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ORIGINAL RESEARCH PAPER

Economics

WHY ARE WE NOT ACCEPTING SWAMINATHAN COMMISSION REPORT?

KEY WORDS:

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INTRODUCTION:

Every year all over the country we see farmers agitating for TWO different reasons

1. Getting MSP (Minimum support price)
2. Getting loan waver

This leads to a question "are these two things Inter connected" OR can accepting the Swaminathan commission formula of MSP +50% formula solve the problem of farm loans? The loan wavers are being used by various political parties to their POLITICAL advantage and to disadvantage to other social welfare schemes. Few years ago, central government came out with three farm laws that lead to farmers blocking the roads in Delhi for months together and finally government had to withdraw those laws that were described as draconian by farmers and opposition parties. Before we go in details of this let us understand why Swaminathan commission was appointed

The National Commission on Farmers, chaired by Prof. M. S. Swaminathan, submitted five reports through the period December 2004 - October 2006. Following from the first four, the final report focused on causes of famer distresses and the rise in farmer suicides, and recommends addressing them through a holistic national policy for farmers. The findings and recommendations encompass issues of access to resources and social security entitlements. This summary is a quick reference point highlighting the key findings and policy recommendations under land reforms, irrigation, credit and insurance, food security, employment, productivity of agriculture and farmer competitiveness.

BACKGROUND

The National Commission on Farmers (NCF) was constituted on November 18, 2004 under the chairmanship of Professor M.S. Swaminathan. The Terms of Reference reflected the priorities listed in the Common Minimum Programme. The NCF submitted four reports in December 2004, August 2005, December 2005 and April 2006 respectively. The fifth and final report was submitted on October 4, 2006. The reports contain suggestions to achieve the goal of "faster and more inclusive growth" as envisaged in the Approach to 11th Five-Year Plan.

Terms of Reference

The NCF is mandated to make suggestions on issues such as:

- a medium-term strategy for food and nutrition security in the country in order to move towards the goal of universal food security over time;
- enhancing productivity, profitability, and sustainability of the major farming systems of the country;
- policy reforms to substantially increase flow of rural credit to all farmers;
- special programmes for dryland farming for farmers in the arid and semi-arid regions, as well as for farmers in hilly and coastal areas;
- enhancing the quality and cost competitiveness of farm commodities so as to make them globally competitive;
- protecting farmers from imports when international prices fall sharply;
- empowering elected local bodies to effectively conserve and improve the ecological foundations for sustainable agriculture;

Need for Swaminathan Repot: It was found that in spite of selling their produce at MSP the farmers were left with nothing but their cost of labour (Mazduri) and sometime in adverse conditions even cost of labour was not recovered and farmers are required to take loans from LOAN SHARKS (banks ask for too many questions and guarantees). The Insurance companies DO NOT COVER all aspects of LOSS and end up paying miniscule compensation (some farmers reportedly got Rs.0.01 as compensation and to cash that cheque the bank charged Rs.20 + GST and SGST)

To safe guard farmers income Swaminathan suggested that the farmers should get MSP + 50% of MSP (towards their profit). This will ensure that farmers are not required to go to loan sharks and commit suicide the number of suicides is growing with geometrical proportion. This is vicious circle and that needs to be broken. Various state governments have given loan wavers to farmers partly but it has not helped.

Farmers getting in loan shark's dragnet MSP is not the only reason; we can list following as causes listed

1. Natural causes leading to low or zero recovery of costs from farming
2. Farmers bad habits like HIGH and REGULAR Liquor consumption and Satta/gambling
3. Laziness that leads to improper cultivation (starting the water pump and forget about it leading excess watering of crop)
4. Unreasonably HIGH expenditures in marriages and naming ceremonies (mostly on borrowed money)
5. Expenditures on motorcycles and flashy vehicles like SUVs
6. Not keeping track of money recovered and costs required for next farming sessions
7. Seed and fertilizer traders cheating on quality requiring reseeding and sometimes loss of crop totally
8. NO proper insurance cover available
9. Banks not providing credit facility
10. Expecting government giving loan wavers

Reasons for farmers suicides. (in 2002)	Percent (of suicides)
Failure of crops	16.84
Other reasons (e.g. chit fund)	15.04
Family problems with spouse, others	13.27
Chronic illness	9.73
Marriage of daughters	5.31
Political affiliation	4.42
Property disputes	2.65
Debt burden	2.65
Price crash	2.65
Borrowing too much (for house construction)	2.65
Losses in non-farm activities	1.77
Failure of bore well	0.88

¶Note: Reasons given by close relatives and friends. Every case cited more than one reason.

One more factor is the suicides by farm labourers, UPA government had taken note of that and started MANREGA that provided work to rural farm labours at least 100 days labour at minimum wage rate that gives guarantee of work for male and female workers and had reduced the suicides by farm labourers to large extent. Current government has reduced the outlay for MANREGA and even changed name of the scheme to

VB-G-RAM-G with central government reduced to 40% and state government to pay 60%. As it is many state governments were not implementing the scheme properly and now when they are required to pay, they may not operate it totally.

Many people may ask why farmers are not insuring the farm? The answer is very simple

1. The rate of insurance premium is very high (Rs 700 to 1000 per hector per season)
2. The conditions are not farmer friendly but are favourable to insurance company (most companies are owned/ partnered by Ambani and Adani and government companies are not there in farming)
3. The returns received are so low that the cost of getting the return is more than the returns
4. Governments like Maharashtra offered insurance for Re.1 where rest of the amount is paid by state government is also not accepted by farmers as the conditions are not friendly with farmers The Insurance is not COMPREHENSIVE.
5. Since the farmers get miniscule compensation from Insurance companies the farmers agitate and request the government pays them compensation for one reason or other to one and all. So why pay premiums if everyone gets compensation from government
6. Even the rich farmers register themselves as marginal farmers dividing land with family members for record and take all benefits as marginal famers.

One more point needed to be looked in to is that the farmers need to get classified in to three categories

a) Marginal Farmers (farmers holding less than 1 hector=2.5 acres land)
b) Farm labourers not holding any land
c) Large farmers

Out of these three categories large farmers are moneyed/ RICH people having holding lots of land and earn good amount money and still claim all the government subsidies like free electricity, subsidized seeds and manures. Farm labourers earn money only when the large farmers invite them for farming. These labours used be dependent on MANREGA and used earn minimum labour charges for at least 100 days (good amount considering all persons including female members earning the amount). This current government is not allocating required money and so the MANREGA is almost closed. Marginal farmers are unable to work for 100 days in MANREGA and earn money as they are required to take care of their small land. If we look in to the suicides in these categories the results are as follows

Farmers' suicides in India refers to the event of farmers dying by suicide in India since the 1970s, due to their inability to repay loans mostly taken from private landlords and banks. India being an agrarian country with around 70% of its rural population depending directly or indirectly upon agri-culture,[1] the sector had a 15% share in the economy of India in 2023, and according to NSSO, around 45.5% of country's labour force was associated with agriculture in 2022. Activists and scholars have offered several conflicting reasons for farmer suicides, such as anti-farmer laws, high debt burdens, poor government policies, corruption in subsidies, crop failure, mental health, personal issues and family problems. It has become so common that Godi media (media supporting government) has stopped reporting it.

The National Crime Records Bureau data shows that while 296,438 farmers had died by suicide between 1995 and 2014, in the nine years between 2014 and 2022, the number stood at 100,474. In 2022, a total of 11,290 persons involved in the far-ming sector (5,207 farmers and 6,083 agricultural labourers) have died by suicide in India, accounting for 6.6% of total suicide victims in the country.

Earlier, governments had reported varying figures, from 5,650 farmer suicides in 2014 to the highest number of farmer suicides in 2004 of 18,241. The farmer's suicide rate in India had ranged between 1.4 and 1.8 per 100,000 population, over a 10-year period through 2005. However, the figures in 2017 and 2018 showed an average of more than 10 suicides daily or 5760 suicides per year. There are accusations of states manipulating the data on farmer suicides; hence the real figures could be even higher

One question that comes to mind is why farming is not done/considered as industry/business and farmers allowed to earn profits and pay taxes instead of giving them tax holiday and consider them as of national importance and give them all the benefits and concessions. With most of the farmers being MARGINAL farmers (having small farms-farmers holding less than 1 hector=2.5 acres of land) and political leaders being large farmers many good decisions are stalled as they cannot be implemented universally. Doing research on this will become TOO large and not really covering all aspects; rather it should be done in small parts effectively. Let us decide objectives for this research paper and limit itself to the objectives only

Objectives: Following objectives have been decided for this research

1. What happens if the Swaminathan report is accepted?
2. Why farmers are not using insurance to cover occasional losses?
3. Why government is not underwriting loans of farmers instead of giving loan wavers?
4. What farm reforms can be suggested?

Research Methodoly: This research is done totally using secondary data

Facts:

State-Wise Breakdown of Farm Suicides

- **Maharashtra:** 3,824 deaths (highest, accounting for roughly 36.26% of the national total, concentrated heavily in the Vidarbha and Marathwada cotton-growing belts).
- **Karnataka:** 2,971 deaths (second-highest, showing a sharp rise in drought-prone interior districts).
- **Madhya Pradesh:** 835 deaths.
- **Andhra Pradesh:** 780 deaths.
- **Tamil Nadu:** 503 deaths.
- **Chhattisgarh:** 486 deaths.

Core Factors Driving the Crisis

- **Severe Debt Burdens:** Heavy reliance on private money-lenders charging high interest rates (24% to 60% annually) due to poor access to formal bank credit.
- **Climate and Weather Shocks:** Frequent droughts, erratic monsoons, and unseasonal floods devastating rain-fed crop yields (especially cotton and soybean).
- **Rising Input Costs:** Escalating expenses for seeds, fertilizers, and pesticides paired with volatile market prices and low returns for produce.
- **Vulnerability of Labourers:** Landless agricultural wor-kers face acute wage insecurity and seasonal unemploy-ment, making up more than half of the total farming sector suicides in recent annual data
- **Spurious Seeds and Fertilizers:** Spurious seeds (even in guise of Government certified brands) do not grow in plants, and by the farmers come to know and buy seeds again and put them in farm the rainy season is nearly ending and the yield is very low and not of good quality. This leads to yield lower than expenses. Authorities make big show of catching culprits but no one is punished.

Spurious Seeds, Pesticides and Fertilizers Supplied to the Farmers

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To curb the malpractices of spurious seeds, pesticides and fertilizers and in order to ensure availability of quality inputs to the farmers, various provisions are available in the Seeds Act, 1966, the Seeds Rules, 1968, the Seeds (Control) Order, 1983, Essential Commodity Act, 1955, Insecticide Act, 1964, Insecticides Rules, 1971, the Fertilizer (Control) Order, 1985etc.

The concerned State Department of Agriculture appoints the Inspectors for ensuring quality control of seeds, fertilizers and pesticides in their respective states. In case any samples of seeds, fertilizers and pesticides are found to be spurious /sub-standard, action is taken under the relevant provisions of Acts and Rules. The details of samples drawn by inspector sand found substandard (across the Country) in respect of Seeds, Fertilizers and pesticides during 2023-24 is given below.

I. 133,588 seed samples were drawn and out of which 3,630 samples were found sub-standard during the year 2023-24.
ii. 1,81,153 fertiliser samples were analysed and out of which 8,988 samples were found nonstandard during the year 2023-24.
iii. 80,789 pesticide samples were analysed and out of which 2,222 samples were found to be spurious.

This information was given by the Minister of State for Agriculture & Farmers' Welfare Shri Ramnath Thakur in a written reply in Lok Sabha today.

What happens if Swaminathan report is accepted?

- **Prices will go up (cause very high inflation):** Acceptance of Swaminathan report will lead to prices going up for all farm commodities is the major fear that is misplaced. Yes, it will increase the yield of farmers but will not lead to substantial increase in end prices (price paid by consumers) as the consumers pay only the price affordable to them or reduce the quantity purchased. The retail chain for farm commodities is very long and the pressure on price will have adverse impact on the length of chain and retailers would buy their requirements from the wholesalers that provide the commodity at affordable (giving them good margin) price at higher level of chain. The logistics will improve and the impact on end price will not be very high.
- **Farmers will be able to pay their loans:** Since the yield goes up living them enough funds to clear their loans easily and unless some politician teaches them not clear loans on some reasons, they will clear the loans
- **Farmers would pay their Electricity bills:** since farmers will have funds, they will clear their electricity bills reducing OR removing cross subsidy that causes high bills for middle class citizens reducing their electricity bills. (more money for other expenses)
- **Government will not be required to give loan wavers:** Government will be saved from give loan wavers leaving funds for infrastructure developments or on health and education. Government will have money for other development projects (less money for corruption)
- **A source of laundering black money will be gone:** Lots of people especially connected to various political parties and corrupt government officials use farming as a source of money laundering. They claim huge amounts three times a year as farming yield even when the farm was not cultivated and hide their black money as legitimate source of income.
- **One solution suggested was cooperative farming:** This is a good solution but farmers are required to educate in this direction and explain the benefit all pluses and minuses. Cooperating farming is still not accepted by farmers we need to someone like Padmashree Vasant-dada Patil or Padmashree Vithalrao Vikhe patil to take lead and make farmers accept the scheme. Government efforts are almost invisible in this direction

CONCLUSIONS:

Since the subject is having broad spectrum, we need to conclude the research with only the important aspects and facts and we can conclude the article with following conclusions

- ❖ What happens if the Swaminathan report is accepted? – We have already discussed the point at length
- ❖ Why farmers are not using insurance to cover occasional losses? -- We have already discussed the point at length
- ❖ Why government is not underwriting loans of farmers instead of giving loan wavers? —Politician of every party consider this as an opportunity to win over farmers during election period and use it. If government starts underwriting the loans, the banks will ask the government for repayment and government will ask the banks to give additional period.
- ❖ What farm reforms can be suggested? —the best reform is COOPERATIVE FARMING USING MODERN MACHINERY AND METHODS. This will ensure that the farming will be done on large tracks using modern machinery and process, that will ensure better yield that will ensure that the crop will get better market rate. This will ensure that all the member farmers will get their share after keeping reserve funds like any other business and all those farmers putting in their manual efforts will get standard income as any worker along with profit share. Since the farmers will not be getting large cash in hand, they will not be able to spend extravagantly. Since money for next crop will be saved, there will be no need for LOANs and borrowings (even if borrowed it will be not from loan sharks)

Further study in this matter: This a very dynamic subjects and problems will get evolving as conditions change and new solutions will be required. The politics keeps delaying the implementation of solutions suggested for their personal and political gains.

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