INTRODUCTION

The Indian agriculture sector has witnessed the emergence of a production crisis since the economy was liberalized in 1991. The high growth rate that the sector experienced in the seventies as a result of the Green revolution technology and the simultaneous expansionary policies of the government, which generated demand for the primary products in the secondary sector, had relatively slackened in the eighties. In order to give a boost to the agriculture sector, the focus of the government policy shifted to an export-oriented strategy in the nineties. On the one hand, the policy was to encourage the cultivation of commercial crops for the export market. On the other, it sought to boost private investment in the sector by cutting down considerably on public investment, guided by the misplaced notion of the latter 'crowding out' the former. In effect, there was a gradual withdrawal of the government from the sector, even as the farmers were increasingly placed at the bottom of the global value-chains. This policy has clearly not yielded the desired results with the stagnation in the sector continuing in this period.

The vulnerability of peasant production increased through this policy where the producers of primary commodities in our country faced volatile world market prices and competition from heavily subsidized first-world agriculture, even as the bulwark of government support to agricultural production increasingly weakened. The crunch in the income of producers that occurred under this policy regime has been severe enough to trigger production crises in several areas by the second half of the nineties, especially in the cash crop cultivating regions. The current policy regime has not only reduced accumulation in peasant production and the rate of investment in the
sector but it has resulted in an agrarian crisis, deep enough in certain areas, so as to prevent even the simple reproduction of the peasant economy. This is evident from the indebtedness-driven mass suicides of farmers in the dryland regions, who have been cultivating commercial crops over the last decade.

This has important implications for the agrarian question in the country. A crisis in production inevitably leads to a fall in capital accumulation and investment in agriculture. This, in turn, imposes a tighter constraint on the capitalist mode of production and impedes the process of re-organization of agriculture on capitalist lines. While this will be a major development with regard to the agrarian question, other modes of production that are prevalent in Indian agriculture are also likely to be adversely affected under a trade-liberalized regime. In order to comprehensively study the agrarian question in the neo-liberal era, it is therefore necessary to study the differential impact of the current economic policies on the various modes of production.

The issue of resolving the agrarian question and the role of capital accumulation in it has been studied intensely across the world since the era of the National Liberation Movements in the last century. The various newly-freed Third World economies had embarked on different development trajectories. The agricultural sector in most of the newly liberated nations of Asia, Africa and Latin America at the time of their independence was largely characterized by the predominance of small scale farming within an overwhelmingly feudal structure. In some regions, notably in Latin America, there was a marked dualism between small peasant agriculture and large latifundia oriented to export production. In the other regions like Asia, the scale of ownership might have been large but the scale of operation was small with a large mass of tenant producers unable to meet their subsistence regularly, primarily as their economic surplus was transferred as high rents to the landlords.

Given this situation, a considerable emphasis was given to policies of land reform and the role of capital accumulation and investment in agriculture in these economies. Specific socio-economic conditions, varied degrees of implementation of these policies and qualitatively different peasant movements have yielded different results in different parts of the world. However, agricultural sectors in the developing

\[^{1}\text{Large landholdings in Latin America.}\]
economies exhibit certain common features like heavy land concentration in a few hands and the persistence of small scale production. On one hand, we have the class of big landowners (such as latifundists, zamindars etc.) who operate their lands through tenants or labourers. On the other hand we have a gradually differentiating peasantry comprising of a stratum of rich peasants developing on capitalist lines and an overwhelming majority of small and poor peasants engaged in family-labour based farming.

The strategy to overcome this stage of subsistence agriculture in the developing countries is where the role of capital accumulation assumes importance. In a situation where proper government intervention improves demand conditions for agriculture, a producer can generate a surplus and reinvest it in his farm. In case of a capitalist farmer, the surplus has to be generated as an excess of net output over and above the wage bill and constitutes profit. However, for a family labour-based farmer the same would be generated when the net output surpasses the minimum consumption requirements. The important element of rent has to be considered when the producer is a tenant. The reinvestment of the surplus in productivity raising techniques (in equipments, livestock and other material inputs) would allow the producer to enhance the output without lowering the labour productivity. This process is all the more facilitated when the government simultaneously undertakes larger investments like those in irrigation and infrastructure. In a nutshell, the new forms of investments embodying technical change would allow the producer to push his Production Possibility Frontier outward entering a new level of production (which the classical economists termed as 'improvements' in agriculture).

This problem has been treated in various manners by the different schools of thought that exist within the realm of economics. While the neo-classical approach to the issue has been mainly one of owner-tenant efficiency, the Marxist treatment has been primarily based on a class structure of peasants, which arises through a process of differentiation under the impact of the penetration of exchange relations. In our first Chapter, we shall evaluate these different approaches and analyses with regard to the production conditions in Indian agriculture. In this context, it is also necessary to review the model of efficiency enhancing redistributive land reforms by Griffin, Khan and Ickowitz, a re-assertion of the old small farm efficiency argument, and the new 'market friendly' land reforms as being propagated by the World Bank. The suitability of these models to the developing countries, specifically in the Indian
context, needs to be examined. These exercises will be undertaken in this chapter before we turn our focus towards an empirical study.

The empirical study uses some secondary data given by the National Sample Survey Organisation (NSSO), Government of India (GOI), but is primarily based on a rural field enquiry. In Chapter 2, based on secondary data, we have made an overall assessment of the onset of income deflationary processes, particularly for agriculture, in the neo-liberal economic regime. The overall impact of different policy regimes, in particular the policies pursued during the Green revolution period in the seventies and the period of economic liberalization since 1991, on the secondary relations of exploitation in agriculture originating from land and credit markets has also been traced using data from different NSS rounds. This data, although not suitable for studying the implications of the policies for different modes of production, do give us some overall trends in the economy over different periods.

The examination of production relations required the collection of primary data through a field study. The fieldwork for the thesis involving a rural household survey was undertaken in the Bardhaman district, West Bengal and Anantapur district and Karimnagar district, Andhra Pradesh. The field enquiry involved collection of household level data on land holdings, asset ownership, costs of cultivation, labour-use patterns in cultivation, income from agriculture and other occupations and indebtedness. The labour-use data was used to arrange the households in different classes for the purpose of analysis. In Chapter 3, we will present the methodology of the field enquiry in detail and also discuss the appropriateness of such a peasant-class framework for our study.

In Chapter 4, we will analyze the structure and composition of household assets. The structure and composition of assets across different classes helps us to identify the peasant classes, which have historically played an important role in capital accumulation. It is also necessary to study the distribution of assets, especially the productive assets, across classes to comprehend the extent of inequality that exists among the peasant classes across the different regions.

The asset position and its structure for a household also determine the quantum of different inputs that it can employ in the production process. The cropping pattern, and more generally the organization of cultivation, is likely to be influenced by the different asset structures across classes and regions. The organization of production resorted to by the different peasant classes determines the surplus that is
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generated and the consequent accumulation of capital and wealth; on the other hand, the assets in turn influences the production technique that is used in cultivation. There exists an implicit dual relationship between the assets situation and production techniques in cultivation, which is why the asset structure needs to be studied in detail during our analysis.

The cropping pattern, extent of irrigation and most importantly, the costs of cultivation has been dealt with in Chapter 5. The costs of cultivation, especially the input costs are an important component of our analysis as it is a major factor that determines the volume of farm incomes generated from cultivation. The various kinds of organization of agricultural production by different classes play an important role in determining the level of costs incurred in production. The cropping pattern and availability of irrigation also influences the costs of cultivation and the resultant yield quite significantly.

The output, yield and farm incomes generated are looked at in Chapter 6 in the framework of our household classification. The factors in the agrarian economy that influence the generation of surplus favourably or adversely also need to be discerned in the process of analyzing the output and income situation. A comprehensive examination of the output and income generated from cultivation and associated costs give a useful insight into the impact of the set of neo-liberal and export-oriented economic policies on agriculture.

We focus on the output structure and income in this chapter, which is divided into three sections. In the first section, the Gross Value of Output (GVO) and its structure across the different economic and size-classes is examined. In the next section, we look at the income or loss generated from agriculture across the regions in our peasant-class framework. The extent of surplus generation from agricultural activity, which predominantly depends upon the endemic production relations, assumes primary importance as it influences the trajectory of agrarian development. A study of the farm incomes helps to assess the situation of the different peasant classes and their dominance in the production system across the different regions. The underlying factors and causes behind the emerging income situations in the different regions are also closely looked at in this section. Finally, in the last section a comparison between the income situations of the different peasant classes with respect to poverty lines for the two states is done. In this, we also consider the income of the households from other sources apart from cultivation, which facilitates us to
make an overall assessment of the standard of living across the rural classes in the different regions.

In Chapter 7, a study of the structure and characteristics of farm indebtedness of the households have been undertaken. An analysis of the credit situation in terms of the source of credit, interest rate structures, volumes of debt and interest payments as a proportion of the household assets and incomes are some of the aspects which is studied in this chapter. We also make an attempt to identify the underlying causes behind the accumulation of debt in the rural countryside.

Lastly, the concluding chapter summarizes the inferences from the different aspects of our study. The study is an attempt to identify the main constraints that hinder the process of capitalist accumulation in agriculture. A successful identification of these constraints will enable us to adopt the appropriate policy measures that can facilitate further capitalist development of agriculture and revive the sector from its long period of stagnation.