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C O N F E R E N C E

## Reflections on the Tenth Anniversary Conference of the Foundation for Agrarian Studies

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The key contribution of the Foundation for Agrarian Studies in the 10 years of its existence has been to compel many scholars and activists in India and abroad to pay renewed attention to issues of agrarian and rural transformation. The FAS has achieved this by the systematic pursuit of rural and agro-economic surveys, year after year, across many States of India; by the important academic conferences it has organised on agrarian issues, especially on the implications of globalisation for the agrarian question in India; by the publication of several papers and books; by its conscious efforts to link its research to the concerns of the peasantry and agricultural labour and to work with mass organisations defending their interests; and by the publication of the scholarly journal *Review of Agrarian Studies*. The tenth conference was, for some of us, an occasion to continue the conversation on agrarian questions stimulated by the enormous efforts of the FAS team.

The changes in the agrarian and rural economy of India over the past three decades, and more specifically, the impact of neoliberal globalisation on the agrarian economy, have led to a perception in many quarters that the resolution of the agrarian question is no longer relevant to the political economy of Indian development. A popular view, articulated first at a global level by Henry Bernstein, is that the agrarian question is no longer that of the peasantry and its class differentiation but is primarily one of how agrarian classes of labour reproduce themselves. The view has found resonance with those who believe that “landlordism” is long dead, that the differentiation of the peasantry has more or less ground to a halt as a consequence of the agrarian distress that has been caused by neoliberal policies after 1991, and that what you have is simply a mass of pauperised peasants/semi-proletarians confronting imperialism.<sup>1</sup> The evidence assembled over the years by FAS scholars and in other papers and interventions in the conference, and available evidence from primary and secondary sources, seriously calls into question such an assessment.

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<sup>1</sup> Alternatively, you might have a vision of landlordism having disappeared and having been replaced by a class of modernising “family” farmers accessing global productive forces through the benign agency of a global, progressive capitalist economy.

### *THE REALITY OF AGRARIAN DISTRESS*

It is true that the acceleration of neoliberal reforms of deregulation, privatisation and globalisation in India from 1991, first by the minority Congress government of 1991 and then by all subsequent governments at the Centre and in most States, has led to enormous agrarian distress and a deepening crisis of livelihood for sizeable sections of the agrarian population. The negative impact of these policies on the agrarian economy and on working people in rural India can be summarised thus:

- The focus on reducing the fiscal deficit primarily by expenditure reduction meant that input subsidies — on fertilizers, pesticides, and energy — were cut, leading to a sharp rise in input costs. The practice of periodically hiking fertilizer and energy prices has continued without let or hindrance, with the UPA II regime being particularly savage in this regard.
- The removal of quantitative restrictions on imports of agricultural products and the maintenance of import duties on such goods at well below the bound rates that India had specified at the WTO resulted in a sharp rise in agricultural imports, especially from the late 1990s onwards. This, together with the importing of the global deflation in commodity prices, led to a crash in output prices in the late 1990s and the early 2000s, followed by sharp price volatility.
- Financial liberalisation led to significant reduction in the rate of expansion of institutional credit and a sharp rise in real interest rates at which institutional credit could be accessed through most of the 1990s and the first half of the decade of 2000-10. There has been some increase in the flow of credit to agriculture, much of it grabbed by large capitalist landowners. The dependence of the poor and middle peasantry on moneylenders and other non-institutional sources of credit has increased considerably over the period of neoliberal reforms.
- Reduction in rural development expenditure in relative terms as part of the drive to reduce fiscal deficit even while providing major tax breaks to affluent sections and the corporate sector has seriously affected both supply infrastructure (irrigation, energy, storage facilities, and so on) for agriculture and the rural economy, and weakened rural demand, causing a major crisis of rural livelihoods.
- Cutbacks in public investment as part of neoliberal reforms have led to significant weakening of infrastructure support, farm extension services, and the national agricultural research system. Simultaneously, deregulation in the seed sector, weakening certification processes and the entry of multinational agribusiness giants such as Monsanto and Cargill have allowed multinational corporations to penetrate the agrarian and rural economy in a big way.
- Neoliberal reforms unleashed a serious assault on the public distribution system. This, too, was a feature of the severe agrarian/rural distress that resulted in a great deal of avoidable deprivation.
- The most tragic manifestation of severe agrarian distress was the massive number of peasant suicides, exceeding 250,000 over the 15-year period between 1997 and 2012.

Ramakumar's paper at the conference reminded us that the period of neoliberal reforms has seen a sharp slowdown in the rate of growth of agricultural output. Agriculture grew at the rate of 4.1 per cent per annum between 1984-5 and 1994-5, just before the impact of neoliberal reforms had begun to bite. However, the compound rate of growth fell very sharply, to just 0.6 per cent per annum, between 1994-5 and 2004-5. It can thus be unambiguously stated that neoliberal reforms have been associated with a drastic fall in the rate of agricultural growth.<sup>2</sup>

#### *DISTRESS PHENOMENON NOT UNDIFFERENTIATED*

Severe agrarian distress has thus been a feature of the period of neoliberal reforms. But, as the discussions and papers at the conference reminded us, it is important to note that the phenomenon is not undifferentiated across time and space, or across classes in the countryside. In terms of periods, the period from 1991 to 1997 was one where neoliberal reforms had not yet begun to have an impact on the agrarian economy as severely as they would later. The full rigours of the WTO regime were yet to be imposed, with removal of quantitative restrictions on imports some two years away. The full impact of financial liberalization had not yet been felt. Global commodity prices had not yet begun to nosedive. Between 1991 and 1997, gross irrigated area (GIA) grew at an annual rate of 2.6 per cent, electricity consumption in agriculture by 9.4 per cent, and cropping intensity by 0.4 per cent.

The agrarian economy plunged into its most severe crisis between 1997-8 and 2003-4. Between 1997 and 2006, GIA did not increase at all, while electricity consumption in agriculture fell by 0.5 per cent per annum. Cropping intensity grew at just 0.1 per cent per annum. The tragic phenomenon of suicides of large numbers of farmers is also a feature of this period.

The period from 2004 onwards has been one of some recovery in agriculture in terms of growth of output. Since 2005, there has been a partial recovery in terms of the rate of growth of input use as well. According to a recent official publication, the average annual rates of growth of output and yield of food grain were 1.29 per cent and 0.59 per cent in the Tenth Plan period (that is, from 2002 to 2007), but rose to 3.80 per cent and 3.55 per cent during the Eleventh Plan (2007-12) (Department of Agriculture and Cooperation 2013).<sup>3</sup>

The severity of agrarian distress has varied, not just across time but also across regions. Moreover, it has not had a uniform impact on the entire rural or agrarian population. A section of the agrarian population, consisting of capitalist landlords and rich peasants, has benefited from neoliberal reforms and has accumulated productive

<sup>2</sup> Since 2004-5, there has been some recovery in the rate of growth of agriculture.

<sup>3</sup> It may be noted that the food grain output rose to 258 million tonnes in 2011-12, fell to 250 million tonnes in 2012-13 and is estimated to touch 263 million tonnes in 2013-14.

assets, including land. While rates of growth of the stock of agricultural machinery of various kinds were generally slower between 1992 and 2003 than between 1982 and 1992 (except for the stock of diesel engines, which grew more rapidly because of a worsening power crisis), the rates were still positive, indicating continuing capital accumulation. The number of tractors used in agriculture in rural India, for instance, nearly doubled between 1992 and 2003. Between 2004-5 and 2011-2, the numbers of tractors and power tillers sold have shown a rapid rise. The ratio of gross capital formation to GDP in agriculture and allied sectors averaged 13.9 per cent during the Tenth Plan period (from 2002 to 2007), but rose to 18.8 per cent between 2007 and 2011. It is thus clear that accumulation in real terms, through generation and reinvestment of surplus, and not merely through dispossession, has been going on even through the most severe phase of agricultural stagnation. It is also clear that the pace of accumulation was very modest between 1997 and 2005, and distinctly higher between 2005 and 2012.

#### *IS THE AGRARIAN QUESTION IRRELEVANT?*

There appear to be two distinct and contrasting responses to the impact of neoliberal reforms on the agrarian economy. One focuses on the severity of the distress and takes it to mean both that peasant differentiation has been greatly moderated and that landlordism is not or cannot be the main concern at present. The other points to the more rapid rate of growth of agricultural output in the period since 2004 and argues that there is no constraint to the growth of the rural and agrarian economy that is posed by the prevailing agrarian relations. Related to this is the question posed by one participant at the tenth conference of the FAS in a reaction to the repeated references to the agrarian crisis in India: *What does one mean by a crisis?*

First, in the context of the capitalist mode of production, the term “crisis” has been used by Marx and Marxists to signify an interruption in the process of reproduction, in particular, of *capital*. The agrarian distress of the neoliberal period does imply a serious interruption in the process of reproduction of the farm economy for a large proportion of cultivating households, as has been convincingly demonstrated by the FAS studies. However, it does not seem to have implied an interruption — in any event, not a prolonged interruption — in the reproduction of capital for the new capitalist farmers and the capitalist landlords who were historically participants in land monopoly. This too comes out clearly from the FAS research and the discussions at the conference.

Secondly, there have been periods, regions and crops that have shown significant growth of production and productivity even through the period of severe agrarian distress. The last two decades have also seen intensification of input use and rise in capital intensity of Indian agriculture. While mass distress continues, there has also been some degree of capital accumulation. This is reflected in the rising yields of most crops, though at rates much slower than before the acceleration of neoliberal

reforms. It is also reflected in a considerable rise in the sale and use of agricultural machinery. While there has been dispossession, operations of the land and real estate mafia, corporate land grab and so on, not all the accumulation is by dispossession alone. There has been a growth of productive forces and enrichment of a small section of the agrarian population as well. The argument that all productive, real accumulation ceases or nearly ceases with the dominance of finance capital and the resultant fiscal constraints is seductive, but misleading.

Can one then conclude that there is no constraint to the growth of productive forces in the agrarian economy and, in that sense, there is not only no agrarian crisis, but there is no agrarian question either?

### *THE RELEVANCE OF THE AGRARIAN QUESTION*

While the role of international capital and its penetration of Indian agrarian and rural economy have increased rapidly during the period of neoliberal reforms, the basic contradiction in the Indian countryside, between landlords and big capitalist farmers on the one hand and the mass of the peasantry and agricultural labourers on the other, is intact and is very far from being resolved. Land monopoly and concentration of productive assets in the hands of landlords and capitalist farmers as well as sections of the rich peasantry continue to define the countryside in large measure. Apart from the objectively important reality of extreme levels of concentration of land and productive assets, there is also the evidence from FAS surveys, in village after village, of the political and social power of landlords. Oppression against Dalits, Adivasis, and women remains an important and persistent feature of rural economy and society.

It is puzzling when scholars confronted with the massive evidence of the presence and power of landlords in rural India from FAS surveys acknowledge the evidence but dismiss the argument by saying that things have been different in this or that village that they themselves or other scholars have studied. It appears to me that one reason for this response might be that a very economic conception of the landlord or of landlordism is at work. As the legendary communist leader and scholar E. M. S. Namboodiripad said, landlordism is not only an economic category but also a social and political one.

It must be clarified that those who speak of landlords and big capitalist farmers as an obstacle to the growth of productive forces and of democracy in the countryside are not speaking in absolute terms. It is also important to remember that this class is in turn constrained to an extent by the fact of the state being led by big capital while continuing to protect the interests of landlords and big capitalist farmers.

The analyses presented at the FAS conference in Kochi in January 2014 made it clear that the class of the manual labour force in rural India is miscellaneous in nature,

comprising agricultural and non-agricultural workers. However, the emergence of non-agricultural employment, often on distress terms, reflects neither the resolution nor the irrelevance of the agrarian question.<sup>4</sup> Rather, the increasing reliance of poor peasant households on wage incomes from manual labour in or outside of agriculture is reflective of and consistent with the increasing differentiation of the peasantry.

The fundamental point seems to concern the formulation of the agrarian question, and, subsequently, its resolution. One way to formulate the agrarian question is to ask what the way forward to democracy and well-being for the mass of the agrarian population is, and to ask what in the prevailing order holds back the pursuit of this path. It is here that the reality of control over productive forces in the countryside by a class of landlords, including the new capitalist farmers, becomes important.

There is a crisis of peasant production. Large masses of the peasantry, particularly the poor peasantry, are faced with high input costs and fluctuating output prices, resulting often in income losses. The question of the viability of small-scale production is thus an important one, and is also an integral component of the agrarian question. In fact, the crisis of small-scale production illustrates the point about landlordism being a fetter on the growth and spread of productive forces. If farm research, extension services, infrastructural improvements, and benefits from public investments in agriculture must either first accrue to the landed gentry or be mediated through them in the rural economy, this has clear implications for the spread of productive forces and the growth of the agrarian economy.

The continuing reproduction of capital in the agrarian economy — including during the period of agrarian distress — does not imply the absence of pre/semi/non-capitalist relations of production. As was clear from the conference sessions on Dalits and Adivasis, “The system of socio-economic class in rural India does not exist independently of caste discrimination and other forms of sectional deprivation” (Ramachandran 2011).

In a word, one may ask: who are the enemies of democratic development in the countryside? Who, as a class, monopolise the means of production and the productive forces to a significant extent? Who, as a class, provides the support for the forces of caste and gender oppression, and benefits from it? The answer, from the evidence presented at the tenth conference and in many studies by the FAS and by other scholars, is clear. It is no amorphous collection of people but a clearly identifiable class of landlords and big capitalist farmers.

<sup>4</sup> The notion, advanced by some scholars, that the presence and possibility of non-agricultural employment implies that land (meaning both the lack of it for the peasant and its possession by the landlord) no longer limits the livelihood possibilities of the poor, is surely overstating the case.

The consequence of landlordism is large-scale rural poverty and deprivation. A change in agrarian relations, driven by comprehensive land reforms, is essential to take society forward, both in terms of unleashing the power of the productive forces and in terms of the political empowerment of the dispossessed. This, it seems to me, is the way to resolve the agrarian question. But if, as some argue, land has ceased to be important in the countryside both as a source of power to landlords and as a source of livelihood to peasants and agricultural labourers, and landlordism no longer exists, then the agrarian question must either be taken as having resolved itself or one must search anew to find out what holds the mass of the peasantry and the labouring classes of rural India back from overcoming deprivation and advancing to democracy sans caste, gender and other forms of social oppression.

The agrarian question, at least as far as India is concerned, has neither disappeared nor morphed into a question of classes of labour in the countryside. It remains one of identifying who the friends of the people are and who the enemies are, and what holds back the advance to democracy and freedom for working people, and the elimination of mass deprivation. Landlordism is the most plausible candidate as the answer to these questions. Without a doubt, its allies in state power and imperialism would also be in the frame along with landlordism. This is my main take-away from the tenth conference of the FAS.

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