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Agrarian crisis and neoliberalism in India

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Abstract

The nature and manifestations of the rural and agrarian distress in India point to the disastrous, class-specific nature of neoliberal economic policies. A significant aspect of this process is its spatial dimensions – the various ways through which uneven development has been the cornerstone of the unfolding dynamics of economic growth in globalizing India. The prolonged agrarian crisis, fuelled by neoliberal economic policies, has created a crisis of survival in the rural areas. It has uprooted a class of cultivators and agricultural labourers, who have joined the informal economy as insecure, vulnerable workers.

Keywords

agrarian crisis, neoliberal economic policy, migration, rural distress, India

The 'turn-around' of India's economic growth, following sweeping policy reforms around the early 1990s, has been celebrated as a 'neoliberal success story', although the recent period has been marked by a slowing down of the growth of per capita income, raising questions regarding the sustainability of the growth process.[1] However, a fuller understanding of India's recent economic growth remains incomplete without taking into account the prolonged rural distress that has affected millions of Indians in a period of relatively rapid economic growth. The nature and manifestations of this rural and agrarian distress point to the disastrous, class-specific nature of neoliberal economic policies. A significant aspect of this process is its spatial dimensions – the various ways through which uneven development has been the cornerstone of the unfolding dynamics of economic growth in globalizing India.

There has been a broad consensus among scholars that the post-reform growth has resulted in rising regional disparities and inter-personal inequalities. It has transformed the rural areas in an uneven way. While consumption patterns have undergone significant changes, both in rural and urban India, the gap between rural and urban incomes has widened. By and large, it is largely a service-sector-led growth. The share of agriculture in the national income has declined, and the share of the workforce dependent on agriculture is declining very slowly. Primarily because of the neoliberal policies there has been a prolonged agrarian crisis. It is not simply a crisis of productivity; it is also a crisis of survival for cultivators and agricultural labour households.

Agrarian crisis

From the perspective of Marxian political economy, neoliberal policies are primarily seen as a project of consolidating and furthering the interests of the capitalist class. The wide-ranging pro-market policy reforms introduced in India since the early 1990s signal a distinct phase of the dominance of neoliberalism. Selective withdrawal of the state from supporting the livelihoods of the poor, of socially marginalized groups as well as of farmers, artisans and the working classes was accompanied by an assertive use of state power to safeguard and facilitate the accumulation projects of domestic and international capital. The geographical dimension to neoliberalism manifests itself in the 'massive restructuring of space relations, producing geographical unevenness at multiple scales' (Das, 2015: 719).

During colonial rule, Indian agriculture was characterized by low productivity and poverty. The failure (or limited success) of the land reforms programme initiated by the newly independent Indian state resulted in the continued dominance of the rural landed elites and pre-capitalist agrarian institutions in parts of India. The efforts of the Indian state to initiate the Green Revolution in the mid-1960s created pockets of agrarian prosperity with unequal outcomes for small peasants and farm labourers. State support in the form of input subsidies, low-interest credit and interventions in the output market through procurement of food grain under the public distribution system created a gradual spread of the

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biochemical technology and mechanization to newer areas. Such a limited diffusion of agrarian growth, on the one hand, transformed India from a food-deficit to a food-surplus economy.[2] On the other hand, the in-built characteristics of this pattern of growth in productivity led to an ecological crisis, eventually leading to the flattening of growth in the 'Green Revolution belt'.

The early post-reform period, particularly the decade of the 1990s, witnessed a drastic deceleration of agricultural growth and widespread rural distress (Reddy and Mishra, 2009). The 'revival of agricultural growth' since about 2004, largely through an uneven expansion of horticulture and animal husbandry, has not been robust enough to end the manifestations of the distress in rural areas. While agriculture remains the mainstay of a substantial section of the rural population, the structural aspects of the agrarian crisis, in the sense of a crisis of survival of those dependent upon agriculture, seem to have gone beyond a crisis of agricultural productivity alone. This is not just a crisis of backward agriculture; it is a crisis that has largely been fuelled through high cost of cultivation (often, of commercial crops), the dominance of various kinds of intermediaries in the output markets and output price fluctuations in a globalized regime. The abnormally high levels of farmer suicides, reported from various parts of the country, for more than a decade were a manifestation of the systematic nature of the crisis[3] (Reddy and Mishra, 2009). The stagnation and livelihood crisis faced by farmers in India, at least partly, is policy induced.

It is important to note that despite the overwhelming dominance of capital over all classes of farmers in rural India, regional structures of agrarian accumulation point to significant and complex patterns of diversity (Mishra and Harriss-White, 2015). Despite the different structures of accumulation in specific regional contexts, the neoliberal policy reforms have contributed substantially to the crisis of livelihoods.

Among the various policy measures that have contributed to the crisis are the declining public investment in agriculture, particularly in irrigation, the reduction of input subsidies (on electricity, water, fertilizers and seeds) and the decline in credit flow to agriculture, which have increased the private costs of agricultural production (see, Mishra and Nayak, 2020).[4] India's agrarian structure is dominated by small and marginal farmers. As these farmers with tiny landholdings have started to respond to the 'opportunities' offered by the markets, they have started negotiating a new pattern of agricultural change – a shift in cropping patterns and, in some cases, technologies without any safety net in the form of state support. They have started to be dependent upon the private players – traders, commission agents, input suppliers and money lenders – not just for credit, but also for technology and information. Such tied or interlocked transactions are often biased against the small farmers, and the dominance of the private sector in the output and input markets results in increased risks for the farmers.

The crisis of survival of the rural households is exacerbated by the changes in state policies in other spheres as well. With the gradual privatization of basic health care, education, transport and other essential services, households are gradually being forced to spend more on these goods and services.

Both macro- and micro-level evidence suggests that in various regional contexts farm households are increasingly finding it difficult to survive solely within agriculture. Livelihood diversification has been among the key coping mechanisms for many labour and cultivator households. On the basis of estimates from the nationally representative National Sample Survey data, Basole and Basu (2011) have reported that only 46% of the monthly income of a typical farmer household in India is generated from agriculture. Non-farm business and wage labour are important contributors to the income of the farmer households. Among the agricultural households, a substantial majority (i.e. except for those with holdings of more than 10 acres) is not being able to cover their consumption expenditure solely through the income from agricultural production.

Following Henry Bernstein, Lerche (2013) has argued that in the backdrop of the global integration of financial markets under globalization, since the agrarian accumulation is no longer a binding constraint on capitalist accumulation, productive investment in agriculture has been neglected by both the capital and the state. Das (2013) has argued that the agrarian crisis is a global phenomenon – a crisis of survival of petty commodity producers, including small-scale capitalists, induced by the global dominance of the capitalist system. The agrarian crisis in India is not just limited to the petty producers, but also to the vast classes of agricultural labourers. Agrarian crisis has accentuated the 'super-exploitation of rural labour' as well.

At the same time, the 'crisis' of survival of the majority has opened up new avenues of diversification and accumulation for the few. Increasingly, the agricultural surplus is being invested outside agriculture, and non-agrarian rural elites are increasingly a major force in many regions. Many of them have turned into absentee landlords or non-cultivating landowners. They might derive rent from the land or may just keep it as a speculative investment. Speculative investment in land by both the rural and urban elites is on the rise. In some areas, improvements in transport and communication have led to the growth of horticulture. In areas of developed agriculture, for example, a class of potato-seed manufacturers have tried to capitalize on the increasing demand for potatoes.[5] Harriss-White (2016: 494) points out:

> 'in agricultural production, a small capitalist class is diversifying its portfolios, straddling agriculture and non-agriculture; a large, growing but unorganized barely landed class of rural labour moves in and out of agriculture… most land-based PCP fails to accumulate, few being free of oppressive debt while many are now failing to meet their

> reproduction costs from agriculture alone and fulfilling the conditions for disguised wage-labour'.

Field survey evidence from Odisha in eastern India suggests that the relatively better-off sections of the rural society have tried to combine income from services and business with farm income. Investment in transport, real estate, private education, petty trading in consumption goods, agricultural inputs and outputs have emerged as important avenues for the better-off sections. Given the limited access to formal credit, it is hardly surprising that money-lending which has emerged as a secondary occupation has also become attractive for a section of rural households.

Labour out-migration

For the first time since 1971, the absolute number of cultivators in India has seen a decline as per the 2011 census. Given that the slow structural transformation of the occupational structure has been a cause of concern for policymakers, a decline in the number and share of cultivators might look like a positive development. However, what is of equal importance is the nature of this shift out of agriculture. As rural households are trying to diversify their income and employment the rural non-farm sector – with a significant expansion of sectors like construction, trade and transport as well as public works supported by the state-sponsored rural employment guarantee programme – has emerged as a source of employment. However, in the backdrop of stagnation in agriculture, there are limits to the growth of the rural non-farm economy, even though 'ruralization of capital' has fuelled non-farm growth in peri-urban areas. Increasingly, rural labour has started migrating out. Although rural out-migration has been attributed to various factors, including the rise in labour demand in the booming construction sector, as well as the rising aspirations of the rural youth, agrarian distress has acted as a major factor in pushing out labour (Mishra, 2016).

The out-migration has specific regional dimensions – it is mainly from the slow-growing, densely populated states of the north and the east to the relatively prosperous southern states. Traditional cultural and linguistic barriers which used to discourage inter-state migration are gradually weakening (Government of India, 2017). A significant portion of this migration is from the relatively backward states and regions located in the east and north India to the relatively developed southern states. Also, there are striking differences between long-term and short-term migrants. Generally, long-term migrants are more likely to be from the upper caste, rich and middle peasants, and those already in non-farm occupations and living in relatively developed regions (Mishra and Nayak, 2020). In contrast, short-term migrants are mostly from the landless, land-poor categories, the Scheduled Caste and Scheduled Tribe households and living in less-developed regions (Keshri and Bhagat, 2012). But the defining characteristic of this migration is the nature of employment at the destinations. India's vast informal sector is the only choice available to the majority of the migrants. The precarious, low-paying and, in many cases, degrading jobs are the only option available for the majority of the rural youth to escape. Neoliberal restructuring is premised on the availability of cheap labour, and informalization of the formal sector is among the many ways through which employment in the formal sector has also become precarious.

On the face of it out-migration of cultivators might seem like part of a process of disintegration of petty commodity production. Two important tendencies should be taken note of. First, a substantial section of those who are leaving crop cultivation is joining the urban informal economy as self-employed, mostly in petty trading or services, as part of the urban informal sector. Second, often remittances are being used by the left-out family members in rural areas as a source to finance agriculture. Thus, out-migration by some members, instead of leading to dissolution of family firms, might give them a new lease of life. At the same time, there is evidence to suggest that in areas of developed agriculture, like Punjab, a process of depeasantization has been underway.

While such out-migration from the relatively less-developed rainfed regions has provided an escape route to small farmers and agricultural labourers – and has probably contributed to a decline in absolute poverty – there are some worrying aspects of such a process. Such out-migration is being celebrated as a market-mediated way out of poverty, but its promise of 'spatial trickle-down effect' – through the flow of remittances from relatively more-developed to the relatively less-developed regions – is yet to show its impact on the ground. The Covid-19 pandemic has revealed the precarious nature of these migrants' lives. Unable to survive the abrupt loss of livelihoods and incomes following the lockdown, migrants have walked hundreds of miles to reach home. Many have died of exhaustion, hunger and illness.

Labour continues to be recruited in the informal labour markets through layers of intermediaries. Even in the globalized sectors such as textile and in bigger multinational firms, informal workers are recruited through the 'non-market institutions' of caste, ethnicity and language. In sectors such as construction, where the majority of the seasonal migrants work, there is hardly any skill acquisition. While short-term gains for the migrant workers might be an incentive enough to leave their homes, many of them do not earn enough to bring their families to the urban destinations or stay in the slums, with low levels of amenities. Seasonal and circular migration flows, in particular, are characterized by various degrees of 'unfreedom'. The exclusionary processes underlying the neoliberalization of the urban spaces create further barriers for the migrants and their families.

Conclusion

In a nutshell, the prolonged agrarian crisis, fuelled by neoliberal economic policies, has created a crisis of survival in the rural areas; it has uprooted a class of cultivators and agricultural labourers, who have joined the informal economy either as self-employed or as wage earners. Given the structure of the economy, many of them have not been able to fetch secure, well-paying jobs. Rather, they have become part of the urban informal economy with insecure and precarious livelihoods, with little social protection. As they attempt to eke out a livelihood in multiple locations and by combining various available activities, they are increasingly a part of a fragmented labour force, facing exploitation in multiple ways.

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Notes

1. India's growth rate in the Financial Year 2018–19 has been revised downwards to 6.1%, as against the anticipated growth of 6.8%. As per the provisional estimate released by National Statistical Office in May 2020, the overall GDP growth rate for 2019–20 was estimated to be 4.2%, the lowest in 11 years.
2. Achieving food supply targets at the macro-level did not necessarily result in a guarantee for food and nutrition security for all.
3. Suicides by indebted farmers are an extreme manifestation of the agrarian crisis and suicides could be the outcomes of a complex set of factors. As such, the official data on farmer suicides are affected by a number of exclusions. Women farmers, for example, are reported as 'housewives'; Adivasi and Dalits farmers (Scheduled Tribes and Scheduled Caste communities) not having legal entitlements over land and tenants are often not included in the category of farmers. Following the uproar over high rates of farmer suicides, the government started changing the methodology of reporting crime data since 2014, leading to gross underestimation of farmer suicides (Anonymous, 2019).
4. Criticisms of neoliberal reforms and, more importantly, adverse electoral outcomes as a result of rural distress have resulted in periodic reversal of some of these policies. However, the broad thrust of the policies has remained towards an increasing reliance on the logic of 'free markets' as efficient institutions.
5. One such producer, described as 'Potato King' in the media, has over 6,000 acres under cultivation, with an annual production of 56,000 tonne – 10% of the seed potato market in India.

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