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## **Socio-Economic Perspectives of Farmers' Organisations in India**

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The underlying socio-economic factors revealing the stresses and strains of the agricultural sector provide the background to the formation and emergence of farmer's organisations in the country. For they have cumulative social and economic effects

The incremental capital-output ratio in Indian agriculture has increased at a faster rate than in the industrial sector over the years. In the agricultural sector, capital-output ratio at present is estimated to be nearly 3.5:1. It has caused a general disincentive impact on the farmer's investment programme and affected the rate of growth in income and profit in the agricultural sector of the economy. Actually, there has been a fall in investment in Indian agriculture (Shetty, 1990, p. 389).

In relation to real gross domestic product (GDP) originating in the farm sector, gross capital formation in agriculture at 1980-81 prices, which had formed about 6 per cent in the early sixties and 8 per cent in the early seventies, increased to a peak of 14 per cent towards the end of the decade (1979-80); and it showed a declining trend (Shetty, 1990) thereafter almost persistently. This slippage in the absolute level of real investment as well as investment ratios for agriculture during the eighties is attributable to both the public and private sectors.

With little increase in the total area of the agricultural holdings, the percentage of large (10 ha and above) and medium (4-10 ha) holdings and that of the area under their operation have declined from 1970-71 to 1985-86. The proportion of large holdings was 3.9 per cent with 30.9 per cent of the operated area in 1970-71 but it declined to 2 per cent and 20.5 per cent respectively in 1985-86. In respect of medium holdings, the corresponding figures were estimated at 11.2 and 29.7 per cent in 1970-71 but fell to 8.2 and 28.7 per cent in 1985-86. The large and medium holdings together accounted for 15.1 per cent of the total holdings and 60.6 per cent of the area operated in 1970-71 but their shares declined to 10.2 per cent and 49.2 per cent in 1985-86 respectively (Tata Services Ltd., 1990, p. 61). On the other hand, the marginal (below 1 ha), small (1-2 ha) and semi-medium (2-4 ha) holdings together accounted for 84.9 per cent of the total holdings and 39.4 per cent of the operated area in 1971, but their share increased to 89.8 per cent of the total holdings and 50.8 per cent of the operated area respectively in 1985-86. This conditioned the sustenance and growth of small-scale production and individual peasant operation in the agricultural sector. The population dependent on agriculture thus become more differentiated with the farmers owning large and medium holdings on the one hand, and the peasants and toilers operating the marginal, small and semi-medium holdings on the other. Presently, the relative position of farmers, the owners of large and medium holdings, in terms of operated area, appears to have declined during the period 1970-71 to 1985-86. Overall, with continuous sub-division and fragmentation, the average size of holdings in Indian agriculture fell from 2.28 hectares in 1970-71 to 1.68 hectares, *i.e.*, by 26 per cent - a major constraint to the development of rational agriculture according to a long-term scientific plan for the country.

A recent study by the Punjab, Haryana and Delhi Chamber of Commerce and Industry (PHDCCI) reveals that though there has been a wide variation in agricultural money wages

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\* Calcutta (West Bengal).

during the past 15 years amongst the States, the rate of increase has been moderately high in all States of India (*Statesman*, March 28, 1990, p. 15; World Bank, 1989, p. 170).

But this has been offset by price rises. The index number of consumer price for agricultural labourers (1980-81 = 100) showed that the index number of food articles increased by 131.4 per cent between 1971 and 1981 and by 57.2 per cent between 1981 and July 1988. The general trend broadly suggested that the consumer price index number for agricultural labourers increased by 125.9 per cent and by 58.5 per cent respectively during the corresponding periods. In general, the survey found that the increase in money wages had added to the increased cost of production to some extent, but the benefit that could have accrued to the labourers had been wiped off by the increase in the prices of consumer goods. It was observed that the marginal and small peasants were running into an average deficit of Rs. 1,513 and Rs. 1,648 respectively during 1976-77 and 1977-78. Consequently, 24 per cent of small peasants and 31 per cent of marginal peasants were living below the poverty line by 1979-80. Their uneconomic holdings were quite insufficient and, therefore, of not much help to alleviate their continuous hardship and poverty.

The survey also observed that the return from investment in agriculture was falling, and the rate of return on cultivation of crops like wheat per quintal declined from 24.5 per cent in 1970-71 to 1.32 per cent in 1977-78. As a result, net income per hectare from wheat cultivation, at 1970-71 prices, declined from Rs. 328 in 1971-72 to Rs. 54 in 1981-82. Corrected to the price rise, it shows that the net income per hectare, in real terms, witnessed a drastic fall during the same period.

Employment in the Indian economy has not kept pace with the growth of labour force, estimated at around two and a half per cent a year although GDP grew at a rate of over 5 per cent per year in the last decade. This was disclosed by the Economic Advisory Council in its report to the Government of India in 1990 (*Statesman*, April 4, 1990, p. 11). It notes that except for construction and to a small extent in mining, the rate of employment growth in the economy between 1972-73 and 1987-88 has sharply declined in all sectors. In agriculture it has sharply declined from 2.32 to 0.65 per cent and in manufacturing from 5.1 to 2.1 per cent. The decade just ended experienced 'a stagnation in labour absorption' in agriculture at a relatively high level of productivity in the north-west and low level of productivity in the east. Further, in contrast to the north-western region, the eastern region (Bihar, Orissa, West Bengal and Assam) did not experience any significant transformation in the agricultural sector and hence there was no boom in labour demand. Apart from highly fragmented holdings, availability of investible resources has continued to be a constraint to growth in the region.

The destabilising factors, socio-economic and more particularly the class interest of the rural rich, which developed in the primary sector that accounts for nearly 35 per cent of the economy's GDP and 70 per cent of the labour dependent on it, have worked largely to condition and influence the formation and growth of farmer's organisations. Their activity spread through the late seventies and eighties to influence very much the political arena as well. In 1978, the Maharashtra Shetkari Sangathan led by some important Congress leaders of Maharashtra campaigned and organised 'rail and rasta roko' movement demanding remunerative prices for the agricultural commodities. In the South, another organisation led by some local leaders and inspired by the movement in Maharashtra in 1979-80 for better prices of agricultural commodities and some other demands, organised a movement against the Government's agricultural policy. This movement took place in Andhra Pradesh and Tamil Nadu. In 1984 Karnataka farmers organised under the leadership of some old socialist party leaders launched 'rail and rasta roko' agitation, demanding for cancellation of farm

loan and ensuring remunerative prices of agricultural commodities. To press for similar demands the farmer's organisations of Punjab, Haryana and Western Uttar Pradesh organised large demonstrations and sustained campaigns against the State Governments during 1986-89. Thousands of farmers and toiling peasants courted arrest in these movements. While these demonstrations of the aggrieved farmers showed their growing strength and solidarity, the most important organisational development for co-ordination of activities of the farmers' organisations was later forged under the leadership of the Bhartiya Kishan Union for reaping more economic concessions, political manoeuvring and greater representation in the Central Government, State Governments and other official institutions. It is emphasised at the official level that there should be at least 50 per cent representation in the administration and judiciary from the rural areas.

The influence of the farmers' organisations and their lobby is now well-entrenched in the policy making circle of the ruling hierarchy of the National Front and this can be followed right in the Government's constitution of a commission to look into the matter for recognising the organisation and status of agriculture as industry. Basically to serve the same objective, another commission under the chairmanship of a renowned economist was formed to enquire about costs and extend official price support for the major agricultural commodities. The Commission for Agricultural Costs and Prices (CACP) which has on it at present three 'representative farmers' is being revamped with five 'representative farmers' of the ruling party and three experts, and one person from the representatives of the farmers to function as its chairman.

Family tradition, influence and relations provide a strong linkage in the leadership of farmers' organisations. While this forms the nexus for wielding organisational strength and power, farmers' organisations in India are typically class and caste oriented. Some important leaders have practically no connection with the agricultural pursuit nor do they reside in the village. Influential urban lawyers, their rich land holding peasant clients, retired officials and academics, some elected MPs and MLAs with middle class conservative outlook and ego have generally imparted leadership to the farmers' organisations and hold powerful leverage in these organisations. The nexus of this group of interested persons forms the broad class basis of the farmers' organisations and their so-called Kishan Co-ordination Committee which is quite vocal about its role as the farm lobby in the country. With the large and upper-middle landowners in the leadership, farmers' organisation have succeeded to draw broad sections of the lower-middle, poor and marginal peasants into their fold and rally them on such demands like cancellation of debt, increase in official procurement prices of agricultural commodities, reduction in the rate of electricity and its regular supply to the farm sector, increase in fiscal subsidies - the demands for and measures on which would greatly benefit the rich and upper-middle farmers employing wage labour, and whose combine though constituting a minority in the population, actually forms the vested class interest in the countryside. Farmers' organisations actually are thus class organisations of the owners of the large means of production in the agricultural sector of the Indian economy. The authority in the farmers' organisations is too much centralised around one leader or his small caucus; their organisations are typically oligarchic in the sense that decisions and agitation programmes are taken at the highest level of a coterie of leaders while the lower units and their members and supporters are asked simply to carry out the directives from above and obey. These are bureaucratic in structure, decision-making and functioning. Support and obedience are made to cut across the caste, class, family and community relations of different regions, districts and localities for the sake of the organisation.

Farmers' organisations are gradually becoming more powerful. It is now claimed in

Government circles that there are 323 farmers' representatives in the present Lok Sabha and that the sons of farmers have now become Chief Ministers of Uttar Pradesh, Gujarat, Rajasthan and Haryana. As many as 106 MPs out of the Janata Dal's total of 141 elected to the Lok Sabha are from the rural areas. And 70 per cent of the new entrants in the Union Cabinet in April 1990 were from the rural areas. Earlier, for obvious reasons, in a tone of sympathy and appeasement to the rural land owning class of farmers, the Prime Minister in his public speech on March 14, 1990 praised highly the role of the Bhartiya Kishan Union, Shetkari Sangathan and other farmers' organisations in generating a new 'consciousness' among the peasants and farm workers in the country. He stressed the need for a national agricultural policy to safeguard the interest of the farmers and farm workers. He regretted that no national agricultural policy resolution had been adopted since Independence while a national industrial policy was adopted way back in 1956. He declared that a seven-member committee headed by Sharad Joshi has been set up in framing the National Agricultural Policy and he has been authorised to select the other members of the committee. The Prime Minister reiterated the Janata Dal's commitment to waive loans of farmers up to Rs. 10,000 as of special importance and remarked: "Though we were given empty coffers, we shall not go back from our promise of waiving of loans of the farmers" (*Statesman*, March 15, 1990, p. 9). The Finance Ministry has made a provision of Rs. 1,000 crores in the central budget for 1990-91 to waive loans of the farmers, out of the total amount of loans under the scheme worth Rs. 2,842 crores including State co-operative loans and loans from regional rural banks (RRBs) and nationalised banks. But the total amount of loan involved in writing off the farmers' bank loan is estimated to be a huge amount, Rs. 14,000 crores. Of this amount, advances to the extent of Rs. 10,000 crores are from the nationalised banks and constitute as much as 10 per cent of their total advances. The balance pertains to the co-operative banks. If the outstanding loans, most of which are owed by the large and upper-middle farmers, are written off, it would cause further deterioration of the already strained banking system of the country.

Farmers already enjoy huge official subsidies on inputs including fertilisers, power and irrigation. Gains arising from a rise in production and productivity with the application of these inputs are generally ignored in the fixation of prices of farm products. Wages actually paid to the farm labourers are often much less than the statutory minimum wages fixed by the Government. The contention of the farmers' organisations about the cost of production arising from wages of hired or family labour and costs of inputs has been a subject of serious controversy and grossly misplaced. The cost of all hired human labour inputs (wage labour), on the average, at present form a much lesser proportion, nearly 10 per cent of the total costs of production of farm commodities in the agrarian sector of the country's economy (Government of India, 1985, pp. 339-349; BM, 1990, p. 194).

Farmers' organisations in India are not yet so well spread out and organised, nor deep-rooted and democratic in their constitution and operation. Their operations, as before, are tailored according to the will of the leaders and their political necessity to suit their preference and expediency and class interests of the farmers at large. As the National Commission on Labour 1969 pointing out the defects of the organisation and leadership of peasant movement observed: "A weakness of the Kishan Movement arises out of the dual character of the leadership of the organisation. This in turn is the consequence of the operation of parallel interests of the leadership as small landowners in villages and as salaried employees or their colleagues in urban areas. While they fight for their own democratic rights and economic uplift in towns and cities they hesitate to raise their voice to secure higher wages for agricultural labour in rural areas in view of their own involvement there



as employers" (Government of India, 1969, pp. 402-403). While this speaks of the character of the leadership of the Kishan Sabha, it can be well stressed from the socio-economic events that the approach and objective of the farmers' organisations cannot be other than self-seeking motive and landowners' class interest at large. In a country like India, where the highest 20 per cent of the households accounted for as much as 49.4 per cent of the household income (World Bank, 1989, p. 222) as early as in 1975-76, continuous concessions to the rich farmers have certainly further aggravated income distribution and led to more inequality in the society. The income tax exemption upto Rs. 22,000 per year has released a million persons from assessment since 1990-91 fiscal year. But, at the same time, the hard reality has been that 5.3 million rural households, according to a very recent study by the National Council of Applied Economic Research (NCAER), earn upwards of Rs. 22,000 who have remained outside the income tax net. This figure includes more than a million rural families with an income of above Rs. 36,000. The Government in its budget for 1990-91 has quietly left these rural households untouched and revealed its actual concern for and support to the farmers. The Government has thereby shown its true colour and character. Some of the major demands of the farmers have already been acceded by the Planning Commission in its Approach Paper for the Eighth Plan.

Farmers' organisations have no doubt demonstrated their unity, strength and ascendance in the economic and political spheres. They assert on behalf of the rich land owning households. It is the clout, ambition and struggle of the rural bourgeoisie - the capitalist farmers, striving for more and more economic concession, administrative position and political power - that propels the farmers' organisations in India. They serve very little the real interest of the tens of millions of lower-middle and poor peasants, agricultural workers and artisans. Kishan Sabhas, which had a good tradition in organising peasant movements and a left ideological stance, presently appear to be too weak and hesitant to face the offensive and domination of the farmers' organisations for obvious reasons. In reality, the farmers' organisations and Kishan Sabhas and all their activities are but products of the social tension and contradiction arising out of the gross inequality and class antagonism in the socio-economic and political maze of the country. It makes a sharp class polarisation, the most important characteristic feature and driving force in the process of the economic development of India at present and in future.

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