstill and another side expensive tube well irrigation becoming the primary source for irrigation. During 1950s, tank irrigation was the major source but now due to negligence of tank irrigation it has become insignificant source. It further accentuates already existing regional disparities in the irrigation sector. Major causes for the farmer’s suicides in Mahabubnagar district are like adverse rainfall, inconsistence prices, rising cost of cotton cultivation, bad position of cooperative credit agencies and commercial banks, growing power of moneylenders and landlords etc. Apart from this, there is a unique reason behind these tragedies in Telangana region in general and Mahabubnagar in specific is that lack of assured surface water irrigation facilities. In the process of

\(^{142}\) E. Revathi (2007); “Agrarian distress in Andhra Pradesh: Social, Political and Economic Outcomes” http://www.dehelling.net/artikel/380/ (accessed on 24-8-2009)


creating private source of irrigation, farmers have been investing heavily in digging and deepening wells. This was proved true when one sees at the source of irrigation in the district in the absence of adequate availability of institutional credit. As a result, investments in irrigation drag the famers in to debt trap. Unable to pay back the debt incurred by this type investment, majority of the farmers in the district have chosen the silent way of killing themselves.

Hypotheses

The following hypotheses have been tested in the study:

➢ *The phenomenon of farmers’ suicides in India has been a cumulative outcome of ecological, technological and socio-cultural factors. However, risk factors point more towards psychological factors but they are rooted in economic factors. Among the economic factors, the agrarian policies pursued by the Indian state since it liberalised its economy is a very important causative factor.*

➢ *Farmers’ suicides in Mahabubnagar district structurally located in both the agrarian liberalisation policies and the political economy of regional underdevelopment of Telangana region.*

Objectives of the Study

The present research focused on the following objectives:

➢ To study the political economy of development and the changing nature of Indian state
➢ To examine the policy impact of liberalisation on accentuating agriculture situation in India
➢ To study the impact of regional underdevelopment of Telangana on agriculture
To see the structural causes of farmers’ suicides in Mahabubnagar district
➢ To see the institutional responses to the agrarian distress situation in the country

Methodology

The study chose Mahabubnagar district because of the paradoxes that this district offers for any research. This district geographically is the second largest in the state and the largest in the Telangana region. It is a semi-arid place-facing drought like situation in every alternate year and traditionally known for distress migration. However, the district is having highest cultivable land in the state and it is traversed by the south Indian mighty Krishna River. However, it continues to remain backward in agriculture infrastructural development, because due to its structural location in Telangana region. Moreover, the Telangana movement articulates the plight of agriculture and peasantry in the district as a classic case of discrimination of Telangana, in a coastal social and economic classes dominated state. Other than, that commercialisation of agriculture is reported to be highest in the district after Indian liberalisation process was started. The commercialisation drive is stated to be the prime reason of ‘farm indebtedness’ and subsequent suicides in the district. According to the data collected from the Revenue Department of the district, shows that between 1998 and 2010 a total 4881 farmers have committed suicide in the state out of which 366 cases (eight per cent) were recorded from Mahabubnagar district alone.

As said, suicides are a strictly personal and confidential act of an individual, and the reasons as well as circumstances in many cases have to be inferred from the available secondary materials or secondary accounts. This study is a case study of farmer’s suicides in Mahabubnagar district of Telangana region in Andhra Pradesh. The research uses descriptive-analytical method and focuses on the structural causes of farmer’s suicides in the district. For this purpose, non-random purposive or judgemental sampling method was used for identifying the appropriate cases for the purpose of the study. After identification of the cases, interview technique was used for an ethnographic narration of the pre and post-suicide situation of the case. For that
purpose, partially structured and partially unstructured interview scheduled was used. Purposefully, the study chose suicide cases from different social and gender backgrounds in the district, by doing so; it tried to infer possible reasons and circumstances that might have led to the suicide. Thus, the study tried to construct the personal narration of the victim families. In this endeavour, both primary and secondary sources of information have been used. Primary sources includes as mentioned above, interviewing the suicide victim’s families, and interaction with the villagers and the government officials, in the district. In addition, it also included review of the government reports, records and documents. The secondary sources, which were used for the present study, include various books and articles that exist both in English and Telugu literature.

Organisation of the Study

The present research has been organised into following five chapters:

**Introduction:** The first chapter starts with an introduction giving an overview of the various conceptual understanding of the research topic; it also includes objectives, hypothesis and methodology of the present study.

1. **The State Of Agriculture In India:** Agriculture is the backbone of the Indian economy; country welfare is depends upon the welfare of the agrarian rural population. In this chapter, a general analysis of Indian agriculture policy performance has been discussed. While doing so major determinants of Indian agriculture has been elaborated. The study has roughly periodised the agrarian situation into pre and post independence time. The study elaborates about the changes in agrarian structure; there is also an appraisal of state agrarian policies and major strategies and objectives of agrarian policies in the country. The later part of the study concentrates on Indian agriculture developments through the planning years and does a comparison of agriculture performance in different plan periods. The liberalisation phase in agriculture is considered as the distresses phase, it is obvious if one sees different indicator of agriculture performances at the macro-level of the country. The sector has been again externally impacted through the multi-
lateral agreements at various international platforms like WTO. Then lastly, the study analyses the development of Capitalist farming and the response of the new farmer’s movement and its inability to articulate the causes of the sector due to rise of various types of identity movements.

2. Liberalisation and Agrarian Distress in Andhra Pradesh: Andhra Pradesh is considered as the experimental grounds for the neo-liberal economic reform policies in the country. The Indian market integration in the global market was initiated through various policy reforms. This chapter defines globalisation form various ideological perspectives and argues that globalisation process is not a uniform across the territories but initiated through the certain global lending institutions, which have coerced these economies to liberalise their markets as part of their lending conditionalities. AP became pioneer in implementing reformist agenda because of the changing nature of federalism in India from ‘cooperative federalism’ to ‘competitive federalism’ or ‘inter-jurisdictional competition’ in the country. The state carried out series of reforms in industrial, fiscal, power sector, irrigation, health, education, poverty alleviation, and governance and administration policies. These policies, especially fiscal, financial, external trade, institutional reforms impacted agriculture severely. The sector felt acutely ‘the withdrawal of state syndrome’. The result was the distress outcome of the reforms, like increased indebtedness, rising suicides by the farmers in the state.

3. Region, Domination and Agrarian Distress in Telangana: It is a well documented thing that, the liberalisation phase in Indian economy is associated with distress in agriculture sector. This is a universal argument, when we try to probe the causes of distress we could see the specificities of the suicides located in the domination and under development of a region. This chapter goes beyond the liberalisation argument and explores the specific causes of agrarian distress in Telangana region. This region bore the dual burdens impact of liberalisation and the historically rooted backwardness. The chapter historicises regional domination thorough internal colonialism theory. Then argues that the impact of such domination on Telangana irrigation sector. In the recent past, Telangana has been recording growth in agriculture but that growth is associated with distress. Because of
negligence of irrigation, discrimination in budgetary allocation and commercialisation of agriculture inducing hectare distress in the region. The green revolution strategy no way helped the agriculture in Telangana. It further consolidated economic and political hold of ‘capitalist farmers of the Krishna Delta’ over the state politics.

4. Farmers’ Suicides in Mahabubnagar District: The Case Studies:
Mahabubnagar is the most backward district in Telangana region. This was the district, which lost its agrarian potentiality due to merger of the state with Andhra to form Andhra Pradesh. The district has been well endowed with water resources, but due to policy negligence, it remains agriculturally backward. The backwardness is also historically rooted. At the local level, the district was divided into various feudatories ruled by the feudal lords. At the top, these feudatories were part of erstwhile feudal Nizam’s regime. Thus, the district was under double feudal oppression. This chapter discuss about farmer’s suicides elsewhere India also, by arguing it is as a pan Indian phenomenon. The district presented historically and there is discussion about the agrarian structure in the district. This district due to perennial drought conditions knows for distress migration. In addition, discrimination in water allocation to the district has also been discussed in this chapter. The final part of the study is dedicated to the case studies of farmers’ suicides in the district followed by observations or some trends analysis of these case studies.

5. Agrarian Distress and the State Response: A Critical Look: The changing nature of the Indian state has been reflected in various policies that it has been pursuing since Independence. In the recent past, the agriculture sector has also become the victim of changing nature of state, because of adverse state agriculture policies. Market oriented pro-rich and pro-capitalist economic policies have been adversely affecting the sector. In this chapter, the response of various state governments and national government to the distress has been discussed. It is obvious that state is following adhoc policies in the sector, where in real terms; the sector requires rejuvenation and structural transformation for ameliorating the situation. Other responses that has been discuss in the chapter are, various policy responses like
farmer’s debt waiver scheme, farmer’s movements response, electoral and political parties response, response of the state against liberalisation policy, and the response in the form of Telangana Movement. Apart from that, as the way ahead, various commission and committee recommendations have been discussed in the chapter.

**Conclusion:** The concluding chapter gives an overview of the research including summarisation, observations and recommendations.
In India, agriculture is not only an independent activity but also defines the culture of the country. As such, culture and agriculture are both very important to retrieve the historical moorings of the country. Thus, it is interwoven with the social, historical, economical and cultural life of the people. Since India lives in villages, agriculture is defined as a way of life. The late prime minister of India Mr. Lal Bahadur Shastri coined the famous slogan “jai jawan, jai kisan”. The slogan shows that the impotence that the sector assumes for the nation building process. Often welfare of the farmer and the agriculture sector was dubbed as the welfare of the country. Achievement of self-sufficiency in agriculture production was equated with liberation from the economic dependency. It became one of the important goals of independence. Such important notions of the past are now history, for the present. In this era of globalisation, the face of Indian agriculture has undergone a sea change. The farmers are now confronting the challenges of the changing times and provided opportunities they are ready to move away from agriculture. In this chapter, a general analysis of Indian agricultural policies has been discussed, while doing so, major determinants of Indian agriculture has been elaborated. The study roughly periodises the agrarian situation as pre and post independence in the country. The study elaborates about changes in agrarian structure; there is also an appraisal of state agrarian policies and major strategies and objectives of agrarian policies in the country. The later part of the study concentrates on Indian Agriculture developments through planning years and does a comparison of agriculture performance in different plan periods. As to why the liberalisation phase is known as the distresses phase is more than apparent if one sees the different indicators in agricultural production. The agrarian distress also emanates from the systemic and manipulative transfer of what the Marxist political economy calls the positive surplus of agriculture to the negative
surplus of service sector in the post-liberalisation times.\footnote{One of the most far-reaching contributions of Karl Marx to political economy was the distinction that he drew between the value of labour power and value of the product produced by the labour. While wage labourers generate positive surplus, the intelligentsia produce what may be called a negative surplus. See for instance, Ashok Rudra (2006) “Intelligentsia as a Ruling Class”, New Delhi, Critical Quest.} This has been again externally impacted through the multi-lateral agreements at various international platforms like the World Trade Organisation (WTO). Then there is a discussion on the development of capitalist farming and the response of the new farmer’s movement and its inability to articulate the causes of the sector due to the rise of various types of identity movements parallel to it.

At the time of Independence, agriculture was India’s predominant sector both in terms of its contribution to the Gross Domestic Product (GDP) and in providing employment to the country’s labour force. Therefore, the fortunes of a large majority of people in India were linked with that of agriculture performance\footnote{G.S Bhalia (2007) “Indian Agriculture Since Independence”, New Delhi, National Book Trust, p.1}. Agriculture not only contributed to GDP and employment, but also played a major role in the production of a large proportion of foods grains, fodder, edible oil, and fruits and vegetables. It also provided for the bulk of raw material to the agro-based industries and made notable contribution to the exports. Agriculture had approximately 55 per cent shares in the GDP and about 70 per cent share in the work force. Notwithstanding its importance in the economy, productivity in the sector was very low. As output growth during 1901 to 1946 was less than half of the population growth, even the per capita income of the rural poor was likewise very low. Moreover, the country was facing severe shortage of food and an upsurge in prices.\footnote{Dantwala, 1986 in Ramesh Chand (2005 Eds) “India’s Agriculture Challenges: Reflections on Policy, Technology and Other Issues”, New Delhi Centre for Trade and Development, p. 1} It was conceived that agriculture development would be the basis for the overall economic development, which would reflect in the living standards of the country’s population.

In the post-Independence era, India’s economy recorded growth in all the sectors, especially, growth in manufacturing and service sectors recorded higher than the agriculture. Growth in agriculture sector not only helped in rising in income of the agriculture workers with non-agriculture workers but most importantly it helped in
transforming Indian from a chronic deficit economy to a self-sufficient country. However, in the recent past, especially after liberalisation, India recorded notable imports in agriculture commodities. It must be noted that the agriculture sector has contributed to the secondary and tertiary sector through the enlargement of market backward, forward and consumption linkages.\textsuperscript{4}

\subsection*{1.1. Land Utilisation Patterns in India}

India has been characterised by a heavy population pressure upon land. As a result, there has been a huge population dependency on land for which large forest areas have been cleared for cultivation. The cultivating land is so huge that major forest areas have been gradually eroded thereby endangering the environment. The major land patterns in India are that, first, the net area sown in India increased gradually from 118 million hectares in 1950-51 to 140.27 million hectares by 1970-71. It reached up to 141 million in 2001-02 but declined in 2002-03 to 133 million hectares. The reason behind the rapid increase in net sown area in initial period was due to increase in the reporting area and decline in culturable waste land and follow land. Compared to 1950-51, the area under forest coverage in India has increased from 14.2 per cent to 22.6 per cent during 2002-03, but it is still below the desirable level of 33 per cent. Cropping intensity in the country has increased; reason behind this increase is spread of irrigation. Net area irrigated has increased from 20.86 million hectares in 1950-51 to 53.07 million hectares during 2002-03. Meantime, the gross irrigated area increased from 22.56 million hectares to 70.67 million hectares. The net area irrigated only formed 17.6 per cent in net area sown during 1950-51 has increase to 39.94 per cent. Gross cropped area as percentage to gross cropped area increased from 17.11 per cent in 1950-51 to 40.23 per cent by 2002-2003.\textsuperscript{5} At the same time, there are some constraints emerged in land use needs like net and gross cropped areas, which have reached their limits, subsequently declined with concurrently a stress on availability of water for irrigation.

\textsuperscript{4} Bhalla, \textit{op.cit.}, P. 2
\textsuperscript{5} Ib\textit{id}
1.2. Major Determinants of Agriculture in India

Geographical conditions, especially the topography, have been a very important determining factor of Indian agriculture. India is the seventh largest country in the world with an area of 3,165,596 sq km. The length of India is about 3,050 km from south to north and about 2,950 km from east to west. India has about 5600 km of coastline without the islands. India geographically could be divided into the Himalayas, the Indo-Gangetic plain and the Peninsular India. The Himalayan mountain region is about 160 to 320 km wide and extends about 2,400 km along the northern and eastern boarders of India. Agriculture and animal herding are the main occupation of this thinly populated area. The Indo-Gangetic plain is one of the most fertile regions. This plain is located to the south and parallel to the Himalayas. The river Ganges and its tributaries, which drain the southern slopes of the Himalayas, comprise Gangetic plains. This plain is flat alluvial low land belt about 280 to 400 km wide. Several river systems flow in this plain that stretch from Punjab in the west to Assam valley in the east. The soil of this region was formed by the deposition of silt by the Indus, Ganges and their tributaries over centuries. In this region, along with the peninsular delta water, there is a plentiful of ground water is available which makes irrigation possible throughout the year. The Gangetic plain is one of the intensely farmed areas in the world. Most of India’s wheat and rice is cultivated here. The Thar Desert, which forms part of western end of Gangetic plain, is dry and sundry.

The peninsular India, lies south of Indo-Gangetic plains and it consists of a series of hill ranges and plateaus. The series of ranges that are counted as part of the peninsula are Aravalli ranges Satpura ranges and Vindhya Hills including associated plateau. The major river system in this region is the Narmada, which flow westwards and empties into Arabian Sea. Chota Nagpur plateau which is lying south of Bihar also forms part of this region. The Northern peninsula, which is rocky with uneven lands, is populated sparsely. Herding and farming is the main occupation in this region. This region is endowed with rich natural resources. The vast Deccan Plateau is a tableland lying within a triangle formed by the steep hill slopes of the Western Ghats and the gentler slopes of the Eastern Ghats-lies in the southern part of the peninsular India. This region has average elevation of 600 metres. The black and red soils of the
plateau, though not so thick, are fertile. The groundwater resources are significant, but very difficult to reach, so most of the farming is carried out with monsoon water. Here, farmers typically grow single crop in a year coarse grains such as sorghum, maize, or millet and cotton. The coastal regions of Indian peninsula are mostly fertile. As discussed afore lines, in India along with topography, soil, rainfall, and availability of water for irrigation have been major determinants of the crop and livestock patterns characteristics of the three major regions of India—the Himalayas, the Indo-Gangetic Plains and the Peninsula. Among all determinants monsoons, however, play a critical role in determining whether harvest would be bountiful, average or poor in a given year. In Bhalla’s words, therefore ‘one of the objectives of government policy, for a very long period, has been to find methods of reducing this dependence on the monsoon.’\footnote{Ibid, P. 9} Indian agriculture depended on vagaries of monsoon. Over a period, there have been attempts to reduce this dependency and there were efforts in the country to provide assured irrigation through construction of canals. In this context, the notable contribution that the Britishers made during 1920s to develop canal irrigation was laudable. By 1947, India had a large network of irrigation canal and nearly 17 per cent of net sown area was under canal, tank or well irrigation. This helped in reducing the famine in the country and increasing in output of food and commercial crops. At the same time, since over 80 per cent of agriculture was dependent upon rainfall, the yield and production level was very low.

On the other side, income levels of people working in the agriculture sector essentially depending upon their levels of productivity. This intern depends up on land productivity and number of people working in agriculture. Land productivity in any country depends upon combination of demographic, geographic, structural and institutional and policy factors. Number of people working in agriculture is determined by demand for food and other agriculture products, pressure on land, the extent of economic diversification and capital intensity of agriculture production process. The nature of land determines the cropping pattern and land fertility. Addition to that rainfall and climate constitutes the basic geographic factors. After the above factors, the institutional factors also determine the productivity in agriculture. Basis institutional factors are land relations including distribution of land among the
cultivators. Apart from that, ownership of land or tenancy rights of various strata of working peasantry also constitutes as the basic determinants. The advancement in agriculture research and development and extension services also contributes in agriculture productivity. Finally, the most important contributor of agriculture productivity is determined by the agriculture policy regime of the government. For instance, until 1991, Indian agriculture policy was constituted part of overall planning regime. With changes in macroeconomic policies, agriculture policy also had undergone a significant change. These changes have not only posed major challenges but also have affected agriculture growth in this period.7

1.3. Agriculture in Pre-Independence India

1.3.1. Changes in Agrarian Structure

In pre-British Moghul Empire, a comprehensive land revenue administration system was in place, in this system, the Jagirdars or Zamindars, the representatives of the emperors, collected revenue directly from the farmers. The administration was sensitive to the conditions of peasantry and it even remitted the revenue during the periods of drought and distress. This system went under profound changes during the British period. The Britishers introduced three types of revenue administrative systems; they are Permanent Settlement, first introduced in Bengal, Ryotwari and Mahalwari settlements.

**Permanent Settlement:**

Elsewhere, in Bengal and other places in India, Zamindars and Diwan collected the revenue for the Moghul emperors. The Diwan had a supervisory power over Zamindars to ensure that there was ‘neither lax nor overly stringent’ in the revenue collection functions. Following the Plassey war in 1765 with Britishers, Moghul Emperor awarded divani to them. This significant change took place in revenue administration. Since the Britishers did not have any trained administrators, they had

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7 *Ibid*
to depend on local corrupt officials. Therefore, the landholders felt themselves unchecked and thus extraction became ‘unchecked by any regard for future income or local welfare’ and there was a devastated famine in 1770. Consequently, Warren Hastings, the then the Governor-General introduced a system of five yearly inspections and temporary tax to the farmers. Those appointed as tax farmers started absconding during the inspection periods as much as they could. As a result, this revenue collection proved disastrous. Subsequently, in 1793, Cornwallis introduced a new revenue system what was known as the Permanent Settlement. This settlement began operation some parts of North India.

Under this system, the feudal lords like the Zamindars, Jagirdars etc, were declared proprietors of the land on condition of fixed revenue payments to the British administration. The land lord were required to pay 90 per cent of rent as revenue to the government in perpetuity and 10 per cent was left with them as their collection expenditure. The peasants were reduced to the status of tenant farmers while the landlords also started collecting revenue through the series of intermediaries. In this system, the Zamindars became a conservative interest group; as a result, they started opposing any sort of social reformist policies; thus, the British interventions created a hierarchy of intermediaries. They also started enjoying a luxurious life without making any efforts to modernise agriculture. This meant that the poor cultivators had to support a large number of intermediary sections through the giving away the excessive surplus which eventually led to self-pauperisation. The pre-eminence of the intermediaries continued until the 1950s, when the state introduced land reforms. Though, subsequently, the reforms were unsuccessful, the landed class held their greater powers, which has continued to this day. During later period Captain Munro with the approval of Directors introduced the second major revenue system over a period known as Ryotwari system.

**Ryotwari System:**

The Ryotwari system was first introduced in Madras in 1792 and in Bombay in 1817-18. Under this system, the individual cultivator (ryots or rayats) were recognised as proprietors of their lands. The ryots were entitled to sub-let, mortgage and transfer
their land by the means of either gift or sale. In this system, the *ryot* not only became the proprietors of the land but land itself became a transferable property. The settlement of these lands were done for a short time and government reserved the rights for itself for to enhance the settlement for which no specific guidelines were laid down. This system was prevalent in most of the South Indian states including Maharashtra, Madhya Pradesh and Assam. The *Ryotwari* system accounted for around 38 per cent of the total cultivated area. Another major land settlement system that was followed was *Mahalwari* system.

**Mahalwari System:**

Under the system the revenue settlement was made with entire villages as a unit as against the *ryotwari* system, where each field was assessed separately and revenue was collected. The *Mahalwari* system took the village (*Mahal*) as a unit and the individual peasant farmers contributed shares of total revenue demand for village in proportion to their respective holdings. The whole village body was responsible for payment of the respective revenue. Earlier, the state was entitled to collect as much as 83 per cent of gross produced later it was reduced to 66 per cent. This system was introduced between 1820 and 1840. The Northwestern part of India was mostly covered under this system; the tenure was much less extensive and accounted for some five percent of the cultivated area.

At least, since Moghul times when the land market existed, the Britishers with the introduction of *Ryotwari* and *Mahalwari* areas formally institutionalised that. Later, the Britishers made legislations in this region and it was introduced during 1850s, this system enabled moneylenders to recover debts on loans secured on land holdings. Since land revenue was so high especially in ryotwari areas, indebtedness grew, this led to dispossession of land and increasing tenancy. In Sharma’s (1992) words:

*Initial assessments were so high that they often constituted the entire economic rent from land. Re-assessment made in 1860 in Bombay and 1855 in*

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8 *Ibid, P. 20*
Madras (which continued till 1937) led to even higher land revenues, resulting in famine and promoting agrarian revolts.  

In Mahalwari and Ryotwari areas, land distribution became highly unequal, because, under these systems land became transferable property; it was indeed progressive compared to permanent settlement areas. Nevertheless, at the same time, it also led to large-scale land alienation to non-agriculturist moneylenders, because excess demand in revenue and resultant indebtedness. As a result, the rural society was highly polarised into landlords and rich peasants versus tenants and agriculture labours. This was even reported by the Royal Commission on Agriculture in 1924-25. It reported that in Bombay, 86 percent of the cultivated area was held by 12 per cent of the cultivators. Same thing was reported in Punjab state also, in Punjab by 1939, two percent of landowners held 38 percent of cultivated land. In Zamindari areas, rural society was even more hierarchical and land distribution was more unequal compared to the ryotwari areas. There were early tenancy acts (Bengali Rent Act, 1859: Bengal Tenancy Act 1855) to establish occupancy rights for raiyats in Zamindri areas and attempted to limit rents paid by sub-tenants with little success. Other important legislations like the Central Provinces Act 1920, Agra Tenancy Act 1926, and Bengal Act of 1928, tried to give relief to the tenants by the way of restrictions on enhancement of rent and provision of security of tenure. Subsequently, the Congress government passed number of tenancy reform legislations in 1937 when it came to power in many provinces, with a view to redeem the pledge it had made in its election manifesto. The main acts being the Bihar Tenancy Act 1936, The UP Tenancy Act, 1937, and the Bombay Tenancy Act, 1938. Most of these acts aimed at providing hereditary right to the tenants, reducing the interest rates on loans to the tenants, the abolition of Begar (Bonded labour), and specification of grounds on which a tenant could be ejected and so on.

In spite of these legislations, very little success was reported in tenancy reforms and the state of peasantry continued to be dismal. For instance, in Punjab

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10. Bhalla, op. cit., P. 21
about 40 per cent of cultivators remained tenants at will and in Madras 44 per cent villagers remained as landless labourers. In Bengal, there was an increase of 62 per cent in number of rent receivers between 1921 and 1931. Even the great depression of the 1930s crushed the agriculturalists in the country. The Congress, which was fighting for the rights of peasants, had always maintained an ambiguous stand vis-a-vis landlords. The Congress party had to mobilise a vast number of peasantry into the Nationalist movement that is why it had to articulate their basic problems and interests. At the same time, it would not want the contradictions to be accentuated between landlords and the peasantry. Nevertheless, under the leadership of Mr. Gandhi, the Congress could effectively mobilise both the interests for the nationalist cause. In George Resen’s words (1966):

So long as the peasant’s interests were adversely and directly affected by (the British) government, the Congress ..........defended the peasant interests with vigour. But where peasant interests were circumscribed by (the indigenous) landlord interest, the Congress under Gandhi counselled mutual trust and understanding.\(^\text{12}\)

Congress government in post-Independence India took a very clear-cut stand against intermediaries in agriculture sector. At the same time, by the time of independence, Indian agriculture had made some progress in agriculture technology. Especially, the technological improvement was applied to irrigation sector, because of famine like situation that the county had experience of during the preceding decades. By the 1920s, the British government had created a very good irrigation network. Simultaneously, several agriculture research institutes were created to carry out research in the sector. Thus, the major consequences that arose because of land system that British administration had implemented were, firstly, the creation of absent landlordism and secondly, institutionalisation of land transfers. At the social level, in spite of introducing an elaborate legal system, old social norms and caste communal oppressions continued due to lack of dynamism in rural economy.

\(^{12}\) Rosen, George (1966) “Democracy and Economic Change in India” Vora & Company, Bombay, in Bhalla op.cit., p. 23
1.4. Agricultural Policies in India: An Appraisal

After waging a long battle against colonial rule, India attained Independence on August 15, 1947. During the transition, it had to pass through much turmoil. The aim of the national leaders at that time was not only to attain political independence but economic independence also. After the consolidation of the political power, rehabilitation of the economy from the ravages of world wars and partition, India chose to make a sharp break with the inherited colonial economic policy of *Laissez-faire*. That break was aimed at planned development oriented towards economic policy change, autarky and building socialism. It was said that "planning as an assertion of economic nationalism, ultimate control and direction of the national economy." This was aimed at socialism through the political means of democracy. Economic nationalism was subsumed under socialism. India's development pattern until 1991 had consisted three dimensions. *First*, there was emphasis on capital goods, metal making and heavy engineering industries. Prominence was accorded to heavy, basic or investment goods industries. The *second* dimension was the economy was oriented inward looking for making India self–reliant and self-sufficient. *Third*, agent of change management and ownership of economy was to be done by state it self. In the opinion of Patnaik and Chandrasekhar, the economic policy regime was not only a brainchild of Nehru and his group, but rooted in the freedom struggle itself. The economy had been dominated by metropolitan capital in the pre-Independence period - therefore, freedom meant freedom from this domination also. It would not be possible without the state taking an active role in building strong economy and hoped transition to socialism. "The post-independence India became the classic case of *dirigiste* development". Public sector occupying a sizeable economy in infrastructure and basic industries development along with private sector existence 'a mixed economy'. Mahalanobis gave a theoretical basis, but, Indian state and class character of the planning became a matter of debate.

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The Mahalanobis Model was founded in the historical commitment of freedom movement to economic nationalism. The model was conceptualised in 1955, in the approach of operational research to planning in India and was applied in the 'plan game' under the title of 'draft recommendations for the formulation of the second five year plan (1956-61)'. The basic capital or investment goods industries was retained by the government and consumer goods industries, household industries, agriculture, service industries were allotted to the private entrepreneurs. This model envisaged a 'transition phase' during which labour intensive small-scale and household industries worked for the sake of higher employment. The major components constituting a development pattern of this model were, building powerful major industrial base through investment in capital goods industries, inward orientation of the economy and subordination of small-scale industries to the capital goods industry. The problem was that no balance of payment considerations entered into calculations of this mode, no foreign trade considerations entered into this model. The ownership was retained with the state 'this model had a sound basis in the economic theory of that time'. The heavy industry strategy was to strengthen Indian economic position and national independence. The development of cottage and household industry can provide employment and consumer satisfaction. Nehru wanted ever-expanding public sector on the commanding heights. His ideological pillars were socialism, Nationalism, democracy; plans were not for profits but for social gains. According to Patnaik, Nehru and his economic model represented a particular class or suited for the class, the Indian bourgeoisie. The plans were all in line with objective of the bourgeoisie. As a class configuration which prevailed upon which industrial capitalism was to develop, dictated in broader terms; certain course of action and the Mahalanobis strategy fitted in with this model.

1.4.1. Approaches to Agriculture Development

The post-Independence India had two approaches to be followed for the development of agriculture sector. The first one was the technocratic approach, this approach

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16 Ibid. P. 59
17 Ibid, p. 110
proposed for increased investment in agriculture technologies (in the form of input subsidies) through encouraging peasantry for adopting it. It also proposed to increase in output prices including food prices, this approach however was characterised as the biased because it was tilted towards industrial sector. However, the government proposed to keep food prices low,\textsuperscript{18} because any increase in food prices would have caused wage increase and inflation that might have affected the industrialisation in the country. As a result, government followed the second approach i.e. institutional approach. This approach had three constitutive elements. First, emphasis was on the land reforms to provide incentives to the actual tiller to produce more. Second, it advocated for establishment of farm and service co-operatives to bring in economies of scale and better access to inputs. In addition, the third, emphasis was on establishment of local self-government, accompanied by universal suffrage and majority voting to enable the poor to ensure that the reforms and co-operatives were not captured by the landed rural oligarchy with the complicity of the rural bureaucracy.\textsuperscript{19} The deeply entrenched structural problems in Indian agriculture did satisfy this approach. Indian agriculture at time of independence was characterised as the ‘inbuilt-depressor’. Therefore, government followed the institutional approach immediate years of independence. Because in the countryside it was marked by profound inequalities in land ownership, it was also marked by the exploitative production relations that made possible for landlords to extract huge rents, usurious interests and speculative trading profits from the masses of peasantry. It imposed limitations on possibilities of investment to raise productivity. This strategic approach followed by Nehru was part of his commitment to equality, socialism and even it was meant to address this constraint on productivity.\textsuperscript{20} However, subsequently this approach was done way with when government adopted green revolution strategy, and this strategy was based on the technocratic approach.

\textsuperscript{18}The existing microeconomic theory on peasant behaviour (Mellor 1960) supported keeping prices low. In this wisdom, the peasant was viewed as price-unresponsive, in response to higher prices, being traditional bound and not-profit maximizing: he would have cut production rather increase it going for a level of income that satisfied consumption.


\textsuperscript{20}Ibid, p.15
1.4.2. Land Reforms in India

Implementing the institutional approach in agriculture development the Indian government chose to implement land reforms and decided to change the agrarian production relations in the countryside and the policy makers were determined to implement radical land reforms. Keeping in mind, many states in the country formulated land reform legislations during mid 1950s. The objectives of these legislations were to remove impediments to agricultural development that arose from the agrarian structures inherited from the past and to eliminate agrarian exploitation and social injustice within agrarian structure. The broader guidelines were laid down by the Report of the Congress Agrarian Reforms Committee, 1948. Hence, the final aim of the report was co-operativisation of land of small and marginal farmers and establishing co-operative village management. This type of co-operative joint farming would not deprive the land rights to the concerned farmers; they get their respective share of produce in proportion to their lands. The Nagpur session of the Congress Working Committee in 1959, issued notice to the landowners that their excess land would be expropriated. The result was that within and outside the Congress party, anti-reform forces were consolidated. As a result, the Congress had to wait for some time for land reforms until the end of the third five-year plan. Somehow, it started implementation of reforms in the sector. The main objectives of the land reforms legislation that were formulated during mid-fifties are five fold: (1) abolition of intermediary tenures, (2) tenancy reforms comprising regulations of rent, security of tenure and conferment of ownership rights on tenants, (3) ceiling on landholdings and distribution of surplus land, (4) consolidation of holdings, and (5) compilation and updating of land records.

Abolition of Intermediaries

In the post-independent India, the mid-fifties saw the abolition of intermediary tenures like Zagirdars, Zamindars and Inams etc. that were covering around 40 per cent area of the country. Some exemptions were made in the minor tenures like as those held by religious and charitable institutions and service Inams. The net result of this intermediary abolition was that as many as 20 million tenants were brought in direct
contact with the state. In addition, 6700 million of worth compensation was paid to the ex-intermediaries of which half of the amount was distributed by the beginning of the five-year plan. Moreover, considerable waste and private forestlands were brought under government control. Other important consequence of this intermediary abolition was that the extent of tenancy declined considerably and self-cultivation became the dominant mode of cultivation in the country. Other side of the coin was that, in many parts of the country, landlords with the connivance of local bureaucracy could able to resume the land for self-cultivation through ejection of tenants. Largely observed phenomenon is that, success of Zamindari abolition depended on strength of the peasant movement.21 The intermediary abolition was said to be achieved more comprehensively and easily compared to other subsequent reforms because, owing to political expediency: with a minimum political costs. Who benefited by this abolition move of the state? The answer is that the former upper and middle caste farmers. This section later became politically visible force at the state level politics. This is the section which owned large extent of land bitterly opposed ceiling of land.22 There has been a criticism against the huge composition that was paid to the former zamindars.

**Tenancy Reforms**

**(A) Regulations of Rents**

Tenancy legislations that were implemented in most of the states had two objectives in it, namely providing security of tenure to the tenants and regulation of rates of rent payable by them. The maximum rates of rent have been fixed differently by different states. The levels were fixed at not exciding ¼ to 1/5 of the gross produced. Even though legislation fixed the amount payable by the tenants at above said rates, but in practice, the level of rents and other conditions provided by the law were far from adequately enforced. Customary rates of rents continued to practice in most part of the country. It more or less continued because of low socio and economic position of tenants who could not proceed for expensive legal remedies. These are the structural limitations imposed on the tenets despite having right granted by the legislations.

(B) Security of Tenure And Conferment Of Ownership Rights on Tenants

Security of tenure legislation has three essential aims: firstly, ejection does not take place except in accordance with the legal provision, secondly, land may be retained by the owner in the case of cultivation by self, and thirdly, the tenant is assured of a prescribed minimum area in case of resumption. Nevertheless, despite having laws on resumption, poor tenants were evicted by the powerful landlords, and they used their clout to stop tenants from acquiring occupancy rights. Consequently, the landlords resorted to large-scale eviction of the tenants. It was only in West Bengal, through the operation Bargadar, the informal tenancies were registered and protected adequately. It is because of contingent upon political strength of parties committed to the cause of tenancy reforms. In almost all the states, conferment of ownership rights on the cultivators was not implemented properly. Some states in the case of conferment of ownership rights still fell short of accepted national policy. Even though the tenancy reform could not see the anticipated success, data shows that extent of tenancy had declined in all the states since 1953-54, for example, the all India level leased-in declined from 20.6 per cent during 1953-54 to 6.5 per cent during 2002-03. Mode of payment of rent differs from state to state; it constitutes money to the share in the produce.

Ceiling on Landholdings and Distribution of Surplus Land

Imposition of ceiling and distribution of surplus land was the major third aim of the land reforms in India. This was the legislation unfortunately met with little success. This is because of loopholes in the legislation and connivance of the surplus farmers with the local bureaucracy. Another reason for failure of this legislation was the lack of political will of the policy makers and relative weakness of the peasants’ movements in the country. Most of the times, the landlords retained their lands by using loopholes in the legislation in the form of benami transactions i.e. transactions that is transferred holdings in the names of deceased or fictitious persons. The legislation-imposing ceiling on the landholding failed miserably. For example over a

23 Bhalla, op. cit., p. 32
period of 35 years since ceilings have been enforced, land redistributed is estimated to constitute less than two percent of total operated area. Some states have achieved much progress in ceiling reforms for instance Jammu and Kashmir 17 per cent, West Bengal six per cent and Assam five per cent have been redistributed of its operated area. Other states are lagging behind in ceiling legislation, as a result Indian rural areas are characterised by extreme inequalities in land and asset distribution.

**Consolidation of Holdings**

The fourth element of the land reform was consolidation of land holdings. Consolidation does not help in distribution of land but confers numbers advantages to the cultivators by bringing together the small and fragmented holdings. This covers all the land sizes including large and smallholdings. This programme succeeded in Haryana, Punjab, Uttar Pradesh and Maharashtra because of legacy of *Mahalwari* system and it was achieved through the state specific programmes. In other states, even though no specific programme existed still the framers spontaneously consolidated through exchange in land market.

**1.4.3. Land Reforms: A Critical Appraisal**

Land reforms in India attained only a partial success. It achieved success only in intermediary abolition legislation, in other legislations like tenancy reform and ceilings on landholdings were partially realised. According to Herring (1983) ‘the partial success of land reforms is attributed to the fact that the reform measures were generally promulgated by ruling elites composed of or electorally dependent on the upper echelons of agrarian society.’ Land distribution remained skewed despite the land reform legislations. Most of the times, success of land reform was determined by the presence of peasant’s movements. Other three critical ingredients of success in implementation of land reforms are the importance of collective action at the local level, the public nature of proceedings, and the state power exercised on behalf of socially excluded. Since land reforms were implemented partially, it had adverse
impact on socio-political consequences. In Varshney’s explanation, failure in the implementation of the land reforms was located in the factional struggles at the top levels of the Congress party and the absence of political mobilisation of the intended beneficiaries. The local ‘notables’ captured local bodies, which are supposed to mobilise the poor in favour of reforms, In his words, ‘the lower wings of the Congress party- the district and taluk (sub-district) levels came under the control of landlords and substantial landowners’. 26

In Joshi’s words “while the ideology of land reforms was in the interest of the peasantry as a whole, it served primarily the richer peasants rather than rural poor.” 27 Consequently, there emerged socially and economically powerful rural elite. Two factors interacted in this process, with each other in unequal distribution of asset in the rural areas. Firstly, the land was distributed unequally and village co-operatives did not follow the Zamindari abolition. Moreover, the second factor was that in the irrigated regions of the country, medium and semi-medium farmers could derive maximum benefits from the seeds and fertilizer technology. The political fallout of this development was that the emergence of well to do peasantry among the upper castes/classes became politically stronger over a period forcing political parties to seek their support. Fallout of this unwanted development was that some extremely retrogressive factors like caste, linguistic considerations, and narrow parochialism made progressive steps ineffective. 28

1.5. Economic Planning and the Indian Agriculture

Along with political independence India wished to come out of economic dependency on metropolis of capitalist world, as discussed earlier. To achieve this goal and the modernisation of economy, India chose the planned development model. The main objective of planned development was that to raise general standard of living of people and open up new opportunities to the people including the rich. The assumption behind this process was that modernisation and rapid industrialisation

28 Bhalla, op.cit., P.40
alone could develop India and could help in raising standard of living. Even though industrialisation was the major thrust of the process, even the progress of agriculture also considered as sine-qua-non for India’s over all development. Agriculture growth was considered as the one of main vehicles of development. Because, agriculture was the dominant sector contributing nearly 50 per cent to GDP and employing 70 per cent work force in it. Even for rapid industrial development, the agriculture raw material was essential. This thrust reflected in the government report;’ the report argued that, “without a substantial increase in the production of food and raw materials needed for industrialisation, it would be impossible to sustain a higher tempo of industrial development”. Agriculture development was not seen in isolation; rather it was seen as an integral part of overall development of economy. Moreover, large agriculture savings were to be invested in rapid industrial development on the model of U.S.S.R. but the planners were silent about the methodology of mobilising agrarian surplus to finance industrial development. Later introduction of new seed and fertiliser technology, which was introduced during mid-sixties, went against this spirit. In Bhalla’s words:

Instead of extracting surpluses from agriculture through taxation or through giving relatively low prices for agricultural commodities and turning the terms of trade adverse to agriculture, the policy makers adopted just the opposite strategy of providing large incentives to the cultivators for increasing their production and income by adopting the new Borlaug seed-fertilizer technology. It was expected that higher incomes for a large number of cultivators would promote development of the secondary and the tertiary sectors through the mechanism of forward, backward and consumption linkages.

Thus, because of previously mentioned reasons the agriculture became the priority sector for the planner in India. Overall planning policy including agriculture policy reflected the exigencies of situation, ideological predilections of political parties and leaders in power during different periods. State approach to agriculture development

29 Ibid, P. 42
31 Bhalla, op.cit., P.43
has been a reference point for analysing the policy framework. In India, agriculture is a state subject, but majority policy initiative comes from the center with or without consultations of states. Farm production sector is the most privatized sector in the country. In Acharya’s opinion, there are two sets of issues that relate to the policy framework for agriculture, First, treatment meted out to the sector in relation to the total economy i.e. national objective sought to achieved form the sector; and second, creation of incentives or disincentives affecting the sector. In this process, Indian state followed different strategies and objectives for agriculture development. Before independence and up to mid-1960s major objective was to keep the prices of food grains low. From mid-1960s to early 1980s, Indian state followed the objective of maximizing the production of food. By early 1980s to early 1990s according to demand pattern strategy was to evolving a suitable production pattern to suit the changing policy needs of the country. Since early 1990s, Indian state followed the objective of slow opening up of trade in agriculture commodities.

The important objectives of the Indian economy had to be improvement in food and nutritional security at the macro as well as household level, reduction in levels of poverty, development of backward and less developed areas; reduction in inter-personal and inter-regional disparities in development and overall accelerated growth of the economy. Until the mid 1960s, Indian agriculture planners followed the institutional approach in agriculture development to achieve equity, and socialism. Accordingly, the first plan accorded highest priority to agriculture by allocating 31 per cent plan outlay to the sector, an outlay that has remained highest until today. The lowered emphasis on agriculture was made during the second five-year plan and development of big and heavy industries were accorded higher priority. Same trend continued during third five-year plan also, allocation during the second plan was 20 per cent and 21 per cent during third plan. India faced a severe food shortage during third plan; it created strains on foreign exchange and country reached to a humiliating position. Food was imported from United States of America (USA) but it came with

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33 Ibid, p.59
34 Ramesh Chand (2005 Ed) “India’s Agriculture Challenges: Reflections on Policy, Technology and Other Issues”, New Delhi, Centre for Trade and Development, p. 1
conditionalities to influence the economic and foreign policies, which was considered as a threat to the nation integrity. The government decided to follow the policy of self-sufficiency in food. The country was desperately looking for breakthrough in food production. One choice was to opt for the spread of seeds high yielding varieties of wheat and rice, which was evolved by Consultative Group on International Agriculture Research (CGIAR). There was apprehension felt by economists as to mainly about dependence on commercial inputs intern multinational companies producing these inputs. Amid these apprehensions, government took bold decision to import and spread the High Yielding Variety (HYV) seeds. At the same time to create a favourable price climate for agriculture production, two new institutions namely, the Commission on Agriculture Cost and Pricing (CACP) and Food Corporation of India (FCI) were created. Both institutions dominated India’s food administration ever since.\textsuperscript{35} Agriculture input subsidies during this period was increased. The adoption of HYV technology and its spectacular success was hailed with the euphoria as ‘The Green Revolution’. In the span of five years time following the adoption of this technology, wheat production doubled in the country. Food grain production increased from 83 million tonnes to a 100 million tonnes during 1967-68 to 1971-72.\textsuperscript{36} There was also favourable interplay of technology and price policy. Thus, India achieved self-sufficiency in food production through increased food productivity.

During the decade of the 1980s, the sector did not see any major initiative. Towards the end of the decade, some adverse consequence of the new technology started emerging. The areas under the Green revolution started showing strain on land and water. Subsidies became a burden for fiscal management and subsequently public investment started declining in the sector. Since the new technology favoured well endowed irrigate areas of the country and it created a serious regional disparities in agriculture income. From 1991 onwards as a part of economic reforms and commitment to the WTO agreement on agriculture in 1995, agriculture commodities trade were liberalised. In Chand’s opinion, reforms did not provide any policy direction to agriculture. The 1980s problems of the sector became more acute and severe and several new challenges merged. for instance; deceleration in output

\textsuperscript{35}Ibid, p. 2  
\textsuperscript{36}Ibid, p. 3
growth, zero growth in agriculture employment, strain on the natural resource base, vulnerability to imports and weak ability to compete in the global market, persistent rural malnutrition, rising rural distress, poor performance of dry and rainfed land agriculture, gender inequalities and declining viability of marginal and small farmers’. 37

While discussing demand polity 38 in the agriculture sector, Rudolph and Rudolph divide the post-independence Indian agriculture into four periods. According to them, these four-policy strategies for agriculture have paralleled and sometimes shaped the course of the sector and rural society. 39 The first agriculture strategy of Nehru era (1947-64) featured land reforms as the major strategy to enhance equity. The second strategy was followed soon after the death of Nehru i.e. 1964 to 1971, in this period, new agriculture technology featured mainly. Through this technology, self-reliance in food production was the main agenda. The third strategy began with Mrs. Gandhi’s garibi hatao (abolition of poverty) emphasising income generation and distribution. The Janata’s agrarian oriented government launched the fourth agrarian strategy in 1977. It emphasised on creation of rural employment and assets and continued to emphasising on income distribution. 40 Since their book “In Pursuit of Laxmi: The Political Economy of the State in India” was published in 1987 pre-liberalisation period it does not cover the post-liberalisation period, which is the focus of his study. By 1960, this strategy proved ineffective, but there was a significant increase in production between 1951-52 and 1959-60, due to favourable monsoon and increase in acreage not yield. This was halted by the failure of monsoon by the mid 60s. The two failed monsoons of 1965 and 1966 pushed the country to the brink of famine. More than the monsoon failure, the perception was that it was the failure of political micro-foundations, which was required to implement the institutional strategy. Much of this strategy implementation was left to the state governments where the rich and upper-caste farmers with the complicity of the lower bureaucracy

37 Ibid, p. 4  
38 Rudolph & Rudolph uses the concept of Command polity and Demand polity in their seminal work In Pursuit of Laxmi: The Political Economy of the State in India” demand represents people’s sovereignty over state sovereignty in policy making process  
40 Ibid, p. 314
preferred to maintain status quo. As a result, land reforms could not progress any more. Even the local panchayat institution became the instrumental source for welding power by the local rural influential classes.

**Table-1.1: Major Thrust of Agriculture Policy Formulation through Five-Year Plans**

<table>
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<tr>
<th>Plan Period</th>
<th>Major Issues and Policy Thrust</th>
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<tr>
<td>Second Plan</td>
<td>Concern about low land productivity and thrust on irrigated agriculture. Irrigation development for rainfed areas. Land reforms enactments of laws. Tenancy reforms &amp; ceiling on holdings. Soil conservation as an important programme. Co-operative development institutions. National extension blocks created. Training and extension work for the technology through Community Development network.</td>
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<tr>
<td>Third Plan</td>
<td>Food security concerns continued to dominate. Technology change and adoption of improved technology to increase land productivity. Cultivable waste land to be brought under cultivation. Bringing the lagging regions under mainstream growth. Area development as an approach for development. Intensive Area Development Programme adopted for selected districts. Extension of non-agriculture activities in Rural areas. An integrated land policy approach. Soil surveys were taken up.</td>
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<tr>
<td>Fourth Plan</td>
<td>Emphasis on food security continued as minimum dietary requirements had to be met. Deep concerns about poverty. Regional inequality and correction of regional imbalances. Incentives created for diversion of</td>
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land towards food crops and enhancing the capacity of such land. Increased emphasis on irrigation and soil conservation in dry land regions and technological change introduced. Higher cropping intensity was the concern. Emergence of agriculture price policy. Concerns about domination of large holding sizes. And low allocative and technical efficiency. Second phase of land reforms with land ceiling Acts and consolidation of holdings. Encouragement to co-operatives. Institutional changes in credit, agriculture extension and training.

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<th>Plan</th>
<th>Description</th>
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<tr>
<td>Sixth Plan</td>
<td>Minimum Needs programme. Providing clean drinking water, elementary education and basic health facilities. Large attention to unemployment and under-employment. Target group specific programmes for poverty alleviation. IRDP, NREP and RLEGP programmes were undertaken for employment and income generation. Under-utilisation of land resources. Drought-prone areas continued to attract attention. Further attention for lagging areas on the backdrop of green revolution. Land and water management programmes under drought-prone area programme in selected districts.</td>
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<tr>
<td>Seventh Plan</td>
<td>Direct attack on poverty, unemployment and regional imbalances continued. Soil erosion and land degradation surfaced as major issues. Larger share of land was going out of cultivation. Soil and water conservation was needed for averting land degradation. National Watershed Development Programme, Oilseed and Pulses Development Programmes, Wasteland Development Programmes, and long-term view of land management were initiated.</td>
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<tr>
<td>Plan</td>
<td>Priority and Focus</td>
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<tr>
<td>Ninth Plan</td>
<td>Priority to agriculture sector. Generating adequate productive employment through employment assurance. Renews assault on poverty. Accelerating growth with stable prices. Food and nutritional security for vulnerable sections, providing basic need for environmental sustainability, growth with social justice and equity, foreign trade to be tailored for accelerating growth, boosts to agriculture research, development of infrastructure, and increasing investment in infrastructure, export-oriented growth and emphasis on horticulture crops for exports. Land degradation increased significantly, integrating watershed development programme across various components. Rethinking on land reforms. Gap between potential and actual crop yielding needs to be bridged. Need for a long-term policy document, bringing the under-utilised land under cultivation. Management of waste lands, maintenance of village commons. Decentralised land management system. Panchayat Raj institutions to manage the village lands, rethinking on land legislation.</td>
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<tr>
<td>Tenth Plan</td>
<td>The first, and possibly the most important, area of focus must be to raise the cropping intensity of our existing agriculture land. Climatically India is fortunate in that it is possible to have multiple crops practically all over the country. The critical problem though is water, as water resources are also under severe strain. Despite large investments in irrigation in the past, only about 40 per cent of</td>
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agriculture area is irrigated. Public investment in irrigation has fallen significantly over successive plan periods. This is largely due to resource constraints faced by governments both at the centre and the states. The tenth plan must aim at a major revival of public investment in irrigation capacity and water management. Greater attention will also have to be paid to rain water harvesting and increasing the irrigation potential through scientific watershed development and minor irrigation. There is also considerable scope to improve the efficiency of the existing irrigation infrastructure through better and more participative management practices.

The second priority must be the development of other rural infrastructure that supports not only agriculture but all rural economic activities. Poverty alleviation programmes needs to be reoriented so that they contribute more efficiently to the creation of rural assets, both private and community.

The third area that needs attention is the development and dissemination of agriculture technologies. Strengthening of the agriculture research and development system, with special emphasis on bio-technology, and a significant improvement in the degree of sophistication in the technology dissemination methods are essential to achieve rapid and sustained growth in agricultural productivity. A radical overhaul of the extension services is also needed.

Finally, the true potential of Indian agriculture can be realised only when there is diversification of agriculture products, both geographically and over time. For such diversification to gain momentum, the requisite science and technology inputs will have to be provided along with appropriate supportive price policies.

Eleventh Plan 2007-2012

The strategy to accelerate agricultural growth to 4% per annum in the Eleventh Plan requires action in the following broader areas: Bringing technology to the farmers, Improving efficiency of investments, increasing systems support, and rationalising subsidies, Diversifying,
while also protecting food security concerns, Fostering inclusiveness through a group approach by which the poor will get better access to land, credit, and skills. Investment in irrigation and irrigation delivery systems, Information and input delivery, Product marketing, Promoting land access, Land pooling of owned land, or joint purchase or joint leasing in and group farming, Contract farming.

**Source:** Compiled from various plan documents to show indicative thrust


*Eleventh Five Year Plan, Vol.III*

1.5.1. Five Year Plans (1950-51 to 1964-65)

Under the institutional approach, state prioritised land reforms and agriculture infrastructure development and investment in the sector formed the basic thrust of the three initial five-year plans (1950-51 to 1964-65) in the country. The political scientists also referred it as Nehruvian Era. As discussed earlier, it is also called as The Nehru-Mahalanobis years (1947-1964): agriculture in Indian during independence was desolate. In the four decades preceding Independence, food grain output grew by a mere 12 per cent while population grew by over 40 per cent, resulting in declining per capita availability of food grains. Even irrigation was covering only 15 per cent cultivable land, leaving the rest of the farming to the mercy of the monsoon. The 1942 Bengal famine took the life of a million; it was still haunting the nation. As a result transforming agriculture was daunting and urgent.41

There, the policy makers felt the need of increased agriculture production as an important way to cross impediments. Nevertheless, there was a debate on the ways and means of incentivise the farmers. This was the time when post-partition India was facing an acute food crisis. The government was forced to import huge quantities of food grains. As a result, policy makers made achieving self-sufficiency in food production as their important goal. Three components were chalked out to achieve this goal. First component was to invest huge money in the sector, especially in constructing of large, medium and minor irrigation projects along with power

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projects. To say the first Five-year Plan was in essence an agriculture plan. The second component of this period was that the implementation of land reforms during the mid-fifties with the aim to eliminate the intermediaries with the slogan of land to the tiller and to increase productivity by co-operativising land to create an appropriate incentive mechanism. The third component was that the community development programme with extension services to the agriculture was introduced. A new scheme was also launched during this time known as the Intensive Agriculture District Programme (IADP) in 1961, in three well-endowed districts that later extended to another thirteen districts in the country with packaged approach and concentrated efforts, at specific places. Efforts were also made in subsequent periods to minimise the exploitation of cultivators by moneylenders and traders by expanding the cooperative credit system. Due to backward agrarian technology and demographic pressure, India faced a severe food shortage during the third plan period; it created strains on foreign exchange reserves and the country reached a humiliating position. Food import became inevitable and food was imported from United States of America (USA), but this food import was attached with stringers of conditionalities and obliviously the intention of those conditionalities were to influence the economic and foreign policies of the Indian, which was considered by many as threat to national integrity. Consequently, the government decided to follow the policy of self-sufficiency in food production. The country was desperately looking for a breakthrough in food production technology. It was even ready to do away with its earlier institutional approach to follow the technocratic approach to achieve the food self-sufficiency.

1.5.2. Five Year Plans (1967-68 to 1989-90): Subramaniam Model

After Independence, the Nehru-Mahalanobis planning model started treating agriculture sector as the ‘bargaining base’ in favour of industrialisation. Immediate post-Nehru phase, agriculture policy of agriculture minister of C. Subramaniam known as ‘New Agriculture Strategy’ ushered the gradual ascension of the agrarian community interests in national policy agenda. Prime Minister Nehru’s death marked the end of Nehru-Mahalanobis model also, which was based on Institutional approach. The new Agriculture Minister introduced new agriculture policy initiatives
known as ‘New Agriculture Strategy’ during 1964-67’. It was based on technocratic approach. This strategy demanded all together a different state intervention in agriculture. Price initiatives had to be complemented with the price stability, as well as producer initiatives were to be reconciled with consumers’ welfare, because rise in food prices would have far-reaching political and economic consequences. The strategy had three initiatives, the first one was known as the economic initiative; this initiate introduced new prices to agriculture products to motivate farmers to produce more. The second component was known as the technological initiative, it emphasised on investment in technology to increase yield and the third, initiative was institutional, it preferred to create new institutions to support the two other components. Two more developments were complemented in this approach i.e. advancement in agriculture technology and discovery of High Yielding Variety (HYV) seeds, which was called as ‘miracle seeds’ of Norman Borlag.42

During the mid-Sixties, the Borlaug seed-fertiliser technology constituted the major characteristic and this technology was introduced in the country. It resulted into increase in wheat and rice output in a significant way. The promotion of this new technology with package approach which consisted of supply of HYV seeds, research and extension, supply of fertilisers and other inputs on subsidised rates and provision for credit to the farmers to enable individual farmers to undertake necessary agriculture activities. This programme was aimed at achieving higher agriculture food production. Therefore, policy makers took several measures to achieve the said goal. One of the measures was that of increase in agriculture research investment and extension. At the same time, the Indian Council of Agriculture Research (ICAR) was established as the apex body to carry out the intended research goals. At the same time, the National Seeds Corporation, the National Co-operative Development Corporation, the Agriculture Re-finance was established with the aim of supplying modern agricultural inputs to the farmers. Another important policy plank was that institutionalisation of positive price policy regime with the objective of guarantying remunerative prices to the farmers and at the same time ensuring reasonable prices to the consumers. In 1965, a comprehensive food management programme was instituted for procuring, storage and distributing the food grains to the consumers with

42Ibid, p.16
an affordable price. To achieve these goals, the Agriculture Prices Commission, to advice the government on price policy and FCI for food grain management, was established. Lastly, in this period, agriculture policies operated within the framework of tightly controlled trade and exchange policies.\footnote{Bhalla, \textit{op.cit.}, P.48} It meant that Indian agriculture was insulated from the world agriculture markets through the total control over exports and imports. Foreign trade in most agriculture goods was subjected to the quota restrictions. The agriculture technology policy resulted in augmentation of agriculture research institutes, foreign collaboration and introduction of specialised agriculture extension services.\footnote{Varshney 1995, in Posani, 2009, \textit{op.cit.}, p. 17}

This policy was a fiscal demanding one, in the sense, the HYV package necessitated more expensive seeds, fertilisers and controlled water resources i.e. canal irrigation. To introduce this technology, the government had to introduce incentives in the form of huge agriculture subsidies on inputs. Consequently, the government had to spend the scarce foreign exchange in importing fertilisers. This was implemented in the absence of sufficient revenue to support this programme, because taxing agriculture sector was politically perceived infeasible. This meant that the country had to face insufficient financing and threat of inflation. This lead to the struggle between Finance Ministry and Food and Agriculture Ministry, always the later prevailed in that struggle.\footnote{\textit{Ibid.}, p. 17} This ‘new strategy’ proved successful as far as increase in food grains and increase in area under acreage. The food grain shot up from 74.2 million tons in 1966-67 to 108.4 million tons in 1970-71. The area under HYV in 1966-67 was 1.9 million hectors and it increased to 15.4 million hectors in 1970-71. The technology that this strategy had introduced in agriculture sector in the country soon caught the fancy of the farmers. In the sense, it prepared the ground for the next agriculture strategy known as ‘Green Revolution’.\footnote{Varshney, \textit{op.cit.},} This strategy was helpful in augmenting the food security of the country, but it also helped in remarkable increase of wealth and political power of the rich agrarian communities in the post-green revolution phase, which was marked by input subsidisation by the government, further consolidated the agrarian policy priorities in the national policymaking. As a
result, the ‘rural lobby’, which processed the power of mobilising millions of farmers, furthered its hold on demanding more and more subsidies and more output prices. In Rao and Dev’s words,

The green revolution technology have helped in the reduction of poverty but have resulted in widespread regional disparities as dry lands are not covered....this is because of the exclusive emphasis on increasing production without keeping the objective of equity in view.

Consequently, this strategy reversed the earlier efforts to achieve equity in economic sphere was shattered, as Varshney argued ‘with the effect that the strategy served to deepen the structural problems and further empower the rich peasants-precisely the class it was to dislodge from power.’ By 1980s, HYV technology reached saturation point due to agriculture technological fatigue. During the early 1990s, agriculture witnessed a huge structural and policies changes, which was perceived negatively by the sector.

1.5.3. The Liberalisation Phase (1991-92 to Present): Impact of Multi-lateral Agreements

The mid-term appraisal for the tenth five-year plan had drawn attention to the loss of dynamism in agriculture and allied sectors after the mid-1990s. It enumerated the following disturbing trends that have crept into the sector; they are, first, agriculture growth has been decelerating. Second, there is widening economic disparities between irrigated and rain-fed areas. Third, the agriculture commodity prices vulnerability has increased due to world agriculture market volatility following trade liberalisation. Fourth, there is uneven and slow development of agriculture technology and it diffusion. Fifth, there is inefficient use of available technology and inputs. Sixth, the sector is facing the problem of lack of adequate incentives and appropriate

49 Varshney 1995 in Posani, Ibid, p.16
institutions. Seventh, there is degradation of natural resource base, rapid and widespread decline in groundwater table, with particularly adverse impact on small and marginal farmers; increased non-agricultural demand for land and water as a result of the higher overall GDP growth and urbanisation; aggravation in social distress as a cumulative impact of the above, reflected in an upsurge in farmers’ suicides. All these had adverse impact on concern regarding food security, farmers’ income, and poverty. There are three important areas needs for a serious considerations with regards to the agriculture sector’s loosing sheen in India, first, economic reforms, second, impact of multilateral agreements under WTO regime and third, an increase of non-farm sector interest in agriculture and overseas interest in Indian agriculture.

The main future of neo-liberal New Economic Policy of India, which had facilitated Indian economic integration with global economy, could be divided into five heads according to Krishnaswamy first, fiscal adjustment, second, Structural Adjustment Policy (SAP), third financial reforms, fourth policy of globalisation and, fifth other measures or approaches relevant to the sector. It is evinced that structural reforms, which enhance the role of markets, strengthened the basis for sustained growth. Growth thus becomes a means to achieve social development and to achieve poverty reduction. As Michael Bruno writes, ‘growth is necessary for a persistent reduction in poverty’. Adjustment is necessary for the resumption of growth. And fiscal and monetary restraints are necessary components of adjustment… These policies also intended to liberalising Indian economy, under the fiscal adjustment government took fiscal deficit containing measures. Consequently, government reduced the subsidies on food and fertilisers. Food subsidy affected in terms of procurement form the farmers in a reasonable price regime. Gradually target group concept was evolved to make availability of food at subsidised rates to the most vulnerable groups by leaving behind many other groups excluded. Progressive

elimination of fertilizer subsidies over a period has adversely affected the crops based on heavy inputs of chemical fertilisers. According to Krishnaswamy:

_The prime consideration in the decision regarding food and fertiliser subsidies under NEP has been, not how they would contribute to agriculture development but how they reduce the government’s non-plan expenditure and hence deficit-spending._  

Another point of concern is that the fiscal deficit constraint measures have been taken up by the government to reduce the deficit to a level of the agreement with the International Monetary Fund (IMF). Role of IMF as an international funding agency and politics behind it would be discussed in the next chapter. It has become an open secret that, the government of India has been taking up all these measures as part of implementing conditionalities of the funding agencies. If not, the government would not be able to secure the loans from the World Bank. Even if one is aware about investment patterns in agriculture in the country, the bulk of the investment has been the private investment even during the plan period. Public investment had been dominated essentially in the area of irrigation, soil conservation, agriculture research etc. attack on agrarian subsides has not been accompanied by the same in the corporate sector.

The SAP envisaged to rapid industrialisation with modernisation for attaining faster growth of the GDP. To achieve the goal of rapid industrialisation the following principles were proposed. The first was of the substitution of the market and of private enterprise for planning and public sector leadership in industry. The second was the re-orientating of industrial strategy towards export production in the place of import-substitution strategy. The third was removing the capital goods industries bias in resource allocation and letting the market to do the allocation. The marketisation of India’s economy was the main thrust of the SAP. This approach was extended to the agriculture sector also. The first impact of this approach on the sector was to down grade the priority so far assigned to food self-sufficiency, on the assumption that sufficient food buffer stocks have been achieved and on the argument that once

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54 Krishnaswamy, op.cit., p. A.65
economy has augmented its export capability, import can be arranged as and when necessary. Main assumption behind the agriculture liberalisation was that with liberalisation agriculture would automatically become more efficient and capable of earning foreign exchange. Under SAP, Indian agriculture, according to Krishnaswamy, will tend to be so commercialised as to blur the distinction between the ‘farm’ and the ‘firm’. In the meantime, agriculture got the status of industry. What does it mean; it means the agriculture processing industry and agriculture proper would be opened for both domestic and foreign private investors. This would not help the rural agrarian communities because agriculture exports have to be up to the international standards in both volume and quality, and their production and trading tend to be organised and financed by larger units. Part of the NEP philosophy is that, in order to secure higher productivity, a substantial increase has to be achieved in the average land holding size combined with more capital technology like biotechnology. Earlier, consolidation during 1960’s was aimed through co-operativisation but in the present context it was through uprooting the small and marginal farmers by creating unmanageable rural proletariat, to agriculture economy of scale. There has been a shift in urban industries taking up the agri-business as a lucrative option, where millions of rural agriculturalists are reeling under distress. The main problem with SAP in agriculture is that, it is a short sighted in terms of not taking care of the costs of transition in terms of agriculture unemployment and other costs to be paid by the small and marginal farmers. There would be displacement of rural labour form agriculture without alternative avenues for their employment in the absence of any other social safety nets.

Naidu also argues in these lines only that, the conditionalities of SAP required policy-prioritisation, not according to the loan recipient country's interest. These countries priorities are like eradication of poverty, employment; generating improvement in social infrastructure, health services, and equitable distribution of wealth etc. the agriculture sector faces a challenge from General Agreement on Trade and Tariff (GATT) and world Trade organisation (WTO). There is abandonment of channelising the trade to determine the value or the nature of the import and exports.

55 Ibid, p. A.66
56 Krishnaswamy, loc.cit.,
57 Ibid, p.A.66
dismantling quantitative restrictions. There is commercialisation of agriculture taking place and negligence of this sector. Small and marginal farmers are affected by a reduction in the fertiliser and chemical subsidies and budget in the poverty alleviation programmes, and dislocation of rural economy hitting the rural poor directly. SAP necessarily entailed costly food for the 'working people' because of the reduction of magnitude of food subsidies.\textsuperscript{58} Another notable development under the SAP was that the financial reforms were introduced in Indian economy. In 1991, within few months of assuming office, the Narasimha Rao government appointed the Narasimham Committee on the financial system. The committee was asked to make recommendations on commercial banks and financial institutions to advise how “greater competitive vitality” could be infuse in the system. The fallout of this committee concerning agriculture is that neither co-operative credit institutions nor land development banks figure in its preview. Beyond that, the committee took the view that the rural branches of commercial banks are ‘unremunerative’. This view tended towards a progressive disinvolve in rural credit for commercial banks and diversification of the Regional Rural Banks (RRBs). As a consequence, later on, RBI had permitted banks to close loss-making rural branches in the pretext of ‘over-dues’, by further crunching availability of loans to the rural economy, especially marginal farmers difficult,\textsuperscript{59} because, like any other markets, credit market also has never been a ‘level playing field’ for the small borrowers.

The Indian economy was set on to become a liberalised economy and its market was integrated with global market economy with phasing out gradually the agriculture insularly policies. It brought important macro-economic policies including trade and exchange rates. At the same time, Indian membership in World Trade Organisation (WTO) made India abolish all Quantitative Restrictions (QRs) on imports of agriculture commodities in 2001. However, economic reforms and agriculture liberalisation has been mainly brought through the price and trade reforms. Policy makers believed that, these change would bring positive growth in agriculture sector, but results have set disturbing trends in the sector such as deceleration in agriculture growth, reduced investment in agriculture sector, collapse of agriculture


\textsuperscript{59} Krishnaswamy, \textit{op.cit}, p.A.67
growth, increased strain on natural resource base, input efficiency and increasing cost of production leading to reduced competitiveness of India agriculture, and declining viability of marginal and small farmers in the country.\textsuperscript{60} Now food security also endangered with deceleration of yield and output of major cereals.

The impact of trade liberalisation regime in agriculture has resulted into the following developments. First, the canalisation of agriculture flow, that enabled the government to determine volume of the export and import has been abandoned or decanalised. Second, QRs in agriculture trade have been dismantled. Third, the above-mentioned developments have not been associated with a systemic restructuring on tariffs.\textsuperscript{61} The impact of liberalisation on the agricultural sector has to be understood in a context of international trade occurring in a highly imperfect setting and even though India is a large producer of agriculture commodities but its international trade is marginal.

Thus, the gradual shift in India’s policy priorities towards liberalisation in agriculture has been well documented. The major policy shifts as discussed affected in key area like trade, agriculture input market (seeds, fertilisers, power sector, irrigation sector, institutional credit, and food subsidy) and so on. It had direct impact on the agrarian population and the rural poor. In the post-liberalisation period, India removed quantitative limits on 470, agriculture products trading in 1998. It was further liberalised to 1400, agriculture products in 1999. It gave free hands to international agriculture traders to import cheap subsidised goods from other countries. Indian farmers were forced to sell their product to below their input prices. It reflects the inability of Indian farmers to compete in the international market to get reasonable out-put price. Seeds, input industry were liberalised. Ever since then, the farmers have been forced to depend upon the corporate seeds. Many times, it resulted in free and un-impending entry of spurious seeds. Gradually, since 1991, fertiliser subsidies have been reduced. Part of the power sector has fallen in to the private hands and the state is withdrawing subsidies in this sector.

\textsuperscript{60} Chand, \textit{op.cit.},
\textsuperscript{61}Deepak Nayyar & Abhijit Sen (1994) “International Trade and Agriculture Sector in India”, \textit{Economic and Weekly}, May. 14, p. 1187
Table 1.2: Actualisation of Agriculture Liberalisation in India

<table>
<thead>
<tr>
<th>Areas of Liberalisation</th>
<th>Actual Measures Implemented</th>
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<tr>
<td><strong>I. Trade liberalisation</strong></td>
<td>Quantitative restrictions (QRs) have been dismantled for about 470 agriculture products (1998). A further 1,400 agriculture products to be put on OGL (1999). Tariffs reduced to rate of 15-35 per cent trades for several crops liberalised, that is, imports and exports are much freer. These include important crops such as rice, wheat, cotton, and oil seeds, which account for much of the gross cropping areas in India.</td>
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<tr>
<td><strong>II. Input Market liberalisation</strong></td>
<td>Partial liberalisation of seeds industry allowing for seeds import (1988). Liberalisation of seeds industry has continued to deepen since then.</td>
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<tr>
<td>Fertilisers</td>
<td>Power subsidies have been reduced in some areas in the country (1997-99). Power generation sector opened for a lot more private participation including international players.</td>
</tr>
<tr>
<td>Power</td>
<td>Setting up of water Users Associations (WUAs) in various states that would effectively bring about new use rights in irrigation sources such as tanks and canals.</td>
</tr>
<tr>
<td>Irrigation</td>
<td>A change in the provision of state supported institutional credit for agriculture in line with Khusro and Narsimham Committee recommendations- still in progress.</td>
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<tr>
<td>Institutional Credit</td>
<td>There have been changes in essential commodities act, government has removed restrictions on inter-state agriculture commodity transportations, and contract farming has assumed importance in government’s policy priorities.</td>
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<tr>
<td>Agriculture Output Marketing</td>
<td>Targeted public distribution system (1997), Dual prices for Above Poverty Line (APL) and Below Poverty Line (BPL) population (2000) Dismantling food subsidy and replacing it with food coupons (in process)</td>
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It is also observable that, in the post-liberalisation period, the agrarian interest has been marginalised in the national policy agenda. The present agrarian crisis in the country emanates from this extreme marginalisation. The reforms of 1990s, which shifted policy priorities of the governments related to the changing global political
economy that is increasingly curtailing policy spaces for the national governments to pursue policies in the interest of their own citizens, in the respective national governments. These macro level national policies did not include any specific packages designed for agriculture. The policy changes rather, in Ghosh’s opinion,

*Were done on the presumptions of freeing agriculture markets and liberalising external trade in agriculture commodities would provide price incentives leading to enhance investment and output in that sector, while broader trade liberalisation would shift inter-sectoral terms of trade in favour of agriculture.*

The neo-liberal economic reforms affected rural areas in the following negative ways. There was decline in central government revenue expenditure on rural development; there were cuts on subsidies in agriculture sector and over all declines in per capita government expenditure on rural areas. Public investment in agriculture including extension, public infrastructure and energy investment diminished, that affected rural areas, including irrigation. Reduction spread and rising prices of the public distribution system for food had affected rural household food consumption. Financial liberalisation measures saw redefining priorities by the lending by the banks, which effectively reduced the availability of rural credit. Internal trade in agriculture commodities were liberalised across the states within India. External trade in agriculture commodities was liberalised and restriction were removed.

The liberalisation phase in Indian agriculture has been considered as the crisis and distressed phase. The dominant argument that put forward by the number of scholars concerning the crisis is the general macro-economic policies that Indian government chose to follow after liberalised its economy affected adversely. In the opinion of Patnaik the ‘Indian agrarian crisis is the product of misguided public

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policy, ill thought-out neo-liberal reforms induced the crisis by hitting farmers with
the high credit and input costs'.

1.6. Impact of Multilateral Agreements on Indian Agriculture

Globalisation efforts of the government, which is to say integrating Indian economy with global economy has been motivated by three principle expectations.

First, the entry of foreign competitors in to Indian domestic market will stimulate local producers to minimise their costs of production. Second, with increasing imports with reduced local costs and free access, Indian exports are expected to expand. Third, with expected access of foreign investment the Indian economy would benefit from an inflow of both financial resources and technology. By the same factors, Indian agriculture was expected to be transformed by elevating its growth rate. To ensure entry of foreign competitors the government of India reduced import duties and customs regulations were eased considerably, it was implemented in trade and exchange sector. A further step towards trade liberalisation was imported by India’s signing to the General Agreement on Trade and Tariff (GATT) compact at Geneva in December 1993.

Since the inception of GATT in 1947 in Havana, it produced a charter for International Trade Organisation (ITO). Since then, eight rounds of talks have happened and the eight round of talk is usually known as the ‘Uruguay Round’, which was initiated in September 1986 at Punta del, Uruguay. This round was the most complex and difficult as it covered in its negotiation the new areas like agriculture. The main objective of the GATT treaty was to reform world trade, which was highly distorted because of direct and indirect subsidies offered by the respective countries that flow various sector of the economy. In agriculture, it was assumed that, the subsidies manifest themselves into distorted world prices of agriculture commodities. In turn, these distortions lead to deceptive comparative advantage and inefficient use of world resources. Therefore, the ‘underlying philosophy of the GATT treaty is to

correct these distortions in world trade of agriculture commodities with a view to promote efficient allocation and use of world resources'.

India is one of the approvers of this treaty. The GATT commitment in agriculture falls fewer than the three main categories namely, market access, domestic support, and export competition. Under the market access, it is expected by the all GATT members to replace all non-tariff barriers and reduce the level of tariffs under a time bound programme. In the area of export competition, it is proposed to reduce direct export subsidies to a level. In principle, the GATT agreement was intended to make the international market for agriculture goods and services a ‘level playing field’ by eliminating discriminatory tariffs, quantitative restrictions, import licensing and such other devices which impede free flow. This was expected to help Indian agriculture in two ways. First, it was expected that the Indian export would be enlarged after gaining access to world market. Secondly, intense foreign competition would promote efficiency in resource use. Nevertheless, in the subsequent period, it was proved more beneficial to the developed countries because of their advancement in comparative advantage. Thus, GAAT provisions for third world countries proved not a level playing ground.

The World Trade Organisation (WTO) emerged as the successor of GATT on January 01, 1995. There is a farming crisis and it is arguably the most serious challenge facing India. The WTO regime has started to make itself felt on the ground. Farmers and experts alike feel that India’s farm produce could be pushed out of the market place by heavily subsidised imports of agricultural produce. Following a complaint by the US, the WTO decided, in 2000, that India would have to remove trade barriers that previously protected its own, local producers. Ever since, the Indian farmers have found it harder and harder to survive. Products that they once produced for the home market are now under cut by cheaper imported alternatives. The country now ships in Indonesian coconuts. The prices of coconuts in India have fallen by 80 per cent, as a result. Likewise, coffee prices have collapsed by over 60 per cent, and the price of pepper has plummeted by 45 per cent. Thus, on one side the developed countries are advocating free international trade in agriculture commodities at forums.

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65 Ibid.
like WTO and another side they are following subtle domestic policies which are
antithetical to these commitments. This is the reason why it is called the ‘duplicity
argument’; the duplicity argument is about western capitalism which on one side
talks about reducing agriculture subsidies in developing countries including India and
on the other highly subsidises its own agriculture. For instance, the USA has
increased its agriculture subsidies from 73.5 billion dollars to 180 billion dollars.\textsuperscript{66}

Another disturbing trend in trade in agriculture commodities is the extension of
provision of Trade Related Intellectual Property Rights (TRIPS) to agriculture. With
the consequence, farmers would lose their right to breed, new variants from any
patented seed for own use or exchange through the market. In Krishna Swamy’s
words:

\begin{quote}
Under the GATT provisions that seeds, plants and biogenetic substances or
innovations should be patented or given ‘patent like protection’ is truly
ominous to Indian agriculture.\textsuperscript{67}
\end{quote}

Enlargement of agriculture export in any country depends upon continuing increase in
output and diversion of large proportion to export sector. According to
Krishnaswamy, this implies under free market system: A high price-elasticity of
agriculture production, existence of higher prices abroad than domestically prevalent,
availability of adequate shipping and other export infrastructural facilities to shift
from one market to another market, easy access to financial and market, and absence
of any other legal impediments. He questions that ‘\textit{can we legitimately expect that all}
these conditions exists presently}’.\textsuperscript{68} In case if free trade conditions operates, then there
is no basis for assuming that foreign prices will remain attractive to agriculture
produces in India. Moreover, in India, self-sufficiency in agriculture production has
been achieved but food needs of peoples have not been met because of lack of
entitlements. Therefore, India’s participation in the global agriculture economy
expects many pre-favourable conditions domestically to be expected. However, due to
the agriculture market, integration farmers are losing fast autonomy in third world

\textsuperscript{66} Muzaffar Assadi (2006) “Agrarian Crisis and Farmers’ Suicide in India: Dimensions, Nature and
Response of the State in Karnataka” \textit{The Indian Journal of Labour Economics}, Vol.49, No.4, p. 797
\textsuperscript{67} Krishnaswamy, \textit{op.cit.}, p. A.70
\textsuperscript{68} \textit{Ibid}, p. A.68
counties. One strand attributes the suicides to the agro-economic problems, namely crop failure, indebtedness and the macro-policy issues arising out of the WTO-led economic regime. In that context, the Doha Declaration assumes importance. The Doha Ministerial Declaration adopted on November 14, 2001, Para 13 states that member countries commit themselves to:

Substantial improvements in market access, reductions of, with a view to phasing out, all forms of export subsidies, and substantial reductions in trade-distorting domestic support. We agree that special and differential treatment for developing countries shall be integral part of all elements of the negotiations and shall be embodied in the Schedules of concessions and commitments and as appropriate in the rules and disciplines to be negotiated, so as to be operationally effective and to enable developing countries to effectively take account of their development needs, including food security and rural development. We take note of the non-trade concerns reflected in negotiating proposals submitted by Members and confirm that non-trade concerns will be taken into account in the negotiations as provided for in the Agreement on Agriculture.69

The failure to adhere to the deadline and to adhere to the spirit of the Doha declaration has compounded the problem. Thus, the multilateral agreements are bound to reduce the national autonomies of third world countries. India has thus lost control over its commodity market, which, previously, protected in the nation’s interest and left the vulnerable agriculture sector to the predatory market forces.

1.7. Indian Agriculture in Distress: Some Indicators

Many scholars would argue that the agrarian crisis in the country rooted in the present economic regime of liberalisation. As Patnaik argued, the ascendance of international finance since the oil-shocks of the 1970s has been seen global economic policy

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69 Causes of Farmer Suicides in Maharashtra: An Enquiry, Final Report Submitted to the Mumbai High Court March 15, 2005 Tata Institute of Social Sciences Rural Campus, Tuljapur, Dist. Osmanabad
regimes being dictated by the interest of the financial capital. Financiers, who are the creditors basically, prevent inflation, which erodes their returns. They wish to maintain high interest rates and want complete freedom to move credit across the nations in search of profits. Accordingly, there has been a systemic push for opening up of capital accounts, and deflationary economic policies.\textsuperscript{70} These developments have brought the present global crisis of livelihood.\textsuperscript{71} The system risk in agriculture has increased many folds in the recent times. In Assadi’s words, it emanates from the introduction of capitalism in Indian agriculture in other word agrarian capitalism is the prime reason for agrarian crisis in India.

\textit{In Indian context, agrarian capitalism was introduced or superimposed on the existing social relations or social structure. This path of did not destroy different social structure or social relations-it allowed the presence of different social structure along with agrarian capitalism.}\textsuperscript{72}

The introduction of agrarian capitalism intensified the commercialisation in agriculture sector. Commercialisation demanded heavy monetised inputs and investments. It added technology and credit risks to the traditional weather risks that were the sector was facing. To all these liberalisation added market risks.\textsuperscript{73} All these have been accentuated by receding state support by 1990s’. Thus, everything has been interlinked; change in one sector would affect all other sectors like a chain reaction. Let us examine distress in agriculture through several indicators over a time and space:

The features of the current agrarian crisis are first, there has been a decline in the trend growth rate of production as well as productivity for almost all crops from the mid-nineties. Further, the value of output from agriculture has been declining from the late nineties. Second, there is an excessive dependence of a large section of the

\textsuperscript{70} Deflationary policies means, higher interest rates and cuts in public expenditure and subsidies.
\textsuperscript{71} Utsa Patnaik (2002) “Agrarian Crisis and Global Deflationism”, Social Scientist, 30(1-2), Jan-Feb, p.4
\textsuperscript{72} Assadi, op.cit., p. 794
\textsuperscript{73} Posani, op. cit., p. 33
population on agriculture (in 2004-05 nearly 64 per cent of the rural persons were from households whose members major activity status was either self-employed in agriculture or agricultural labour). This also indicates that rural non-farm employment opportunities are limited. Third, with declining size-class of holding and an increasing preponderance of marginal holdings (63 per cent as per 2000-01 agricultural census) along with poor returns from cultivation indicates that incomes for farm households are very low. Fourth, the much talked about green revolution had a greater focus on rice and wheat under irrigated condition, bypassing crops and regions under rainfed or dry land conditions (which is three-fifths of the 141 million hectares of net sown area in the country during 2003-04). There has been a failure to capitalise on the vast network of institutes to provide and regulate new technology (including the usage of biotechnology), and a virtual absence of extension service. Fifth, the neglect of agriculture in plan resource allocation has led to a decline of public investments in irrigation and other related infrastructure. Sixth, supply of credit from formal sources to the agricultural sector is inadequate leading to greater reliance on informal sources at higher interest burden. Last, but not the least, with changing technology and market conditions the farmer is increasingly being exposed to the uncertainties of the product as well as factor markets. Thus, the distress could be measured on the following basis like landholding size, indebtedness etc.

1.7.1. Changes In Operation Holdings

Land utilisation patterns shows that the number of operational holdings in India has increased many folds because it was imperative to meet the increasing demand and food needs of the population. It is obvious if one examines the certain key characteristics of the operation holdings in the country. It could be said that, it is one of the positive achievements that the country has attained. However, it was not without a cost, the cost the country had paid for expansion of operation holding was reduction in forest cover.

Table 1.3: Certain Key Characteristics of Operation Holdings

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(NSSO 17th )</td>
<td>(26th)</td>
<td>(37th)</td>
<td>(48th)</td>
<td>(59th)</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Number of operational holdings (millions)</td>
<td>50.77</td>
<td>57.07</td>
<td>71.04</td>
<td>93.45</td>
<td>101.27</td>
</tr>
<tr>
<td></td>
<td>1.1 percentage increase</td>
<td>-</td>
<td>12.4</td>
<td>24.5</td>
<td>31.5</td>
<td>8.4</td>
</tr>
<tr>
<td>2</td>
<td>Area operated (million hectors)</td>
<td>133.48</td>
<td>125.68</td>
<td>118.57</td>
<td>125.10</td>
<td>107.65</td>
</tr>
<tr>
<td>3</td>
<td>Average area operated (hectors)</td>
<td>2.63</td>
<td>2.20</td>
<td>1.67</td>
<td>1.34</td>
<td>1.06</td>
</tr>
</tbody>
</table>

**Source:** NSSO, Some Aspects of Operational Land Holdings in India, in Balamuralidhar Posanani (2009) “Crisis in Countryside: Farmer Suicides and the Political Economy of Agrarian Distress in India”, Working Paper Series, No.09-95, Development Studies Institute, London School of Economics, p. 21

Thus, in India, the number of operation holdings doubled from 51 million in 1960-61 to 101 million between in 2003. In terms of percentage according to the 59th National Sample Survey Organisation (NSSO) round in 2003, the increase was only 8.4 per cent. Nevertheless, the worrisome issue is that, at the same period area operated declined from 133 million hectors in 1960-61 to 108 million hectors in 2003 (see the table-1.4). Another worrisome issue is that the average area operated in 1960-61 was 2.63 hectors; drastically it has come down to 1.06 hectors in 2003.
1.7.2. Declining Share of Agriculture in Planned Expenditure

Table- 1.4: Share of Agricultures in Plan Expenditure

<table>
<thead>
<tr>
<th>Plan</th>
<th>Actual Expenditure on Agriculture, Irrigation and flood control (in Rs. Crores)</th>
<th>Actual Total Plan Expenditure (in Rs. Crores)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Plan</td>
<td>724</td>
<td>1960</td>
<td>37.0</td>
</tr>
<tr>
<td>Second Plan</td>
<td>979</td>
<td>4672</td>
<td>20.9</td>
</tr>
<tr>
<td>Third Plan</td>
<td>1754</td>
<td>8577</td>
<td>20.5</td>
</tr>
<tr>
<td>Annual Plans</td>
<td>1578</td>
<td>6625</td>
<td>23.8</td>
</tr>
<tr>
<td>Fourth Plan</td>
<td>3674</td>
<td>15779</td>
<td>23.3</td>
</tr>
<tr>
<td>Fifth Plan</td>
<td>8741</td>
<td>39426</td>
<td>22.1</td>
</tr>
<tr>
<td>Sixth Plan</td>
<td>26130</td>
<td>109291</td>
<td>23.9</td>
</tr>
<tr>
<td>Seventh Plan</td>
<td>48099</td>
<td>218730</td>
<td>22.0</td>
</tr>
<tr>
<td>Eighth Plan</td>
<td>102729</td>
<td>495669</td>
<td>20.7</td>
</tr>
<tr>
<td>Ninth Plan</td>
<td>161791</td>
<td>813998</td>
<td>19.8</td>
</tr>
<tr>
<td>Tenth Plan</td>
<td>101525*</td>
<td>616700*</td>
<td>16.5</td>
</tr>
<tr>
<td>Eleventh Plan</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>


The path of development that the Indian state has resorted to has affected the agriculture sector in a negative form, as agriculture since the recent decades continues to receive a raw deal in the hands of the state. Public expenditure on the sector has come down drastically. For instance, the all over allocation for the sector in five-year plans has come down. Five year plans have been a main characteristic of India economic that was envisaged a systemic transformation. If one has a cursory look at the statistics of plan expenditure on agriculture, would see a declining trend over plans. In percentage during the first five-year plan, 37.0 percent was allotted to the sector, now it has declined to less than 16.5 during the tenth five-year plan (see the table- 1.4).

1.7.3. Declining Share of Agriculture GDP

On the one side, not only has budgetary and planned allocation to agriculture sector declined but simultaneously its share in the GDP. The social and economic vulnerability of agriculture in India is reflected in parameters such as contribution of
agriculture to GDP, low commercialisation, low productivity, weak market orientation, preponderance of small and marginal uneconomical land holdings, lack of infrastructure, dependence on monsoon, susceptibility to natural calamities and dependency of large population on agriculture for their livelihood. Structural transformation in Indian economy, negatively or positively reflected in terms of share of agriculture in GDP. The share of agriculture GDP has been declining constantly year by year. For example, the share of GDP of agriculture during 1950-51 was 57.7 percent. In 2004-05, it has come down to 20.0 per cent, even if we compared it during 1972-73 it was contributing 41.0 per cent, but the same time worrying issue was that the concomitant labour force shift has been less than commensurate (see table 1.5). The share of employment has remained higher up from 73.9 during 1972-73 to 56.6 per cent during 2004-05. This structural discrepancy means there a large and growing difference in inter-sectoral relative productivities.

<table>
<thead>
<tr>
<th>Year</th>
<th>Share of Agriculture in GDP at 1999-2000 Prices (%)</th>
<th>Share of Agriculture in Employment UPSS (%)</th>
<th>Ratio of Worker Productivity in Agriculture to Non-Agriculture</th>
<th>Ratio of Worker Productivity in Non-Agriculture to Agriculture</th>
</tr>
</thead>
<tbody>
<tr>
<td>1972-73</td>
<td>41.0</td>
<td>73.9</td>
<td>0.26</td>
<td>3.92</td>
</tr>
<tr>
<td>1993-94</td>
<td>30.0</td>
<td>63.9</td>
<td>0.24</td>
<td>4.12</td>
</tr>
<tr>
<td>1999-00</td>
<td>25.0</td>
<td>60.2</td>
<td>0.22</td>
<td>4.55</td>
</tr>
<tr>
<td>2004-05</td>
<td>20.2</td>
<td>56.5</td>
<td>0.20</td>
<td>5.12</td>
</tr>
</tbody>
</table>


Note: GDP Denotes Gross Domestic Product and UPSS Denotes Usual Principle and Subsidiary Status

At the same time percentage of GDP, expenditure on both rural wage employment programmes and special programmes for rural development started to

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76 Bhalla, op. cit., P.2
decline from mid-1990s. The total central allocation for rural wage employment programmes was already only 0.4 per cent of GDP in 1995-96, but it declined further to a minuscule 0.13 per cent of GDP in 2000-01.\textsuperscript{77}

Table-1.6: Growth of Gross Domestic Product (GDP), Sectoral GDP and Per Capita Income (in 1999-2000 prices)

<table>
<thead>
<tr>
<th>Year</th>
<th>Agriculture</th>
<th>Industry</th>
<th>Service</th>
<th>GDP at factor cost</th>
<th>Per capita NNP at factor cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980-81 to 1990-91</td>
<td>3.08</td>
<td>5.79</td>
<td>6.54</td>
<td>5.15</td>
<td>2.82</td>
</tr>
<tr>
<td>1992-93 to 2002-03</td>
<td>2.61</td>
<td>5.82</td>
<td>7.65</td>
<td>5.85</td>
<td>3.89</td>
</tr>
<tr>
<td>1992-93 to 2005-06</td>
<td>2.57</td>
<td>6.05</td>
<td>7.72</td>
<td>6.00</td>
<td>4.10</td>
</tr>
<tr>
<td>1950-51 to 2005-06</td>
<td>2.54</td>
<td>5.19</td>
<td>5.40</td>
<td>4.26</td>
<td>1.94</td>
</tr>
</tbody>
</table>

\textit{Note: Growth is Compound Annual Growth Rate, NNP Denotes Net National Product}  

Not only is the share of agriculture to GDP constantly coming down, but also the growth rates of agriculture have been on the decline. This deceleration has been most acute and most visible during the post-liberalisation period. The growth rate by gross product (GDP from agriculture) declined from 3.08 per cent to during 1980-81 to 1990-91 and between 1990-91, to 1992-93; it has declined further to 2.57 per cent. There was also further dip to 1.3 percent in 1999-2000 and even there was a negative growth of -2 percent in 2000-2001.\textsuperscript{78} The present capitalist agriculture model has further widened the gap between different sectors, particularly between the urban and rural areas. The crisis has increased the rural landlessness and it is not able to absorb this segment in to the job market from the past twenty years. In another period, during 1990-93 and 2003-06, agriculture growth reflects the immediate impact of economic reforms on agriculture performance. The clear-cut reflection of this decelerated growth was visible during this period at all India level and across the regions in the country. At the all India level, the output growth decelerated to 1.74 percent per

\textsuperscript{77} Ghosh, \textit{op.cit.}.  
\textsuperscript{78} Posani, \textit{op. cit.}, P. 22
annum during 1990-93 to 2003-06 compared with a growth rate of 3.37 percent per annum during 1880-83 to 1990-93.79

If divided, the plan phases into four segments i.e. pre-green revolution, green revolution, wider technology dissemination and post reforms period. Growth rate of agriculture and non-agriculture in GDP in these four periods has seen vicissitudes. Total GDP growth rate of agriculture and non-agriculture has gone up during post-reforms period compared to pre-green revolution period from 3.95 per cent to 5.69 per cent. But the worrisome issue here is the declining growth of agriculture in GDP form pre-green revolution period 2.66 to post-reforms period 1.86 (see table-1.7)

<table>
<thead>
<tr>
<th>Period</th>
<th>Total</th>
<th>Non-agri.</th>
<th>Agri.</th>
<th>Fishery</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Pre-Green Revolution 1950/51 to 1964/65</td>
<td>3.95</td>
<td>5.59</td>
<td>2.66</td>
<td>4.79</td>
</tr>
<tr>
<td>II Green revolution period 1965/66 to 1979/80</td>
<td>3.62</td>
<td>4.4</td>
<td>2.76</td>
<td>3.47</td>
</tr>
<tr>
<td>III Wider Technology Dissemination 1980/81 to 1994/95</td>
<td>5.37</td>
<td>6.56</td>
<td>3.33</td>
<td>6.29</td>
</tr>
<tr>
<td>IV Post Reforms 1995/96 to 2003/04</td>
<td>5.69</td>
<td>6.95</td>
<td>1.86</td>
<td>4.17</td>
</tr>
</tbody>
</table>


In this period, availability of cultivation as a remunerative occupation has been falling down; it is visible in both in agriculture as well as non-agriculture employment sectors. The NSSO survey on Employment and Unemployment, of which the 55th Round was held in 1999-2000, indicates a dramatic decline in the rate of employment generation in the liberalisation period. The rate of growth of employment, defined in terms of the current daily status (which is a flow measure of the extent of job

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available) declined from 2.7 percent per year during period of 1983-84, to only 1.07 per cent per year in 1994-2000, for all of India.\textsuperscript{80}

1.7.4. Marginalisation of Rural Development

The recent crisis in agriculture sector seems to be stemming directly from the declining public expenditure and progressively marketisation of agriculture services in the country. In other words, the state withdrawal process had set in to motion since liberalisation in 1991 has had affected the sector in adverse terms.

Table-1.8: Gross Capital Formation (GCF) in Agriculture at Current Prices (1990-2000 Series)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total GCF (Rs Crore)</th>
<th>Public GCF (Rs Crore)</th>
<th>Private GCF (Rs Crore)</th>
<th>Share of Public (%)</th>
<th>Share of Private (%)</th>
<th>GCF in Agri. As percent of total GDP</th>
<th>GCF in Agri. as percent of agri.GDP</th>
<th>GCF in Agri. as percent of aggregate GCF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980-81</td>
<td>4342</td>
<td>1876</td>
<td>2466</td>
<td>43.2</td>
<td>56.8</td>
<td>3.0</td>
<td>9.2</td>
<td>16.1</td>
</tr>
<tr>
<td>1990-91</td>
<td>15839</td>
<td>3586</td>
<td>12253</td>
<td>22.6</td>
<td>77.4</td>
<td>2.8</td>
<td>10.5</td>
<td>11.5</td>
</tr>
<tr>
<td>1995-96</td>
<td>17392</td>
<td>5952</td>
<td>11440</td>
<td>34.2</td>
<td>65.8</td>
<td>1.7</td>
<td>6.9</td>
<td>6.3</td>
</tr>
<tr>
<td>1999-00</td>
<td>50151</td>
<td>8670</td>
<td>41481</td>
<td>17.3</td>
<td>82.7</td>
<td>2.6</td>
<td>11.2</td>
<td>9.8</td>
</tr>
<tr>
<td>2000-01</td>
<td>46432</td>
<td>8176</td>
<td>38256</td>
<td>17.6</td>
<td>82.4</td>
<td>2.2</td>
<td>10.3</td>
<td>9.2</td>
</tr>
<tr>
<td>2001-02</td>
<td>60366</td>
<td>10353</td>
<td>50013</td>
<td>17.2</td>
<td>82.8</td>
<td>2.6</td>
<td>12.4</td>
<td>11.1</td>
</tr>
<tr>
<td>2002-03</td>
<td>61883</td>
<td>9564</td>
<td>52319</td>
<td>15.5</td>
<td>84.5</td>
<td>2.5</td>
<td>13.1</td>
<td>10.1</td>
</tr>
<tr>
<td>2003-04</td>
<td>61827</td>
<td>12218</td>
<td>49609</td>
<td>19.8</td>
<td>80.2</td>
<td>2.2</td>
<td>11.6</td>
<td>8.4</td>
</tr>
<tr>
<td>2004-05</td>
<td>70786</td>
<td>13610</td>
<td>57176</td>
<td>19.2</td>
<td>80.8</td>
<td>2.3</td>
<td>13.2</td>
<td>7.6</td>
</tr>
<tr>
<td>2005-06</td>
<td>83952</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2.4</td>
<td>14.1</td>
<td>7.3</td>
</tr>
</tbody>
</table>


\textsuperscript{80} Ghosh, op.cit.,
The rural development in the country witnessed a falling Grass Capital Formation (GCF) on its expenditure that includes irrigation, rural infrastructure etc. the share of agriculture GCF in total GCF fell from 16.1 per cent in 1980-81 to 7.6 per cent in 2004-05. This decline was recorded because of decline in the share of public sector GCF from 43.2 per cent in 1980-81 to 19.2 per cent in 2004-05, where private investment failed to compensate the public GCF declined. At the same time, there was a considerable decline in the rural share of total development expenditure from 11.7 per cent of GDP in 1991-92 to 5.9 per cent in 2000-01. This decline means state withdrawal from the rural development sector which could not have been compensated by the private sector and that means ever-increasing expenditure by rural families on non-agriculture things like health education etc.

1.7.5. Changing Agrarian Structure: Marginalisation and the Emergence of Disempowered Peasantry

Indian planners envisaged in their agriculture policy formulations during the plan period were to make the tiller of the soil also the owner of the holding. That means actually creating a large number of owner cultivators and providing them all help in agriculture input on institutional basis. As discussed earlier, the land reforms assumed an important institutional change. However, in the liberalisation times operative forces have changed. These forces tend to treat smallholdings as unremunerative and advocate for converting small farmers into tenant or agriculture labourer. The withdrawal of the state form backing the sector on ideological and the resource constraint basis is facilitating for propagating this kind of an argument. As a result, one peculiar development has taken place in the sector towards the agri-business direction. Now, more private investment flowing into such business, naturally it would demand continuous flow of commodities and agriculture labour and huge landholding size. In this situation, agri-business companies tend to become the new type of farmers. These businesses only would be ensured adequate flow of credit, it would have a better access because of its size, and manipulative tactics compared to an illiterate small and marginal average farmers of India.81

81 Krishnaswamy, op.cit., p. A.70
Table-1.9: Change in the Size Distribution of Operational Holdings and Operated Area: 1960-61 to 2002-03

<table>
<thead>
<tr>
<th>Category of Holding</th>
<th>Percentage of Operational Holding</th>
<th>Percentage of Operated Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marginal</td>
<td>39.1</td>
<td>45.8</td>
</tr>
<tr>
<td>Small</td>
<td>22.6</td>
<td>22.4</td>
</tr>
<tr>
<td>Semi-Medium</td>
<td>19.8</td>
<td>17.7</td>
</tr>
<tr>
<td>Medium</td>
<td>14.0</td>
<td>11.1</td>
</tr>
<tr>
<td>Large</td>
<td>4.5</td>
<td>3.1</td>
</tr>
<tr>
<td>All Size</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Note: the 59th Round of the NSS defines marginal farmers as those possessing 0.01-1.00 hectares, small as those with 1.01-2.00 hectares and large farmers as those with more than 10.00 hectares of holding.


The proportions of marginal landholders in the country have increased from 39.1 percent in 1960-61 to 71 per cent in 2003. These huge marginal landholders could operate only 22.6 per cent in total parentage of operated area in the country (see table-1.9). Semi-medium and medium farmer’s number has increased. The marginalisation of farmers increasingly forces them into sharecropping and renting additional land. This leads to other difficulties like insecurities of lease, increasing input cost and low returns form production along with difficult in credit, especially institutional credit. At the crop level, the worrisome feature is the trend in rice and wheat production is lower than the population growth since the ninth plan.82 If we see the distribution of farmers households according to social groups among the small and marginal farmers one would see only the overwhelming majority Scheduled Castes (SCs), Scheduled Tribes (STs) and Other Backward Classes (OBCs) farmers, see the table below. This is one of the major reasons for underrepresentation of agrarian concerns in the policymaking in the recent past, because not only marginalised sections have been taking up agriculture occupation independently in the liberalisation

period but also their land structure has been further marginalised in the overall agrarian structure of the country.

Table 1.10: Distribution for Social Groups of Farmer Households by Land Size Category, 2003

<table>
<thead>
<tr>
<th>Social Group</th>
<th>Semi-Marginal &amp; Marginal</th>
<th>Small</th>
<th>Marginal &amp; Small</th>
<th>Medium &amp; Large</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>SC</td>
<td>21.6</td>
<td>10.3</td>
<td>19.3</td>
<td>7.8</td>
<td>17.5</td>
</tr>
<tr>
<td>ST</td>
<td>12.4</td>
<td>15.6</td>
<td>13.0</td>
<td>14.9</td>
<td>13.3</td>
</tr>
<tr>
<td>OBC</td>
<td>41.8</td>
<td>41.8</td>
<td>41.8</td>
<td>39.7</td>
<td>41.5</td>
</tr>
<tr>
<td>Others</td>
<td>24.1</td>
<td>32.3</td>
<td>25.7</td>
<td>37.5</td>
<td>27.6</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>


The largest percentage of farmers households belong to OBC category, with 42 percent followed by others by 28 percent. Among the SCs, 18 percent households own the land; among the STs, the situation looks better with 13 percent. SCs and STs together constitute 31 percent of farmer households. However, SCs in particular have more than half of their holdings of less than half a hectar. ST households appear to be better; this picture is more apparent than real, since quality of their land is probably of the lower quality - a fact corroborated by the high incidence of poverty and dependence on wage labour among land owning ST households.\(^8\) NSSO 61st round Survey reveals a number of important aspects of caste/class composition in rural India. In every size class of land ownership, there is a hierarchy in terms of poverty status. STs, followed by SCs, OBCs and then others, constitute the bottom layer. The conditions of the STs are the worst and most intense in terms of poverty when even compared to SCs. The STs landless farmers had an overwhelming poverty ratio of 68 percent; also, these farmers are the most vulnerable with one-third of them being in poverty. They, in all, probability, eke out their living by cultivating poor quality land and by collecting non-timber forest products. Even among the farmers, possessing

more than two hectares of land are under high incidence of poverty. Small and marginal farmers have especially become the victim of agriculture liberalisation, which has exposed these farmers to the predatory market forces. The policy neglect has been forcing these farmers to bear the burden of all the costs and the risks to invest heavily on land and water resources development with borrowed money from the non-institutional sources at usurious interest rates. The vulnerability of the small and marginal farmers from socially backward sections increases in the face of their inability to negotiate with the institutions of state civil society and the predatory market. Their inability to make themselves visible in policy priorities also emanate from their chronically disempowered social and economic status. Thus, not only they are marginalised but their concerns in state policies have also been marginalised.

1.7.6. Squeezed Agriculture Sector

The established fact in the development economy is that the process of economic development involves structural transformation of the economy. In this transformation, there is shift both in terms of value of output and of employment from primary sector (agriculture) to secondary (industrial) and tertiary (service) sectors. This is because inherent limitations within agriculture sector such as limits in output, employment and demand to the outputs. As economy expands and agriculture modernises there happens transfer of resources from agriculture towards other sectors. There has to be carefully differentiated between process of transferring resources and squeezing agriculture. The terms of agrarian transfer are the agrarian question i.e. how to transfer resources to other sectors of the economy without disturbing the livelihoods, supply of raw materials and food. This agrarian question is the centre to the ‘town-country’ debate. Answers to these questions have both political and economic implication.

The economic aspect deals with how to industrialise and develop agriculture at the same time. But this invariably involves conflicts and coalitions.
frequently taking the form of zero-sum games between agriculturists and industrialists. These are the political economy question.\textsuperscript{86}

The inter-sectoral terms of trade between agricultural and non-agricultural sectors,\textsuperscript{87} is one of the important economic indicators to gauge whether agriculture sector as a whole has either gained or lost in the process of structural transformation through economic growth. The liberalisation policies such as devaluation of currency and ending protection to industries in 1990s were expected to benefit agriculture and improve its relative Terms of Trade (ToT), but this has not happened. There is erosion of real income of farmers. For instance, the prices received by the farmers for their crops are compared with the prices they pay for consumer goods\textsuperscript{88}; it has been observed that farmers are facing an erosion of real incomes because the growth in aggregate price index for consumer goods has been higher than the growth in price index for agricultural commodities.\textsuperscript{89} This has led to declining relative living standards of farmers, particularly small and marginal farmers, whose incomes are clearly inadequate to meet consumption expenditure. One could assess the squeeze of agriculture by comparing gap between income and consumption of agriculture households. In the initial three decades of the post-independence India, notwithstanding the ‘urban-bias’ argument there was net transfer of resources into agriculture sector.

The strategy of Market centric new economic policies were expected to make the terms of trade favourable to the agriculture sector by reducing the level of protection to the manufacturing sector, and removing restrictions on agriculture trade within and outside country. It was also expected that capital formation would be enhanced as a result of technical change and increase in the growth rate of output. Another expected issue was that the accelerated growth in agriculture would diversify employment into non-agriculture sector and trade-liberalisation was supposed to

\textsuperscript{86} Posani, \textit{op.cit.}, P.14
\textsuperscript{87} The inter-sectoral terms of trade is, the ratio of total prices received by the agricultural sector to the total prices paid by it to non-agriculture sector
\textsuperscript{88} i.e. Consumer Price Index for Agriculture Labour-CPIAL
\textsuperscript{89} Mishra, \textit{op.cit.},
encourage diversification of agriculture to high value crops.\textsuperscript{90} In Rao’s opinion, the new policy has been successful in improving the terms of trade for agriculture, and increase in private capital formation and gross fixed capital formation, in real terms, at the all India level. On the other hand, the expectation of a higher public capital formation through reduction of input subsidies in the sector has not been materialised. The fiscal containing measures have not helped in any way in formation of additional capital formation. Expenditure on irrigation, power, and other rural infrastructure as well as on agriculture research and extension was drastically cut down.\textsuperscript{91} However, the favourable terms of trade and increased private capital formation in agriculture sector has not lead to any acceleration in growth of agriculture production? In fact, there has been a deceleration in agriculture growth in the post-reforms times. As expected during the post-liberalisation phase, export in tradable agriculture commodities did register any increase up to 1996-97, but as a result of East Asian crisis in 1997, which resulted in a large deceleration in growth of international trade, flattened exports from India. At the same time, international agriculture price started falling down it made most of the Indian agriculture commodity export uncompetitive. At the same time, the Indian government removed quantitative restrictions (QR) on agriculture imports, because of which there was an influx of cheap imported agriculture commodities in the country.

\noindent \textbf{1.7.7. Increasing Rural Indebtedness}

One can infer and generalise from the below data that, there has been a huge gap between what farmers are earning and what they are consuming across the landholding size in the country. The NSSO data reveals that the annual total income of farmers at all India level comes to around Rs. 25,380 (around $500) this includes cultivation, wages, farming and other agriculture related activities. In this amount, 45 percent income comes from the cultivation alone i.e. Rs. 11,628. According to the survey, the highest average annual income of Rs. 65,858 was reported in Jammu and Kashmir followed by Punjab and Kerala. The lowest, income was reported in Orissa

\textsuperscript{90} N. Chandrasekara Rao, (2006) “Agrarian Crisis in Andhra Pradesh”, \textit{Journal of Indian School of Political Economy}, Vol-18, Nos. 1&2, Jan-June,

\textsuperscript{91}Ibid, pp. 36-35
preceded by Madhya Pradesh, Rajasthan and Andhra Pradesh.\textsuperscript{92} However, at the same time, the highest cultivation cost was reported from the agriculturally developed states like Punjab followed by Haryana and Andhra Pradesh. The net average cultivation income from farmer’s households comes around Rs. 2,837. Shockingly, net income is negative in AP, Haryana, Rajasthan and Tamilnadu. The worst affected states in terms of expenditure exceeding the income are Rajasthan, Haryana, Uttar Pradesh, Madhya Pradesh and AP. In Naryanamoorhty’s opinion,

\begin{quote}
This clearly suggests that farmers are in severe distress and income that they get from all sources is not even enough to meet the consumption expenditure of the households.\textsuperscript{93}
\end{quote}

Table-1.11: Monthly per Capita Income and Consumption by Size Class of Holdings, 2003

<table>
<thead>
<tr>
<th>Size-Class (hectors)</th>
<th>Income (Rs)</th>
<th>Consumption (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;0.01</td>
<td>1380</td>
<td>2297</td>
</tr>
<tr>
<td>0.01-0.40</td>
<td>1663</td>
<td>2390</td>
</tr>
<tr>
<td>0.41-1.00</td>
<td>1809</td>
<td>2672</td>
</tr>
<tr>
<td>1.01-2.00</td>
<td>2493</td>
<td>3148</td>
</tr>
<tr>
<td>2.01-4.00</td>
<td>3589</td>
<td>3685</td>
</tr>
<tr>
<td>4.01-10.00</td>
<td>5681</td>
<td>4626</td>
</tr>
<tr>
<td>&gt;10.00</td>
<td>9667</td>
<td>6418</td>
</tr>
<tr>
<td>All Sizes</td>
<td>2115</td>
<td>2770</td>
</tr>
</tbody>
</table>


Farming households in the countryside need credit for both farming and consumption purpose, especially, the small and marginal farmer households need more credit to maintain the subsistence level and to meet the increasing costs of cultivation for production. Gradually, Indian farmers are being trapped in debt.

\textsuperscript{92} A. Narayana Moorthy (2006) “State of India’s Farmers”, \textit{Economic and Political Weekly}, February 11, p.471
\textsuperscript{93}Ibid, p. 472
Insurmountable debts have been the prime reason for suicides by the farmers across the country, especially in states like Andhra Pradesh, Maharashtra, Madhya Pradesh, Punjab, Karnataka and Kerala. In most cases, the small and marginal farmers were the victims and their economic status stated as very low. The indebtedness and suicides were reported even from traditionally considered not backward regions like Punjab. The reasons behind the distress in these areas were green revolution agriculture activities, which have become ‘individual enterprises requiring high investment in modern inputs and wage labour. In addition, there was a high trend in crop pattern towards high investment cash crops in these areas. In the observation of special programme for marginal and small farmers:

*Increased liberalisation and globalisation have in fact led to a shift in cropping pattern from staple crops to cash crops like oilseeds and cotton, requiring high investment in modern inputs and wage labour, and increasing credit needs but when the price declined farmers had no means to supplement their incomes. When crops failed and or prices went down, they had no means to repay the loans.*

Further, it observes that, unlike industrialists, farmers do not have any access to debt relief under any law. Being indebted to private moneylenders, they cannot just go to any authority to declare themselves insolvents to get any type of debt relief. The price shocks that occur due to integration of markets affect the most to marginal and small farmers. They just could not withstand, ‘with a mounting debt burden along with the rising risks in production and price fluctuations leading to low remuneration, it is no wonder that a lot of distress is generated among the farmers.’

---

94 Government of India (2008), *op.cit.*, p.14
Table-1.12: Prevalent Rate of Indebtedness by Farm Size (in Per cent), 2003

<table>
<thead>
<tr>
<th>Land size (in Hectors)</th>
<th>Formal</th>
<th>Informal</th>
<th>Both</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;= 0.40</td>
<td>12.7</td>
<td>30.3</td>
<td>3.5</td>
<td>46.5</td>
</tr>
<tr>
<td>0.41-1.00</td>
<td>18.8</td>
<td>21.7</td>
<td>4.6</td>
<td>45.0</td>
</tr>
<tr>
<td>1.01-2.00</td>
<td>25.9</td>
<td>17.9</td>
<td>7.0</td>
<td>50.8</td>
</tr>
<tr>
<td>&gt;2.00</td>
<td>34.7</td>
<td>14.4</td>
<td>8.6</td>
<td>57.8</td>
</tr>
<tr>
<td>Total</td>
<td>20.4</td>
<td>23.0</td>
<td>5.3</td>
<td>48.6</td>
</tr>
</tbody>
</table>


Indian farmers now are trapped in debt problem. It would be appropriate to recall the Royal Commission Report on Agriculture in 1928, which reported that under the colonial rule, the peasant lives in debts and dies in debts. This special argument still holds good even today.96 The maximum average debt per farmer household is in Punjab (Rs. 41576) followed by Kerala (Rs. 33907) and Haryana (Rs. 26007). The least-average debt was reported in Meghalaya (Rs. 72).97 Desperate indebtedness is the interwoven thread among the suicide cases in India. The indebtedness symptom is manifestation of a deep-rooted systemic crisis and growing distress in Indian agriculture sector. The Expert Group appointed by Finance Ministry on indebtedness pointed out that there has been a distinct slowdown agriculture growth over the past two decades. These has been stagnation in agriculture technology, input prices has been constantly on upward swing, agriculture support system has been weekend over a period of time, profitability in agriculture declining, all these factors making agriculture less profitable activity. These cumulatively threatening the livelihood of the farmers, especially small and marginal framers are worst hit. The report concludes that the agriculture in India is passing thorough a ‘severe crisis’.98

Before liberalisation it was said that the twenty percent of the peasants were indebted increased up to 70 percent in Andhra Pradesh followed by Punjab with 65 percent. The NSSO data shows that 50 percent indebtedness was mainly owed to capital-intensive farming such as Bt. Cotton, fertilisers, agrochemicals etc. In Janaiah’s analysis, the two most important purpose of taking loans were stated to be “capital

96 Assadi, *op. cit.*, p. 795
97 Singh, *op. cit.*, p. 761
expenditure in farm business” and a current expenditure in farm business”. At the all India level, out of every 1000 rupees taken as loan 584 rupees were borrowed for capital-intensive agriculture. It was also found that highest number of indebted farmers belonging to the Backward Communities with 42 percent. It is stated that about 70 percent of indebted farmers own less than two hectares of land. One of the Situation Assessment Survey (SAS) report also indicates that given a choice 41.6 percent of the farmers would quit agriculture and take some other occupation. Even though, 59.4 percent farming household reported that they like farming as a profession. Those who did not like farming was due to 26.5 percent said, it is not profitable any more, while 13.6 percent argued it is too risky, lack of social status.

The farmers perhaps most acutely feel the withdrawal of the state in the decline of institutional credit. The nationalisation of main banks in 1969, require them to prioritise lending to agriculture. However, this came to an abrupt end with the Narasimham Committee on Banking Reforms in post-liberalisation period. The committee slowly squeezed lending credit lines to the farmers. A committee appointed in 2006 by the government on financial inclusion, has pointed out that loan outstanding have both positive and negative implications. Positively, it can be an indicator of access to finance. Negatively, it can be a burden of debt. Based on situation Assessment Survey of Farmers, 2003 about 48 percent farmer households had loan outstanding in 2002-03 (see table-1.12). Prevalence rate for formal sources among marginal and small farmers is much lower than the larger farmers. The reverse is happening in the informal sources. The medium and larger farmers are better covered by the institutional sources as they are better endowed in terms of assets to offer as guarantee than other category farmers are. Even mandates on special lending to SCs, STs and very small farmers were revoked to pursue commercial viability and aggressive loan recovery.

Table-1.13: Percentage Distribution of Outstanding Loans by Farm Size and Source, 2003

<table>
<thead>
<tr>
<th>Source of Loan</th>
<th>Size Class of Land processed (in hectors)</th>
<th>&lt;= 0.40</th>
<th>0.41-1.00</th>
<th>1.01-2.00</th>
<th>Above 2.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td></td>
<td>3.9</td>
<td>3.8</td>
<td>1.7</td>
<td>1.4</td>
</tr>
<tr>
<td>Co-operative Society</td>
<td></td>
<td>14.1</td>
<td>17.0</td>
<td>20.5</td>
<td>22.8</td>
</tr>
<tr>
<td>Bank</td>
<td></td>
<td>24.4</td>
<td>32.0</td>
<td>35.4</td>
<td>42.6</td>
</tr>
<tr>
<td>Total: Institutional</td>
<td></td>
<td>42.4</td>
<td>52.8</td>
<td>57.6</td>
<td>66.8</td>
</tr>
<tr>
<td>Agriculture/ Professional Moneylender</td>
<td></td>
<td>32.4</td>
<td>30.8</td>
<td>25.9</td>
<td>20.0</td>
</tr>
<tr>
<td>Trader</td>
<td></td>
<td>4.9</td>
<td>4.6</td>
<td>4.2</td>
<td>6.0</td>
</tr>
<tr>
<td>Relatives &amp; friends</td>
<td></td>
<td>15.2</td>
<td>9.1</td>
<td>8.8</td>
<td>5.2</td>
</tr>
<tr>
<td>Doctor Lawyers &amp; other professionals</td>
<td></td>
<td>1.4</td>
<td>0.7</td>
<td>0.8</td>
<td>0.8</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>3.6</td>
<td>2.0</td>
<td>2.6</td>
<td>1.2</td>
</tr>
<tr>
<td>Total: Non-Institutional</td>
<td></td>
<td>57.6</td>
<td>47.2</td>
<td>42.4</td>
<td>33.2</td>
</tr>
</tbody>
</table>


Institutional sources account for more than half the outstanding loans in all categories of farmers other than sub-marginal ones. Among the institutional sources, banks and co-operative societies constitute the important sources. Access to formal sources increase with increase in farm size also. Even though these constitute as the important financier, moneylenders prevail in all categories of farmers (see table-1.13). They account for a third of the total quantum of loans to sub-marginal farmers. Recently, RBI in its 2003 report shows that World Bank terms have had negative impact on rural-credit. Rural credit especially to the farm sector and the small and medium farmers form the nationalised banks and co-operative societies have declined from 15.9 percent in June 1990 to 9.8 percent in March 2003.\(^{102}\) Within 10 years from 1991, the number of farm household in debt almost doubled from 26 percent to 48.6 percent.\(^{103}\)

\(^{102}\) Assadi, op.cit., p. 796

\(^{103}\) P. Sainath (2010) “Of luxury cars and lowly tractors”, The Hindu, Hyderabad, December 28
1.7.8. Suicides by the Indian Farmers

Farmers’ suicides in the country became rampant in this period. The suicides became the real parameters of the agriculture sector’s prolonged duress, In Vandana Shiva’s words:

*The epidemic of farmers’ suicides is the real barometer of the stress under which Indian agriculture and Indian farmers have been put by globalisation of agriculture. Indebtness and crop failure are the main reasons for farmer’s suicides. Also indebtedness and crop failure are inevitable outcomes of the corporate model of industrial agriculture being introduced in India through globalisation.*

During the post liberalisation period, due to distress in the sector, suicides by farmers have registered enormous growth. The suicide mortality rate (SMR, suicide death for 100,000 persons) for male farmers in India increased from 12.3 in 1996 to 19.2 in 2004, and then reduced to 18.2 in 2005 whereas SMR for male non-farmers increased from 11.9 in 1996 to a peak of 14.2 in 2000 and thereafter declined to 13.4 in 2005. During the 2001 to 2005, there were 86,922 farmers’ suicides reported in the country, out of which, 86 per cent were male farmers. The discrepancy of number of suicides in various official and non-official sources is obvious. One possible explanation for showing less number by the government could be downplaying the intensity of agrarian crisis and peasant suicides in the country. Sometimes two official reports also maintain discrepancy.

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105 Mishra, *op.cit.*, p.6
Table-1.14: Discrepancies in Number of Farmers’ Suicides in Two Official Reports

The First Official Version: Number of Farm Suicides in Selected India States

<table>
<thead>
<tr>
<th>State</th>
<th>2000/01</th>
<th>2001/02</th>
<th>2002/03</th>
<th>2003/04</th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andhra Pradesh</td>
<td>191</td>
<td>267</td>
<td>313</td>
<td>393</td>
<td>1,126</td>
<td>300</td>
<td>11</td>
</tr>
<tr>
<td>Gujarat</td>
<td>13*</td>
<td>6*</td>
<td>3*</td>
<td>7*</td>
<td>7*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Karnataka b</td>
<td>2,630</td>
<td>2,505</td>
<td>2340</td>
<td>708</td>
<td>271</td>
<td>152</td>
<td></td>
</tr>
<tr>
<td>Kerala</td>
<td>56*</td>
<td>69*</td>
<td>74*</td>
<td>135*</td>
<td>120*</td>
<td>52</td>
<td></td>
</tr>
<tr>
<td>Maharashtra</td>
<td>50*</td>
<td>122*</td>
<td>170*</td>
<td>620*</td>
<td>572*</td>
<td>746</td>
<td></td>
</tr>
<tr>
<td>Orissa</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Punjab c</td>
<td>13</td>
<td>11</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Indiastat 2006.
* These numbers refer to the whole calendar year listed first; for example, 2001 rather than 2001/02.
a. Figures for 2006 are counted until June.
b. For Karnataka, the figures for 2000-01 to 2002-03 are based on records with the State Crime Records Bureau and for subsequent years on the basis of records maintained by the State Agriculture Department.
c. The Punjab State Government has recently indicated that between 1997 and September 2005 the total number of farmers’ suicides was 179, not broken down by year.

The Second Official Version: Farm Suicides in Selected States all India, 1997-06

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Maharashtra</td>
<td>1,917</td>
<td>2,409</td>
<td>2,423</td>
<td>3,022</td>
<td>3,536</td>
<td>3,695</td>
<td>3,836</td>
<td>4,147</td>
<td>3,926</td>
</tr>
<tr>
<td>Andhra Pradesh</td>
<td>1,097</td>
<td>1,813</td>
<td>1,974</td>
<td>1,525</td>
<td>1,509</td>
<td>1,896</td>
<td>1,800</td>
<td>2,666</td>
<td>2,490</td>
</tr>
<tr>
<td>Karnataka</td>
<td>1,832</td>
<td>1,883</td>
<td>2,379</td>
<td>2,630</td>
<td>2,505</td>
<td>2,340</td>
<td>2,678</td>
<td>1,963</td>
<td>1,883</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>2,390</td>
<td>2,278</td>
<td>2,654</td>
<td>2,660</td>
<td>2,824</td>
<td>2,578</td>
<td>2,511</td>
<td>3,033</td>
<td>2,660</td>
</tr>
<tr>
<td>Gujarat</td>
<td>565</td>
<td>653</td>
<td>500</td>
<td>661</td>
<td>594</td>
<td>570</td>
<td>581</td>
<td>523</td>
<td>615</td>
</tr>
<tr>
<td>Other states</td>
<td>5,821</td>
<td>6,979</td>
<td>6,152</td>
<td>6,105</td>
<td>5,447</td>
<td>6,892</td>
<td>5,758</td>
<td>5,909</td>
<td>5,557</td>
</tr>
<tr>
<td>All India</td>
<td>13,622</td>
<td>16,015</td>
<td>16,082</td>
<td>16,603</td>
<td>16,415</td>
<td>17,971</td>
<td>17,164</td>
<td>18,241</td>
<td>17,131</td>
</tr>
</tbody>
</table>


Sainath quoting the National Crime Records Bureau puts the total number of farmers’ suicides in the country between 1997 and 2009 at 2,16,500 according to his analysis in the year 2009 alone 17,368 farmers killed themselves. In 1997, total farm suicides were 13,622 after that there was no looking back to the spate of farmers self-killings.

106 Sainath, op. cit.
1.7.9. Farmers’ Suicides in Indian States

Peasant suicides have been reported from various parts of India; one common thread that unites the farmers across the states in the country is indebtedness. Causes of indebtedness differ case to case, region to region and state to state. Again, one common reason was found in all these cases i.e. capitalist path of agriculture development. At the same time, agriculture as a profession has been associated with professional uncertainty, and it makes farmers more vulnerable. In the opinion of Deshpande:

There are professional specificities in farming as a profession that leads to higher situation. Among the stress factors, uncertainty related to climate factors, prices, natural disasters, acute poverty and day-to-day existence are important.\(^\text{107}\)

According to Assadi, the prime cause of agrarian distress and subsequent suicides among the farmer’s are located in the context of agrarian capitalism and subsequent ambiguous capitalist path of development resorted by the Indian state. ‘This is the reason why final analysis of becomes the crisis of agrarian capitalism in recent years.’\(^\text{108}\) Across the country, few regions and states proved to be more prone to farmers’ suicides, for example, Andhra Pradesh, Karnataka, Kerala, Maharashtra, Madhya Pradesh, Uttar Pradesh and Punjab. As discussed in the previous chapter, within the above-mentioned states some regions or pockets within a district witnessed the suicide tragedy. Let us discuss briefly suicides in few states of the country.

Karnataka

In Karnataka, state agriculture pattern has undergone a considerable overhaul from non-capitalist to capitalist agriculture path. There has been a paradigm shift in the state economy. This shift brought several policy changes. One such policy change was New Agriculture Policy; aim of the policy was to take advantage of open market

\(^{107}\) Deshpande, op.cit., p. 2602
\(^{108}\) Assadi, op.cit., p. 794
system by linking the local market with the global market through liberalising economy. This was followed by the introduction of Land Reforms Amendment Act and introduction of the “Millennium Bio-Technology Policy”. According to Assadi, these policies created conditions for what is called “Corporate Landlordism” in the countryside.\(^{109}\) This path of development took place within the larger framework of uneven capitalist development i.e. increased importance of new agrarian technologies, its uneven access and uneven spatial spread. At the same time, there has been a trend of increased landlessness and linkages of local market with national and international markets, and depeasantisation of various categories of farmers.\(^{110}\) At the larger level as discussed earlier, the crisis could be located at the politics of withdrawal of the state support to the agriculture sector, on the pretext of liberalisation. In Karnataka’s case, the World Bank dictated terms have gone against the interest of the farmers. The government accept the WB conditionalities, when it sanctioned Economic Restructuring Loan in 2001. This loan came with an important condition that state should withdraw from the power sector as regulator and distributor. As a result, electricity board was bifurcated, power subsidy was withdrawn, and the power tariff increased drastically. The second reason that made Karnataka agriculture in the part of capitalist agriculture path is the “politics of bio-technology.” This technology destroyed the autonomy of peasants in use and re-use of their saved seeds. Along with that, the so-called hybrid seeds were proved spurious many a times. Drought conditions in Karnataka also played its part in accentuating the crisis, especially, in the drought prone northern Hyderabad-Karnataka region. Moreover, it was further accentuated with political apathy to mitigate the drought conditions. In the past five decades, land reforms and green revolution had transformed hitherto retrenched social categories into owner cultivators. With the entry of global capitalism with volatile markets created the condition of loosing “identity” of the farmers. It was not only remained perceptual category but also became fact. Thus, suicides have become a means to retain the lost identity as rural farmer and ‘market oriented autonomous farmer.’\(^{111}\) In the account of Deshpande, suicides in Karnataka were a result of a long felt distress in the sector, changes in crop pattern chanced chance of crop loss.\(^{112}\)

\(^{109}\) Ibid., p. 806
\(^{110}\) Ibid., p. 789
\(^{111}\) Ibid., p. 799
\(^{112}\) Deshpande, op.cit., p. 2602
In Karnataka, there is no clear-cut assessment on numbering of suicide cases. In Assadi’s assessment there are 3,000 framers have committed suicide in the state between 1998 and 2006.\textsuperscript{113} According to a report prepared by the Crime Branch of Karnataka state under the heading “farmers and agriculture activities”, the number came closer to 15804 between 1996 and 2002. According to agriculture department records, 1003 farmers have committed suicide between 2003 and 2006.\textsuperscript{114} Another study quoting government reports puts farmer suicides deaths at 9132 from 2000-01 to 2009-10.\textsuperscript{115} The spate of farmers’ suicides began in Karnataka along with cotton farmers suicides in Warangal district of Andhra Pradesh in 1998. It began all in the northern unirrigated Karnataka region of Bidar, Raichur, Gulbarga and Dharwad and later on, it enveloped the whole state. Region-wise, the highest suicides were reported from the old Mysore Area, old Bombay Presidency and old Hyderabad region. In all these cases ‘indebtedness’ was the major reason for committing suicide, in almost all the cases victims were male, since property is still controlled by him. In some cases, not only men or women but also the entire families have committed suicides. If one sees the age group of the victims they are between 25 to 35 years old, constitutes “New Farmers” or “Market Oriented Autonomous Farmers” (MOAF). Now the present capitalist phase in agriculture has not only destroyed the old caste rules and hierarchies but they exist in the form of money lending practices. Majority of the victims belong to the Other Backward Classes (OBCs). The Veeresh Committee observed that, the suicides were largely confined to the north Karnataka region. The age group of victims was between 28 and 47 years, many of them were unmarried, they were low educated persons, most of them were the school dropouts, many of the victims owned the land between two acres to ten and some cases it crossed more than twenty acres. Many of the victims came from nuclear families.

\begin{flushright}
\textsuperscript{113} Assadi, op.cit.,
\textsuperscript{114} Ibid., p. 800
\end{flushright}
Maharashtra

Maharashtra has seen 41,404 farmer’s suicides since 1997, of these, 12,493 have occurred during 2006-08. B.B. Mohanty in his study on farmer’s suicides in Amravati and Yavatmal districts of Maharashtra uses Durkheimian theory of suicide, to evaluate the cases in terms of attributing such act to the historically specific combination of social and economic causes. In his opinion, the lower middle caste peasants and small holders in the state are caught and trapped, in between enhanced aspirations generated by the post-independence land reforms, in addition green revolution strategies on the one side and the reality of neo-liberalism on the other. These are the sources of agrarian distress in the state. In his study Mohanty argued that suicide among the medium farmers belonging to middle and higher castes were due to mostly failure in business, trade and politics. In his view such cases are consistent with Durkhemian argument which traces causes of suicides due to individualisation i.e. a process of socio-economic ‘estrangement’ from agrarian communities experienced by the rural agrarian populace in the after math of rapid economic changes that is taking place around. The micro-level analysis of 66 cases in Amravati and Yavatmal districts indicates that farmers who committed suicide were 64 per cent small farmers, 23 per cent medium farmers, and 14 per cent large producers. Small farmers derive their income from both subsistence agriculture and by selling their labour in others land. Large and medium farmers derive their substantial income from diversified occupations like business. In these two districts, farmers who committed suicides were cotton growers. Agriculturally, one remarkable feature of all these cases was extensive area under High Yielding Varieties (HYVs) and corresponding higher production costs incurred because of expenditure on technical inputs. In Mohanty’s opinion, the crisis stems from the different levels of economic exposure for the large farmers, whereas small producers were very dependent on agriculture, and therefore on climate vagaries governs their lives. By contrast, medium and large producers cushioned against this by income generated by non-agriculture sources. Mohanty goes beyond economic distress parameter and raises the question that why only few farmers have committed suicides, even though

118 Ibid., p.254-255
every category of farmers have undergone the similar economic process. Here Mohanty goes beyond the economic parameters and includes the social factor like working of caste relations in rural areas. In his study over 85 per cent of the lower caste farmers have less than ten years of experience in cultivation, they lack skills to cultivate commercial crops like cotton.\(^{119}\) Because in his words:

*For rather obvious reasons, high caste farmers who were used historically to regarding and treating members of the low castes as innately subordinate menials were unwilling to share their agricultural knowledge and/or skill with those in the late category\(^{120}\)*

Not only that the low caste cultivators were seen as potential competitors to the high castes, who have gained advantages because of state intervention. In his ultimate analysis, Mohanty enumerates three main reasons for the agrarian distress and suicides by backward caste farmers. First, the spiralling debt problem negated optimism generated since independence, a situation compounded at the national level of neoliberal economic policies for agriculture. Second, there is a considerable antagonism expressed by the high caste people in the rural Maharashtra against the low caste producers. Third, there is additional factor contributing to a process of social alienation.\(^{121}\) Especially, the smallholders increasingly experience the trend towards individualisation.

\(^{120}\) *Ibid.*, P. 260  
\(^{121}\) It has been happening in the form of displacement of traditional values/knowledge in the process of spread of agrarian capitalism. This displacement diminution culminates in a sense of ‘worthlessness’ and produces isolation within the rural community.
### Chart-1.1: Distribution of Risk Factors Identified with Suicide Household in Western Vidharbha, Maharashtra: 2004

<table>
<thead>
<tr>
<th>Risk Factor</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indebtedness</td>
<td>87</td>
</tr>
<tr>
<td>Economic decline</td>
<td>74</td>
</tr>
<tr>
<td>Problem kept to self</td>
<td>55</td>
</tr>
<tr>
<td>Crop failure</td>
<td>41</td>
</tr>
<tr>
<td>Social isolation</td>
<td>36</td>
</tr>
<tr>
<td>Marriages in family</td>
<td>34</td>
</tr>
<tr>
<td>Suicides nearby</td>
<td>32</td>
</tr>
<tr>
<td>Addictions</td>
<td>28</td>
</tr>
<tr>
<td>Behavioural changes</td>
<td>26</td>
</tr>
<tr>
<td>Dispute with others</td>
<td>23</td>
</tr>
<tr>
<td>Health problems</td>
<td>21</td>
</tr>
<tr>
<td>Death in family</td>
<td>10</td>
</tr>
<tr>
<td>Suicides of family</td>
<td>6</td>
</tr>
<tr>
<td>Illness in family</td>
<td>4</td>
</tr>
</tbody>
</table>


### Punjab

Agriculture in Punjab is fast losing its importance as an all-encompassing way of life and identity. In that state, proportion of cultivators has declined from 46.5 per cent in 1971 to 22.6 per cent by 2001. The state, which is known for vibrant agrarian economy is called as the ‘food basket of India.’ This image was broken when the farmers ended their lives in thousands. In Bosh’s words, ‘the glitter of the green revolution has disappeared. There are cracks in Punjab’s prosperity.’

In Punjab’s agrarian economy, stagnation has been recorded due to saturation in technology and low levels of yields, and living standard declining because ‘agrarian economy has been squeezed.’ In Gill and Sings opinion, ‘the agriculture sector in Punjab not only has been moving towards stagnation of yields, but also a squeeze on income as well’.

Much celebrated so-called Punjabi ethos, which made Punjabi farmers

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124 These ethos include ‘hard work on the farm, self-dignity, pride in himself, the family izzat, the love for modernization, desire for one-up etc."
most dynamic in the country, is crumbling down. The local dominant caste Jats, have particularly known for pride they take in their rural identities. The Punjab still occupies leading position in several statistical indicators but it has been witnessing perpetual crisis, in Jodhka’s opinion the Punjab crisis consists from the Khalistan militant movement during 1980’s to cotton crop failure in the 1990’s. It is a well-documented phenomenon that gradually, in the post-green revolution Punjab, agriculture as an occupation and livelihood source was fast loosing charm, that was celebrated earlier. The green revolution strategy, which had proved successful in the state, made even an average farmer modern in terms of applying modern inputs. The status of the farming communities were enhanced considerably. To assess one’s status in the society owning tractor became an important symbol, it was because general prosperity generated by the green revolution strategy and easy availability of credit. The tractors were bought with the help of loans from the scheduled banks or rural cooperatives by paying a bribe at least 10,000 to the officials that had become stoically accepted. After that, the farmer has to throw a celebration party for arrival of the tractor. In the present situation, such celebrations in the backdrop of cotton crop failure became a serious burden. When the farmer who had purchased the tractor has to pay the money back next year, when the crop is failing due to untimely rains water logging and moisture that breeds pests, farmer becomes loan defaulter. Bosh describes the sequence that leading to the indebtedness and suicides of the farmers. There is no institutional credit available when the farmers becoming defaulters to the bank loans. Then the farmers run to the ’aratiyas’ (commission agents) for his household expenses and for purchasing fresh agriculture inputs in the hope of better crop in the next year. Then the same cycle repeats next year also, crop failure, again going for new loans etc. thus debt piles up. This time the farmer is worried about maintenance of family and loss of ‘Izzat’ (respect and prestige) in society. This worries the farmer and thinks that better put an end to life and buys some poison (mostly rat poison) and ends his life. The suicides are confined to the some pockets of the state. The root cause of crop failure many farmers believe that ‘high yielding varieties of ‘American seeds’ which was replace by the ‘desi’ seeds during the green revolution phase. The causes of indebtedness are three folds in Punjab, first failure of the cotton crop,

126 Ibid.,
second, high cost of pesticides, the overuse of pesticide and use of fake pesticides supplied by dealers, and third, over mechanisation of agriculture like needless purchase of tractor as a source of prestige.

At the societal level, Punjabi families caught under the clutches of demonstration effect. The modernisation of agriculture has created a cultural links with the cities, resulting in to a race for maintaining a good standard of life resulting in incurring huge expenditure on ceremonies and festivals. Thus, in Bosh’s words ‘they are caught in the trap of high production costs, high living expenditure on one hand and low income on the other hand, resulting in a growing vicious cycle of indebtedness.’127 There has also been a phenomenon of community breakdown happening in Punjab society as a result kinship support system diminishing. In Iyer and Manick’s words;

The role of traditional institutions like Biradari, the village Panchayat, religious and other humanitarian institutions, which were providing mutual help and social security, are now under great stress. The economic development,... dominance of the capitalist value system, emergence of consumerist culture and the role of mass media have contributed jointly to the degeneration of traditional value system and is overtaken by the value of individualism.128

In Padhi’s opinion, agrarian crisis and breakdown of agrarian structure in Punjab is the result of the peril of capitalist-intensive farming in the post-green revolution that has created problems of indebtedness, crop failure, and harassment by the moneylenders and ultimately desperation at the lack of viable solution. Other causes contributing for the suicides are, getting nothing in return from the sale of crops after back breaking labour, a conflict at home, abject humiliation in public due to harassment, fresh debt incurred by a sister or daughter’s marriage etc.129 The following explanations have been offered by IDC study on farmers suicides in Punjab.

127 Bosh, op.cit., p.3377
128 Jodhka, op.cit., p.124
They are, the limitation of the green revolution in the region and lack of inner dynamism to built up forward and backward inter-sectoral linkages, fragmentation of agriculture holdings, pauperisation of small and marginal farmers, decline in growth of productivity and un filled gulf between input and output costs. The study also highlighted the social factors like ‘family discord’ alcohol and illicit drug use as primary reason for the indebtedness. Thus, primarily in its study most of the cases are ‘socially induces.’ Jodhka makes distinction between the ‘causative’ and ‘precipitant’ factors explaining suicide in another review. The precipitant factors could be social and psychological, causative factor in majority of the cases were economical i.e. indebtedness which produces the social condition of in which individual begins to feel insecure and helpless. The important cause of suicide stated to be loss of honour and constant humiliation at the hands of moneylenders that seems precipitated them to take their lives.

1.8. Capitalist Agriculture Development and the New Farmer’s Movement

State withdrawal syndrome was acute in the agriculture sector in terms of supportive institutional structures of the sector. Nevertheless, state intervention was imminent in other areas such as land regulations, linking of local market with global market, creation of rich peasantry who could take part of capitalist development. The latter case becomes an important reference point in the context of introduction of Green Revolution Strategy during 1960s. Through this strategy, global market entered the agriculture of India in agrarian input sector such as seeds, fertilisers, HYV crops etc. even the land reforms with their limited success created a new category of framers from dominant Shudra castes later who took keen interest in entering into agriculture expansion through agrarian capitalism. At the same time to boost the agriculture production, financial institutions were created after independence. These institutions destroyed the dependency on moneylenders and other non-institutional structures in the rural areas help a great deal to these farmers. This situation crated an ambiguous...
path of development in agriculture as the capitalist development confined to certain areas, crops and classes. In other words, green revolution strategy set forth a class, crop and area biased path of development. In India, it was expected that in the countryside, class polarisation would take place between agriculture landless wage earners and capitalist farmers. However, it was constrained by two developments, first, in agriculture, the leading role was played by small scale, self-employed “bullock capitalist” cultivators who benefitted from the land reforms and green revolution who relied on family managed labour than wageworkers and machines. This bullock capitalist class opposed both industrial capital both state and private and urban workers in the name of remunerative prices better term of trade between countryside and city. Thus, in Assadi’s analysis, because of this ambiguous situation, crises started emerging within two decades of adoption of this strategy. The crisis manifested in the form of the progressive farmer’s movement across the country demanding remunerative prices, writing off loans, demand for declaring agriculture as industry and thereby decreasing parity between agriculture and industry. This brought Indian state, agriculture class and industrial class in conflictual relations sometimes expressing in the form of suffering Bharat vs. Shining India rhetoric. At this juncture India’s entry into globalisation process was feared of many groups as ‘loosing distinct social identities’ when market was turning volatile and crisis was turning too sharp. Thus, western capitalism was dislocating social categories form their locality. Those autonomous farmers who were deriving their identity as ‘market oriented autonomous farmers’ to retain their identity in Assadi’s words suicide becomes the last resort, to escape from the looming crisis and to retain their identity on the other hand. Thus, suicides, becomes intense during the globalisation period.

Deepankar Gupta noting the 57th NSSO date (200-2002) argued that, notwithstanding the lack of enough employment opportunities in non-agriculture sector claims that, actually, it has gone up, with 32.2 percent, rural households employed out agriculture sector even in some states like Kerala, Haryana and Punjab that per cent touching going beyond 50 percent. With this, he contends this is not just a reflection of declining employment opportunities in agriculture sector, but of

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132 Assadi, op. cit., p. 794
133 Rudolph & Rudolph, op.cit., p. 2
134 Assadi, op. cit., p. 795
changing aspirations of rural population. While speaking against the polemics of ‘idyllic’ and ‘unchanging’ village he speaks of ‘vanishing’ village, in his opinion its going under a cultural implosion. The net results of abolition of landlordism and adoption of universal franchise has contributed a gradual emaciation of old-caste based socials order. In addition to that the ascendency of ‘lower’ castes with their own cultural assertion, has contributed weakening of patron-client relationship, earlier the landlord who could command support for ‘their’ movements form small and marginal farmers has diminished now. Moreover, the landlords are moving out of rural areas and agriculture into agri-business, and non-farming enterprises diluting their stakes in agriculture. They are no mere deriving their sense of being ‘sons of soil’ from agriculture. The principle motivation of the peasant today is to stop being the peasant. Gupta concludes that, agriculture has become an economic residue that has generously accommodated non-achievers resigned to a life of sad satisfaction.\textsuperscript{135} Gupta was criticised for being drawn a hasty conclusion. Chatterjee says, in a globalised world which changing normative expectations of a state’s minimum functions, the ‘passive revolution’ of corporate capital under conditions of electoral democracy makes it unacceptable and illegitimate for the government to keep marginalising the peasants as that risks turning them into ‘the dangerous class.'\textsuperscript{136} Even though farmer’s movements in India have potentiality to influence and bring structural changes in economy favouring the agriculture sector. It has been greatly hampered, due to farmers’ multiple identities and interests.

It is imperative to assess the role of farmer’s movements in this context; especially the appraisal of political legacy of green revolution strategy was that it enabled the peasantry to further their political power, by mid-1960s, especially at the state level. Even this strategy, which was based on ‘betting on the strong’ approach steered the new technology towards the rich areas in where rich peasantry were dominant (like Punjab, Haryana, Western Uttar Pradesh, Coastal Andra etc.). It sequenced in further consolidation of rich peasantry in both economically and

The increase in political power of peasantry was evident when Chaudhury Charan Singh, a powerful rural ideologue became very important political player in Janata Party coalition in 1977 with his political party Bharatiya Lok Dal. The rich peasants were always articulating their demand in favour of more agriculture subsidies and higher output prices. Their voice entered directly to the higher strata of policy making with Charan Singh in power. The budget, which presented under his Prime Ministership was characterised as ‘Kulak budget’, in Varshney’s opinion ‘it had a breath of the people and smell of the soil’. In the 1980s, the peasantry rallying behind Bharat-India divide rhetoric ‘started flexing their political muscles’ in the part of ‘New Farmers’ Movements’. The new farmers a movement was resulted from the nationalisation of rural politics and rural political mobilisation during second half of 1970s went hand in hand. This newly emerged agrarianism was not ‘revolutionary’ but a reformist, because it was not carried out by the landless- exploited against the landlords but it was viewed more as a pressure interests on government for more agrarian subsidies, remunerative output prices, loan waiver and ultimately a better rural-urban balance in resource allocation. The protest march that was organised by the farmers demanding more subsidies and higher output prices caught the imagination of the nation. It was looking that, the strength of the peasants invincible. Reflecting the mood of the peasants, editorial of Times of India wrote in 1987 that ‘a new spectre of peasant power’ likely to haunt’ the country for years to come. This was the peak stage of the phenomenon of ‘ruralisation’ of Indian politics.’ This new agrarianism was based on populist ideology, captured by the compelling imagery of Bharat-India divide, propagated by political leaders. They could transcend their caste and class cleavages because the movement appeal was sectoral. Even though, they never participated in electoral politics, but all political parties felt compelled to formulate policies and programmes in support of their demands. The political action of this class of farmers in relation with the state was a result of democratic system.

Varshney argued that the rise of rural political power was not completely transformed into a favourable situation because; there are some countervailing constraints in the economy that served as the limit to farmer’s gains. These constraints are to be politically manipulable. This rise of rural power was not converted into rising income \textit{ad infinitum} because it would run against some countervailing economic factor. Some countervailing factors are as if the momentum of technology determines the yield of a crop, then plateauing of technology would become a check on farming returns. If government were to raise the prices of agriculture commodities in order to ensure higher agriculture returns to farmers, then the low purchasing power of rural poor would create a demand-constraint. At the same time government had to keep, agrarian consumer prices low, to by keeping in mind the rural poor.\footnote{Posani 2009, \textit{op.cit.}, p.35} At the same time, the huge agrarian subsidies were seen as fiscally infeasible to sustain.

This rural power transformation would require a collective action by the farmers that might not be possible simply because given the multiplicities of identities that would not happen because dilution of any unity based on only on economic interests. The universality of ‘rise of rural power’ may not hold because, the farmers movement may have after all served the interest of rich class farmers. Moreover, the marginalisation of agrarian policies since 1990s, happening because of changing global political economy, which has increasingly shrunken the policy making space of the nation-states in the interest of their own citizens. The very important issue to be underlined here is that such type of policy priorities are the choices made by the respective governments. The electoral potency of ‘agrarian interest’ to influence the policy outcomes was curtailed in the country with rise of political discourses of religion and ethnicity. The voting preference of Indian farmers was influence by
heterogeneous identity considerations. Militating with only ‘economic exclusivist’ became practically difficult over a period. No more the shared identity of occupational identity of being farmers no mere remains as the determining factor. This changing social and political structure in the contemporary rural society has weakened the rural identities of ‘village’ and ‘farmers’.

‘The new farmers’ rather than having only a narrow class base surplus-producing rich peasantry, it could succeed in roping support of all sections of landed peasantry. Hence, it cannot be argued that the capitalist farmers are trying to building a hegemonic project, which includes some consensus to non-hegemonic fraction of the landed and agrarian labourers. The class and caste question within farming community further deconstructs the rural universe. Marx once remarked disparagingly on the collective docility of the peasants, by saying that they were like potatoes in a sack, too heterogeneous to be able to organise politically for class action. This was the case with the Indian farmer’s movement. Many times, they might have come together as a class for itself, but a class within the movement that always actively articulating for itself was an obvious outcome. For example, the class within the movement always selectively promoted the rich class interest by selectively prioritising demands like lower input prices, higher food prices and demanded lower minimum agriculture wages for agriculture labourers and rise in rural development. These selective demands within the larger farmer’s movement blurred the universal claims of the sectoral discourse of the movement. For example, Hasan in her study of Bharat Kisan Union (BKU) in Western Uttar Pradesh found that the movement was dominated by the economic interest of surplus-producing farmers and the principle mobilising factor was on caste and religious lines. In her words, it was dominated by the upper caste Jat farmer’s mobilising lower caste farmers by using Hindu communal ideology. The caste contradictions erupted when the Jats backed the anti-Mandal agitation. It alienated backward caste farmers from its ranks. The decline

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also owed to BKU’s active affiliation with the Hindutva politics. Marginal farmer’s supported these types of movements for non-economic reasons like better treatment of the government bureaucracy. In this way, the movement was progressive in a limited sense. It is a problematic proposition in claiming singular rise of rural power. Further, the post-green revolution economic change brought villages near urban areas. Many farmers started sending their children educating. There emerged a distinct salaried class straddled between rural and urban divide. Farmer’s households are gradually becoming pluri-active i.e. diversifying their economic activities more and more in non-agriculture sectors.

In India, agriculture has been considered as the way of life of majority of the people. Realising importance of the agriculture sector, the state had prioritised its progress for achieving all over economic development of the country during the postcolonial times. That is why the government adopted the institutional approach and took several progressive policy measures such as land reforms to address the inequalities in landholding structures in the countryside. These reforms could not succeed because several structural constraints and opposition from the powerful landed gentry in the rural areas that had a strong hegemonic hold on rural politics and economy. Gradually, the country started facing the problem of food security due to demographic pressure and backward agrarian technologies. Government abandoned the programme of reforms in agrarian relations and it started concentrating on achieving food security through adopting the technocratic approach. Government resorted to promoting the capital and water-intensive crops in few privileged pockets of the country through HYV technology. This ethology, even though became successful in food production, created class polarisation in the countryside. It further accentuated the regional and class disparities in rural areas. By late 1990s, agriculture attained saturation due to technological fatigue. By then the liberalisation became the new mantra of the government. Under this programme, number of economic policy reforms were implemented. India opened up its market as a big bang and gradually it removed its insular polices to the agriculture sector. At the same time, agriculture became the least preferred sector for economic growth and the protection was gradually removed. The domestic agriculture market was exposed to the predatory
‘competitive world market’. Unable to compete with the highly subsidised agriculture of the west, farmers in India started to face enormous challenges proportioning that of a crisis. The distress was set in into the sector and the real barometer of the crisis was the number of farm suicides that is happening in the country. The mainstay of the majority people in the country is agriculture and such an important sector is facing a magnitude of distress because of misplaced state policy priorities.