

The State of Agriculture in India

What is the issue?

National Statistical Office's Situation Assessment Survey (SAS) of agricultural households for the 2018-19 agricultural year holds importance given the unprecedented crisis in India's agricultural economy.

What are the causes for crisis in agriculture?

- Sharp slowdown in the economy
- Rise in input costs driven by rising wages
- Faulty implementation of India's fertilizer-subsidy reforms
- Higher fuel prices
- Back-to-back drought in 2014 and 2015
- Demonetization caused disruptions
- Covid pandemic



What does the SAS 2018-19 say?

- The average income of an agricultural household from farm and non-farm incomes increased in real terms from Rs.6,436 in 2012-13 to Rs.7,683 in 2018-19.

- This was mainly due to higher wage incomes which rose 6.7% per annum.
- For a majority of the farmers engaged in crop cultivation, real incomes from it declined 1.3% per annum which led to fall in investment in productive assets.
- Net investment in productive assets in 2018-19 was less than half the level in 2012-13, even in nominal terms.

Why is the estimate of the SAS worrisome?

- A large proportion of rural households in India are engaged in agriculture and within agriculture, an overwhelmingly large proportion is dependent on crop production.
- The fall in real cultivation incomes has been partly responsible for hurting demand and in turn economic growth.
- While the increase in wage labour may have protected agricultural households from a decline in real incomes, it doesn't warrant that the non-farm sector will protect farmers' incomes in the future.
- These estimates pertain to two years before the pandemic and now the situation would have worsened on account of a rise in input costs driven by energy and fertilizer prices.
- Also data from the wholesale price index suggests that farm-gate prices for a majority of crops have either declined or remained stagnant.
- Periodic Labour Force Survey showed an actual increase in workers dependent on agriculture which would cause sharp reduction in real incomes per agricultural worker.
- The agrarian issues are taking centre-stage with the intensification of the farmer agitation against three farm laws.
- The survey raises a serious concern not only on the implications of working conditions of Indian farmers but also on the sustainability of growth itself.

Source: Livemint