Chapter 8

CONCLUSION

The rural economy has witnessed fundamental changes under the impact of Imperialist globalisation. The earlier spell of imperialism had put in place of the indigenous and medieval economy based on the close harmony between agriculture and cottage industries, a new economy built on the basis of a dominant foreign industry to which the whole Indian economy was subjected both as a cheap source of raw materials as well as a vast market for finished products. The new imperialism also builds an economy on the basis of powerful TNCs in the advanced capitalist countries to which the rural economy is subjected once again as a cheap source of raw materials and food stuffs and as the market for foreign imports, even as there is a distinct trend towards reversal of Land Reforms.

The agrarian question that has emerged in the context of the Neo-liberal economic policies that witnessed the removal of trade barriers, shelving of the planning regime and resorting to export-oriented agriculture and corporatisation have led to the development of new contradictions in the countryside. The emerging contradictions in agriculture have changed the correlation of forces clearly in favour of the Transnational Corporations based in developed capitalist countries and the real situation in the Third World countries like India as far as the peasantry are concerned is very much similar to the colonial scenario. The obvious difference of a government run by natives notwithstanding, the policies pursued in the realm of agriculture have pointed to an elective affinity of the ruling classes in favour of the TNCs and capitalist landlords concerned with the maximisation of capital accumulation. The aspect of social profitability or the principle of ‘equity’ that the Neo-liberals profess to be the aim of the economic policies is transformed into a distant mirage. The operation of Neo-liberal policies in agriculture has not liberated the peasantry and has only increased their liabilities by imposing a system
of advances of exorbitantly priced inputs at usurious rates of interest and extracting enormous surplus while the living conditions of the entire peasantry are depressed and there is heightened proletarianisation and pauperisation. The scenario is similar to the situation under colonial rule and there is a distinct trend towards re-colonisation of the countryside.

This study of the states of Andhra Pradesh and Kerala has come to the conclusion that while the small and marginal peasantry along with the agricultural workers are the worst hit by the agrarian distress, the middle and rich peasantry are also not untouched or oblivious to the deleterious impact of the Neo-liberal economic policies, trade liberalisation and invasion of the rural countryside by the TNCs. Corporatisation and the domination of the agricultural inputs industry by the TNCs though it is in an initial stage, has already led to a relationship of dependency from which the indebted Indian peasantry can seldom extricate themselves. Hence, if in the earlier scenario we have witnessed the Bhagela, Vetti or the more recent Jeetha system of tying the indebted peasantry to the creditor there has emerged in recent times the dominating presence of the trader-usurers capital and the new phenomena of the TNCs as sources of credit in the form of inputs and the condition that the output is channelised back to them at rates fixed by them and invariably below the market value. In the areas where the TNCs have been directly involved in Corporate or Contract farming we have noted that the peasants are over a period of time relegated to the position of tied workers in the farms run by the TNCs or are converted to the position of a proletariat on their own land with no choice on what to grow, when to grow, how to grow and where to buy the inputs or sell the fruits of their toil. They also have to comply with the condition of having a Company supervisor who ensures that the prescribed inputs in prescribed quantities is used along with the production techniques recommended by the Company.
Like the earlier coerced commercialisation and agrarian trade under the British which were closely entwined with the merchant-usurer's capital, the present scenario of export-oriented agriculture and corporatisation sees the operation of the trader-usurer’s capital along with the new element of the monopoly capital in the form of TNCs’ capital. While the earlier commercialisation and growth of market relations had contributed to the emergence of a well-to-do and rich peasantry from amidst the erstwhile landed classes, it widened the gap between the rich and poor peasantry and even under present phase of liberalisation there is a sharpening of the contradictions. The absence of freedom of choice, lack of economic freedom and access to markets with an equal playing field has subjected them to the overwhelming nature of the domination of monopoly capital.

The operation of Neo-liberal policies in agriculture and agrarian trade accompanied by mounting indebtedness has led to the transfer of land to the ‘agricultural moneylender’, ‘professional usurer-trader’ or the TNCs. Credit has re-emerged as the most important instrument or mechanism for the expropriation of the peasantry and even the TNCs have discovered its efficacy in the alienation of land from the peasantry, especially the poor and marginal peasants. The benefits of expanding commodity production if at all have not accrued to the poor and marginal peasants as the trader-usurers and monopoly capital have expropriated their surplus. The inadequacy of the working capital and the dependence on the informal sources of credit along with unequal markets on the one hand for the lower sections of the peasantry and the free access to the commodity, land and credit markets that is enjoyed by a minute resource rich uppermost sections of the peasantry has led to sharpening of the rural contradictions. The transfers of land that has been taking place in the rural countryside, especially in Andhra Pradesh has been unidirectional and in most cases from the poor indebted peasantry to the rich landlords and has been a significant cause of pauperisation and peasant differentiation. There have been some instances of the rich peasantry also resorting to the sale of land to pay off debts. The peasants who have resorted to
export-oriented agriculture or the cultivation of commercial crops and aquaculture have been the worst hit in this regard. In the absence of the government intervention in the credit market and effective regulation to control private lending, Malcolm Darling’s statement made way back in 1925 - “The Indian peasant is born in debt, lives in debt and die in debt”\(^1\) will remain as valid for the foreseeable future. This would remain the fountainhead from which the other main problem of land alienation would emerge. The indebtedness itself is the cumulative result of financial liberalisation, high costs of cultivation and unremunerative agricultural prices, all of which we have noted have emerged out of the operation of Neo-liberal policies.

The peasantry in the Third World if unfettered from the land insecurity, insecurity of tenure, inaccessibility to formal affordable credit, irrigation and exorbitant inputs, and the vagaries of the fluctuating world agricultural prices, can offer a solution to the food and raw materials question. The country would transform itself from a food and raw materials appendage of the metropolitan countries to a self-reliant, self-sufficient one with food security and economic security for its masses. It is necessary to ensure security over the land holding and also security of tenure in the first place to generate confidence amidst the cultivating peasantry. Addressing the land question is hence of primary importance as that would alter the power equations in the countryside and the hierarchy of power would change to transform the cultivating peasants into becoming their own masters. Land remains the single-most important source of life-giving sources of wealth and material means for the existence and well-being of the rural masses. The failure to implement comprehensive redistributive Land Reforms leads to aggregate demand constraints and even if one were to revert back to a substantial recourse to protection of domestic agriculture through tariffs and quantitative restrictions that marked the state-directed dirigiste development strategy the rural markets for manufactures will not develop to the desired level. Thus Land Reforms lead to

unleashing of productive forces in agriculture and also is a sine-qua-non for capitalist development and industrialisation. Positing the price and wage question as more important than the land question will lead to a situation wherein no alteration in land hierarchies are made in favour of the cultivating peasantry even as land monopolies could worsen with the removal of ceilings and the blatant land grabbing and appropriation of common property resources like water by the landed elites, the indigenous capitalists engaged in agri-business and the powerful non-state entities, i.e. the TNCs. Redistributive Land Reforms will be relegated to the background and will be a distant mirage with even the peasant movement shifting focus to the price and wage questions equipped with such an understanding.

In this context there is need for developing a new set of social relations and addressing the social question in a renewed manner. The addressing of the land question would itself lead to greater social security and it has been observed in the case of Kerala that the beneficiaries from the hitherto untouchable, unseeable and unapproachable castes like the Pulayas and the Ezhavas (more so in the latter case) from the SC and OBC sections have gained economic security and stability while the new generation from these sections have also diversified from the position of agricultural workers into cultivators or even into the service sectors, while the same sections in Andhra Pradesh continue to remain largely landless agricultural workers whose new generations even when educated are forced to work as jeethagallu. The social structure in rural Andhra Pradesh is still loaded heavily in favour of the erstwhile high caste land owning classes. In the case of the wage question the organised presence of the peasants and agricultural workers in Kerala has ensured higher wages, working conditions and bargaining power for the workers, although the condition of the women workers is not on an equal footing. The situation however, is far better than the situation of workers in Andhra Pradesh where even to this day the system of workers bonded to the landlords by
debt continues and the wages and working conditions are depressed. Women and the SC population have been the worst hit.

As far as the social question is concerned, the problem of housing, food security and employment opportunities is better addressed in Kerala where the higher levels of literacy and political awareness along with political activism have complemented the reforms like the right to homestead land or Kudikidappu with house construction grants and the SC/ST and OBC along with the economically backward have benefited from these policies. The homestead land also has led to economic security and income generation from the crops like coconut, pepper and vegetables grown in these kitchen gardens.

The peasant question which deals with the producers- the peasants who represent the largest social force in the countryside when seen in the context of their actual relationship with the surplus expropriating classes and the TNCs along with the question of agriculture clearly brings out the fact that the land owning structure in Andhra Pradesh have largely remained unaltered and their expropriation of the surplus continues unabated even as the tenancy relations are loaded in favour of the uppermost strata of the peasantry and the TNCs. The situation in Kerala has altered drastically after the implementation of the Land Reforms and many erstwhile tenants and agricultural workers have become owners of land. Although tenancy had been abolished earlier, there have been instances of oral tenancies even in Kerala of late, at better terms than in Andhra Pradesh. The presence of a strong unionised peasantry in Kerala has ensured greater bargaining power, better wages, welfare schemes, prices, subsidised inputs and also stalled proposals for removal of land ceiling to allow TNCs into the state.

The question of agriculture which involves the production process involving the complex processes of tilling, sowing, technology application, harvesting and marketing, in short the material and technical conditions of application of scientific principles on land is still beset with the problem of concentration and monopoly of resources. It is the resource rich with assured access to irrigation and
credit who are in a position to apply technology and scientific inputs. The recourse to state or Panchayat sponsored or subsidised facilities like tractors, tillers, threshers and pump-sets and procurement facilities for peasants involved in group farming or otherwise that is put in place in Kerala has helped to offset this problem. In Andhra Pradesh the scenario continues to be one of a clear bias in favour of the resource rich and it comes out most starkly in the case of the sinking of bore-wells, with some of them going to the extent of sinking up to 40 of them in about 10 acres, while the resource starved despite owning up to 5-10 acres, are unable to cultivate any crops.

The pervasive nature of the current agrarian crisis over all peasant classes and a situation of rising farm debts and insolvency of an unprecedented nature calls for a comprehensive programme and palliatives like compensation to individual families of peasants committing suicide are highly insufficient acts that have no role in getting the entire peasantry out of the crisis. We would suggest certain measures based on our understanding of the problem in the course of the study.

- Indebtedness and lack of finance has returned as a major problem in the countryside and the Trader-Moneylender-Big Farmer trinity along with the new entrant in the form of TNCs are charging usurious interest rates for advances of cash and inputs taken on credit. A comprehensive law against usury and regulation of Private moneylenders has to be implemented. In the immediate context a debt relief mechanism must be set up to relieve indebted peasants and save them from the extreme step of suicide. Adequate credit at affordable rates of interest through formal sources such that even the small and marginal farmers can gain access is to be implemented.

- Imperialist globalisation has led to loss of land and reversal of Land Reforms and the withdrawal of legal restrictions have led to an onslaught by the TNCs on land and water. The peasantry are being deprived of land against debt on a massive scale. The question of land has to be brought back on the centre-stage and a programme for redistribution has to be implemented. Ceiling laws
should be strictly implemented and alienation of land against debt must be stopped through an effective legislation.

- A logical corollary of such Land Reforms will be a major change in concentration of land in favour of the actual tillers and our study confirms that this other than providing economic security will also change the caste equations in the countryside in favour of the deprived sections.

- Unremunerative prices for agricultural output have made agriculture an unattractive proposition. The demand for agricultural commodities tends to be price-inelastic, meaning that agricultural prices and incomes are subject to large fluctuations. This calls for state intervention in the agricultural markets. Procurement at Minimum Support Price fixed on the basis of cost of cultivation and adequate storage facilities at the village level jointly run by the Gram Panchayats and Krishi Bhavans is to be put in place.

- Income deflation and resultant fall in purchasing power has been a major obstacle in achieving food security and better livelihood. On the one hand this calls for increased public investment in agriculture and a Universal Employment Guarantee Programme. On the other hand the dismal record of the Targeted Public Distribution System calls for an immediate revamp to a Universal Public Distribution System.

- Irrigation has become the privilege of a few resource rich and they monopolise control over water. The government must undertake programmes like water-shed development, water harvesting, small irrigational projects, digging ponds etc to improve the water-table situation. There has to be a regulation on the exploitation of ground water resources and the fact that it is a common property resource has to be emphasised. Indiscriminate sinking of bore-wells must be banned. Irrigation subsidies must be extended to the small and marginal farmers.
• Trade liberalisation has to be done away with and protective safeguards based on the indigenous availability criteria must be imposed against imports of goods that can be produced in the domestic economy.

• Restrictions on TNCs access to land and governmental intervention in the form of agro-industries, cooperatives and value-addition catering to both domestic and external markets has to be explored.

• Devolution of powers and planned development is required through the Panchayati Raj institutions by ensuring participative planning and greater financial autonomy. Developmental projects undertaken at this level can lead to rural empowerment and take forward the struggle against caste-class inequalities. Politicisation of the peasantry also acts as an effective counter against the Neo-liberal policies and leads to better standards of living, wages, greater social security etc as we have witnessed in the case of Kerala.

• Literacy and education of the masses and awareness generation lead to an enlightened response to the agrarian crisis and there is an urgent need to eliminate illiteracy. Public health is another sphere which has to be improved and affordable health facilities have to be extended.

• Minimum wages must be fixed and discrimination against women has to be stopped.

The earlier experiences clearly indicate that only an organised peasant movement that can generate pressure from below will be able to ensure that the ruling classes implement alternative policies and address the agrarian crisis. The principal contradiction of our times has to be addressed and land emerges as a central issue along with other issues like credit, prices, wages and control of common property resources on the basis of which peasant mobilisation against policies of imperialist globalisation and the processes of recolonisation can be possible.