

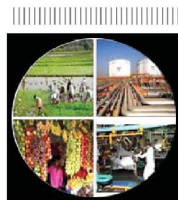
Agri losing primacy in rural economy

The National Sample Survey Organisation's (NSSO) report on the situation of agricultural households in India, which was released last week, provides a good picture of the state of agriculture in the country, its changing role and the economic status of those who are dependent on it. Much of it paints a grim picture but it also shows the emergence of some positive trends. The average monthly family income of a rural household is only Rs 6,500. This is not sufficient to meet the basic needs of a family in times of rising prices. Over 50 per cent of the rural households are heavily indebted. Though there is an increase in institutional credit, one out of four households borrow money from moneylenders at usurious rates. It shows that the farm loan schemes announced by governments have much further to go to reach all households which are in need of credit.

The survey shows that it is not just credit schemes but many other welfare and development programmes that also do not reach the farming community. Agricultural commodities have seen a sustained increase in prices in the last few years, fuelling food inflation. But the farmers did not gain from the high prices, as their incomes did not rise appreciably.

Many farmers did not know about the minimum support prices and the food grain procurement schemes which are intended to help them and are in place for decades. Ninety five to 99 per cent of the farmers did not know that their crops could be insured, and only the rare farmer actually went in for it. The Mahatma Gandhi national rural employment programme provides work to many households but the poorer households benefit less from it than the relatively richer ones. Similarly, those in the bottom strata do not get ration cards and so cannot buy subsidised food. What the survey shows is that governments have failed to take many of their welfare programmes to the farmers and even to create awareness about them.

One good pointer is that the number of farmers has been steadily dropping, and at present, only 58 per cent of rural households depend on farming. This is because the rural economy has diversified. In many farm households, 40 per cent of the income is from non-farming activities. This is a good trend because it shows low-paying agriculture is losing its primacy in the rural economy. Farming also may become more viable when fewer people are engaged in it on larger holdings. The data from the survey should help the government to frame and refine its policies for the farming sector.



“Govts have failed to take welfare plans to the farmers.”