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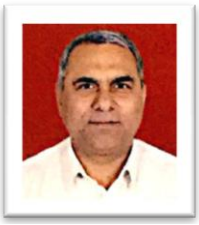
State of Economic Distress in Agricultural Sector: A Case Study of Jhunjhunu District, Rajasthan



Tejbir Singh Rana
Associate Professor,
Dept. of Geography,
Shivaji College,
University of Delhi,
Delhi, India

Aayush Deswal
Student,
Weston High School,
Wellesley Street, Weston,
USA

Abstract

Agriculture still acts as bone marrow in the very economic prosperity of India as large chunk of its population still derives its sustenance and livelihood from this sector. But the constant marginalization of farm sector and those associated with it from the domain of policy formulation is persistent.It's not bringing it to mainstream economy through value addition and other substantial measures, and not realizing its potentiality is where the epicentre of the problem lies. The research paper highlighted the state of distress in the farming sector through the example of Jhunjhunu district of Rajasthan, which was reflected in the recent loan waiver demands and other farmers' protests and agitations. The paper also looks into all possible factors which had brought the ANNADATA down on its knees to yield. The study also tries to whisper several measures for making agriculture an asset instead of liability by making it a diversified and profitable enterprise.

Keywords: Agricultural Distress, Agricultural Entrepreneurship, Jhunjhunu District, Market Responsive Crops, Share-Cropping.

Introduction

The economic distress brought up by the farming sector is a limit of weakening of the economic base of an agricultural country like India, which further give birth to plethora of problems in a 1.3 billion population country. Around 66 % out of the total 2.2 million population of Jhunjhunu district in Rajasthan is solely dependent on farming sector for their livelihood. There are multiple risks in agriculture- income, yield, price, input, technology, and credit among others. An additional factor that aggravates the situation is that about 72% of the landholdings are small and marginal (less than 2 hectares) and farmers cannot reap benefits from economies of scale The commercialization and mechanization of agriculture sector in recent past have distorted the self-sufficiency of the villages and forcibly exposed them to be the vagaries of the market economy. It did not take the current round of farmers' agitations to drive home the idea that India's agrarian sector is under stress. Low growth rate, poor earning, diminishing return and distress behaviourresulting into large scale internal migration and disproportionately high suicides have signalled that something is wrong with the rural sector in India. There are multi dimensions to this crisis in agriculture, an agrarian crisis which threatens the livelihood of those dependent on agriculture, particularly the small and marginal farmers and landless agricultural labourers; and an agricultural developmental crisis that manifest through a deceleration of productivity and declining profitability which can be attributed to the neglect in the designing of programmes and in the allocation of resources towards agriculture. Series of social welfare and economic development programmes are not yielding desired output in the countryside.

Adoption of market responsive crops by farmers and their failure due toagro-climatic constraints of the region created the conflict between development and environment.The shift of farmers towards water intensive crops for increased return in semi-arid and water stressed region further aggravated the farmers plight. After green revolution in India, the diffusion of machines and technology in farm sector supported the farmers to grow non-conventional market-oriented crops as wheat, cotton, maize and groundnut etc. Historically, the semi-arid region is known for drought resistant and enduring crops as gram, oilseeds, pearl millet (bajra) and mat bean etc. Theuncertainties arising out of the marketing mechanism make

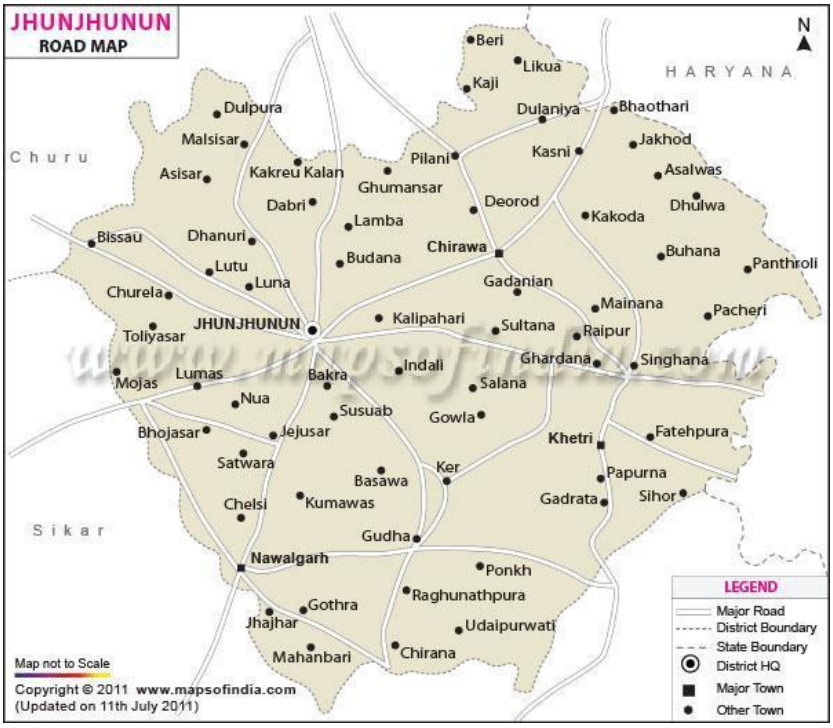
the farmer's prone to failure in their intent and more vulnerable to a state of distress.

Objectives

1. To study the level of distress in farm-sector and allied economy in Jhunjhunu district.
2. To enquire the mechanism of economic conditions of farmers which makes agriculture a less preferred enterprise.
3. To identify the potentials and measures to elevate the economic stature of farmers.

Study Area

Jhunjhunu district is situated in the North Eastern, Shekhawati region ofRajasthan state, India. It is located between 27˚38'&28˚3' north and between 75˚02'& 76˚06'east longitudes. The total geographical area of Jhunjhunu district is 5928 sq. km. which is 1.73% of total area of the state.Its physiography is mainly composed of loess plain in the margins of Thar desert and relict masses of rolling hills as offshoots of the Aravali ranges running in the South-Eastern direction. It is semi-arid region where evaporation exceeds precipitation resulting into water stressed region. It receives 50 cm. monsoonal rain during July and August. Occasional rain also takes place in winter month due to western disturbances in the form of temperate cyclone. Summer maximum temperature touches 50 degree Celsius while the winter lowest temperature touches zero degree Celsius. Drainage system is monsoonal rain controlled seasonal and ephemeral, mainly inland and centripetal. Soil is alluvial, porous and alkaline known as aridisol. Near the river margins entisol also found as new formation.Thekantli river system is the major along with other non-perennial streams like Dohan, Chandravati, Udaipur Lohagarhki nadi, and Sukh nadi with no major natural lake or water reservoir. Most part of the district is blow by sand with stabilized barkhans and longitudinal dunes.



Database & Methodology

This study tries to enquire the reasons behind the deprieved situation of agricultural sector in Jhunjhunu district of state of Rajasthan.

Database used in this paper has been extracted from the following sources:

Primary Database

The primary data has been collected through questionnairesprepared for farmers. Observation based data has also been derived through direct interaction with farmers from different strata and with agricultural labourers ,and also with people indulged in farm related activities from all age groups, ethnic and social groups. Sample design adopted was stratified random sampling.

Secondary Database

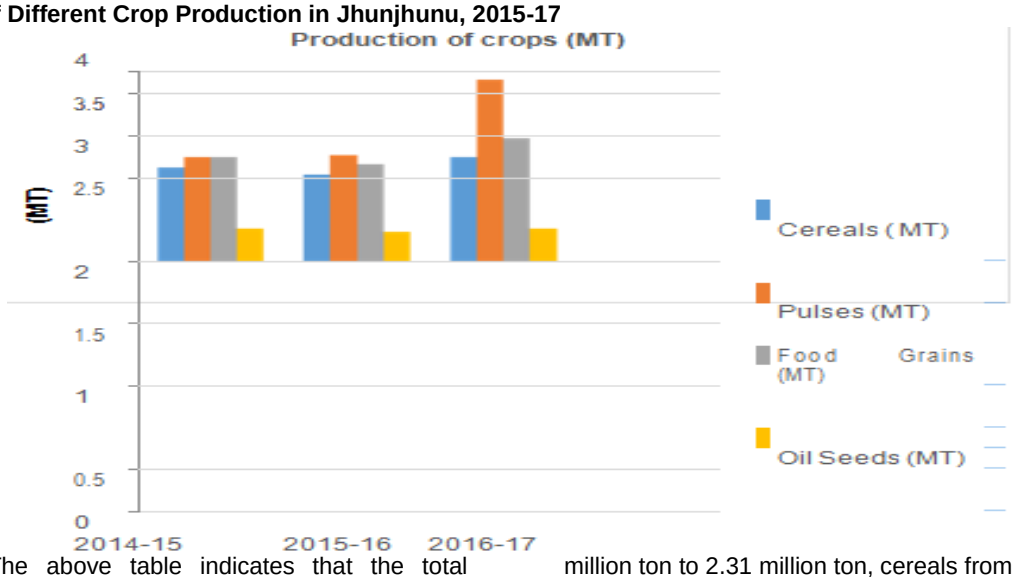
In this paper secondary data has been analysed to set trendsand patterns in the database while discussing several aspects. It was collected from *Rajasthan Agricultural Statistics At Glance*, Directorate of Agriculture, Rajasthan, Jaipur.

Data from District Census Handbook (village and town directory), Jhunjhunu (series-09, part 12-A) and Census of India, 2011.

Statistical methods were used for analysing and comparing different aspects of the study to establish the relationship among different aspects of study.

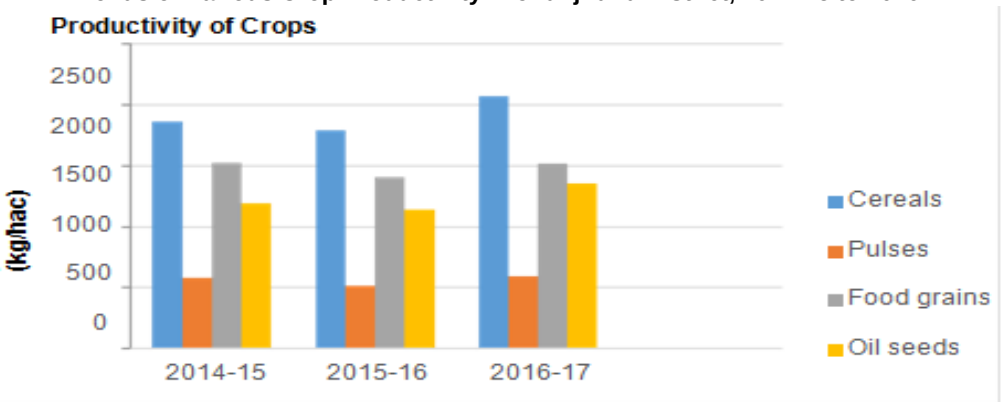
Analysis

Trends of Different Crop Production in Jhunjhunu, 2015-17



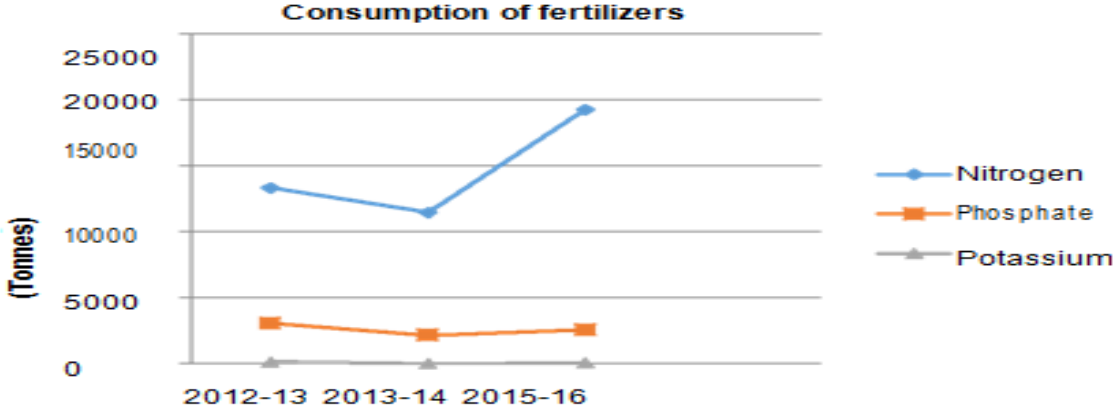
The above table indicates that the total production of various agricultural crops has increased significantly. Pulse productionregistered a big boom from 1.95 million ton in 2014-15 to3.416 million ton in 2016-17, food grain production have gone from 1.96 million ton to 2.31 million ton, cereals from 1.76 million ton to 1.96 million ton, and Oil seeds from 0.53 million ton to 0.65 million ton in same time period which shows no decreasing trend.

Trends of Various Crop Productivity in Jhunjhunu District, 2014-15 to 2016-17

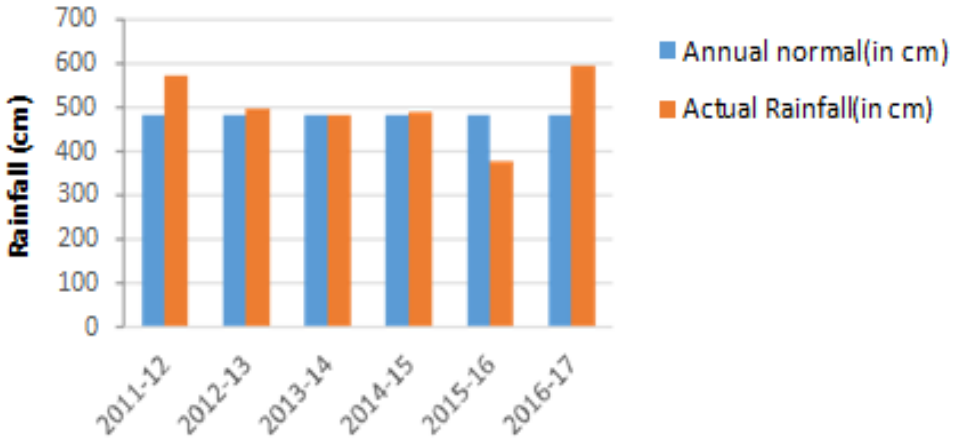


The productivity or yield (production weight of crop in kg per hectare) of various crops like Cereals, Pulses and Oil seeds have shown no major decline over the years, but Food Grains have declined from 1529 (kg/hac) to 1517 (kg/hac) in the years 2014-15 to 2016-17 respectively. Food grains are cultivated by most of the farmers in the district which is facing acute diminishing return and the reason of rural distress.

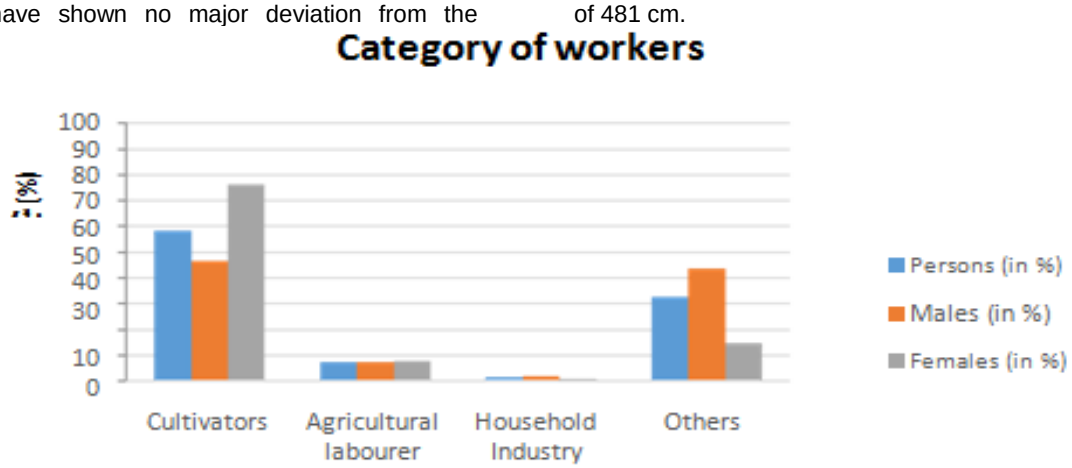
Trends of Fertilizer Consumption in Jhunjhunu District



Consumption of fertilizers over the years have increased very rapidly in the district by replacing the use of manures like animal wastes dung. Manure use brought to very low by putting of large amount of DAP(Di Ammonium Phosphate) and Urea. Whereasthe use of other pesticides and insecticides have gone to their highest, which now became a necessity to maintain the production and productivity. The annual consumption of Nitrogen i.e. urea in Jhunjhunu district have gone up from 13321 ton to 19279 ton per year. While the annual consumption of phosphates and potassium have not increased.



The data released by Directorate of Agriculture, Jaipur has shown the annual actual rainfall have shown no major deviation from the annual normal rainfall except in the year 2015-16 which was -21.3% less than the annual normal rainfall of 481 cm.



Among 66% of the population dependent on agriculture, the percentage share of cultivators (Big,Small and marginal farmers) constitute the biggest portion with 58.31% of workers followed by Agricultural labourers 7.70%, workers in household industry(1.51%) and others (32.48%). The figures of female workers account for a larger portion with 76.18% in cultivators, 7.81% in agricultural labourer, 1.14% household industry and 14.87% in others.

Discussion and Results

Historical inertia and traditional social fabric have been largely responsible for the stratification and distribution of land holdings. It is the significant parameter to determine the position in social structure. The picture has not changed much of those with no land or less farmlands as they are dependent on big farmers for livelihood and employment.

Marginalization

A large portion of small and marginalized farmers, those are involved in agricultural activities for their livelihood are left marginalized and excluded from the purview of policy formation then those with large landholdings mostly reap the benefits.

The share of agricultural laborer's account for 7.7% and cultivators (large, small and marginal) for 58.3% in the district. Major policy decisions are launched taking into account the interests of landholders mostly whereas agricultural laborer's and share-croppers are mostly kept unnoticed.No basic income or minimum wage rate is fixed that in time of vagaries and uncertainties as this group of downtrodden is worst affected. During off seasons of employment from farmlands is almost non-viable pulling them into the gyre of debt for sustenance. The tyranny of the informal lender never allows them to come out of the system making them economically dependent and crippled, limiting their other prospects of earning livelihood as they earn to repay and then to repay.

Input cost and Output price

The cost incurred during the whole cycle of taking a full crop has convincingly increased over the years. It makes the output received as less productive and mostly being used in financing the expenses incurred from inputs like seeds, fertilizers, pesticides, machinery expenses and labour cost.The

consumption cost of fertilizers, pesticides and other chemicals have increased manifold. It leads to multiple side effectsas one is the input cost keep surging high and other is the land become dependent on such fertilizers for crop production. Many a times farmers are forced to take loan to meet the need of farm input and other requirements. The natural mode of farm production has been replaced by industrially produced input dependent production.

Small and marginal farmers received much lesser economic return owing to small size of landholdings where financial support is minimal. In case of big farmer's, the output price is comparatively higher but the ratio of input cost to output price is also very high.Big farmersare able to spend more on fertilizers, high variety yield seeds, machinery and laborer's for timely completion of working which comes out to be costly, giving almost a null effect on their productivity.

Procurement by Government and MSP

Improper and poor procurement procedure is the biggest stumbling blocks for farmers in reaping their fruits of cultivation. Currently, 5 agricultural produce markets (Krishi Upaj Mandis) have been established in Jhunjhunu district at Chirawa, Nawalgarh, Jhunjhunu, Surajgarh and GudhaGorji. These agricultural produce markets are also providing accessibility to adjacent areas apart from the farmers of district. But farmers complain that the markets are insufficient and incapable tomake timely procurement with adequate prices which gives a serious blow to the farmers income when they needed it most.

It leads to delay in sowing the next crops.The non-availability of fund in time delay in purchasing the seeds, fertilizers and other basic inputs as it need cash payments. To meet the time bound and urgent expenses farmers left with no option except to take loan from informal sectors (local moneylenders, relatives etc.).The formal sector banking system require series of formalities which becomes a complex procedure for unprepared farmer to complete the paper work in stipulated time.

The agricultural produce markets committee, APMC (Krishi Upaj Mandis) also fail in serving their purpose due to some administrative glitches.Farmers are required to register their cropat APMC in every cropping season where many farmers are not informed. Subsequently, an unregistered farmer can not to sell their outputs and in such situation local traders take advantage of market with FCI (Food Corporation of India) tokens against proxy registration. FCI is the government agency for the procurement of agricultural produce ensuring the minimum support price (MSP) to farmers.

The commission agents or the mediators in APMC always take advantage of illiterate, poor, ill-informed and needy farmers by forcing them to sell out their farm product with distress in the name of administrative reasons at much lower than MSP rates. The mediators later sell out that purchased farm produce with proxy tokens on higher price.Further, nowadays mediators directly purchase the farmer's product at farmland even before or during harvesting at lower prices and sell them out at comparatively higher price. In both the conditions, it is the farmer who always finds himself at loss by the hands marketing system where major share of profit is gone to mediators. In this way the Minimum Support Prices provided by the government does not percolate down to the farmer where it should be, and instead became the part of profit of traders, share brokers, mediators, commission agents and officials leaving the farmers in absolute helplessness.

Suggestions

For the adequate and desirable price to reach the farmers well in time, the administrative system of APMC (KrishiUpaj Mandis) need revolutionary reforms. A robust and sound procurement system needs to be installed making use of the latest technology available. Similarly,"Upyukt Krishi Aaya" accounts needs to be opened for every farmer with landholdings and they can be directly linked to their bank accounts.The token number should be generated according to the landholding size of farmer in which the quantity of procured crops can be specified and directly linked to their mobile phones or through emails, if any. The selling process of the crop can only be approved after authentication received from the farmer concerned through document verification or more advanced biometrics. This whole process of secured procurement must be accountable along with delivery of money into the farmers bank account. The removal of mediators and timely e-payment of their product on the basis of MSP in bank account of farmer is one of the most significant aspect of farmers distress redressal.It will be helpful in curtailing the severities aroused due to not getting their dues on time. Though, it is the only sector where producer's product price is determined by purchaser by auctioning is one of the reason of farmers plight. All industrial products price tag is determined by their producers only.

Unavailability of income from allied sectors

Being a land of fertile soil, availability of ground water and good monsoon opens several avenues of employment in agricultural crops only. The grave reason behind this non availability of opportunities of economic viabilities in allied sector isrelying on the traditional methods of earning livelihoods. In India, diffusion of innovations in farm sector is taking place at much slower rate than other secondary and tertiary sectors. The slow percolation of technology and its restricted acceptance is the stumbling block inthe deviation from traditional modus-oprandi in farm sector.

The complete dependence on agricultural cropping system leads to disguised employment and mounting stress on the existing resources which results into economic scarcity.The tendency to keep trying to enhance the economic returns from fixed sized piece of farmland with increased input restricts to shift to allied sources for livelihood. Limited exposure, scarcity of finance and non-entrepreneurial aptitude of farmer are the reasons behind not pursuing into allied activities.The fear of its failure due to changing market behavior which can bring them into loss instead of a profit is another factor for not shifting to allied sector.

Suggestions

Allied activities can be promoted on a large scale so that it becomes a healthy occupation for the farmers, which can be promoted in the following ways:

1. Government subsidies and insurance schemes should be provided to allied activities in the area.
2. Applauding the allied activities by timely providing sound prices.
3. Agricultural training institutions network with degree in agriculture and allied activities can be developed and encouraging local people and students to participate with assured employment.
4. Farmer help centres can be installed at the village or panchayat level so that contemporary farmers issues can be dealt at length with the tutors and instructors from local areas, who have received a degree from agricultural institutions at the district level, which will increase participation and quality of agricultural research.
5. Providing impetus to concepts like 'Agricultural Entrepreneurship' where the youth could be motivated to add new clauses to the field of agriculture.
6. Participation of women should be encouraged and providing acknowledgement to their work by including them in decision making can prove to be social icons.

Conclusion

The state of economic distress and dissatisfaction in Jhunjhunu district narrates the stress on the resources due to overpopulation, division of land have deteoriated the situation of farmers over the years even after increased production.

The market responsive nature of farmers in growing the crops have added woes due to uncertainties in the market economy. The problem of disguised unemployment is very focal issue in farm sector. Value addition to agricultural products can prove out to be solution, which needs impetus from government in securing the new 'Agricultural Entrepreneurs' from the possible threats related to their financial security. Evolving the robust market system for farmers by removing the mediators will help in overcoming the farm sector distress. Further the need of reforms in the administrative and market structure for agricultural products is the need of the hour.

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