



Sons of the soil

The data show that rural families simply cannot subsist on farm incomes alone, says Sonalde Desai

There must be a bit of Gandhi in all of us because often our idea of India ultimately boils down to the *kisan* as the standard bearer of the lakhs of villages that comprise India. Perhaps that is why I tend to look for the signs of transformation in the lives of Indian farmers. The changes in farmers' lives in the nearly 100 years since Mahatma Gandhi began *kisan* mobilisation in Champaran can easily serve as the epitaph for the last century.

In some ways Gandhiji was prescient. He combined both farmers and farm labourers under the rubric of "*kisan*". Today it is hard to find a farmer who does not do a little farm labour on the side. Many also engage in non-farm work. The India Human Development Survey of 2004-05, conducted by the National Council of Applied Economic Research (NCAER) and the University of Maryland, documents that although 60 per cent of rural households draw some income from cultivation or raising livestock, only 17 per cent subsist solely on it. Depending upon your political persuasion, you can call it the strength or the weakness of the Indian economy.

If you like the growth story, there is reason to trumpet non-farm employment growth. A large section of rural households has moved away from sole reliance on farming to other activities, reducing the potentially catastrophic impact of low farm productivity. If the story of the farm crisis and farmer suicides grabs your imagination, there is much in the empirical data to support that theme too. Though relatively few households rely solely on farming, farming remains the backbone of India; anything that affects agriculture has a pervasive effect on Indian society — and in spite of the recent pickup in agricultural productivity, farm incomes remain low.

Like Akira Kurosawa's film *Rashomon*, these two contradictory accounts of rural India are deeply coloured by the lens of the viewer and are liberally sprinkled with both fact and creative interpretation. But they also reflect the challenges facing public policy, particularly as the country gears up for the election madness.

It is impossible to ignore the fact that agriculture remains the bedrock of Indian rural life. Regardless of the social stratification that separates teachers, government workers, peasants and farm labourers in their day-to-day lives, when it comes to a discussion of farm yields, land acquisition and fertiliser prices, everyone seems to enter into it with a gusto that reflects the umbilical cord that keeps almost all sections of rural society anchored to the land. Most white-collar workers in rural India retain a touch of blue. Their fathers and forefathers were farmers, and many continue to farm or have a share in the ancestral farm. Thus, what affects agriculture affects all of rural India.

Nonetheless, farming as a way of life seems all but impossible to sustain. As Professor Ramesh Chand and his colleagues from the National Centre for Agricultural Economics and Policy Research document, average farm sizes have declined drastically between 1970 and 2005, from 2.28 hectares to 1.21 hectares. Tiny farms, of less than two hectares, form 83 per cent of Indian farms today. This decline in size stands in direct contrast to Western countries, as well as Asian countries like Japan and Korea, where, over the same period, average farm size has increased. In itself, small farm size is not problematic; an average farm in China is about half the size of India's but is nearly twice as productive as an Indian farm. Within India, small farms seem to be

more productive than large farms per hectare. However, regardless of their productivity, tiny farms are not able to support a decent livelihood.

Chand and his colleagues, using national accounts data, estimate that a farm family's per hectare income from agriculture in 2007-08 was ₹33,227. The India Human Development Survey, using direct measures of income and expenditure, estimates this income to be ₹29,649 per hectare in 2004-05. These figures, very similar in spite of totally different methodologies, are so low that if a farmer had to subsist solely on agricultural income, more than 60 per cent of farm households would be poor as defined by the Tendulkar committee report. Fortunately, according to the 2004-05 India Human Development Survey (IHDS), only 17 per cent of rural households survive solely on incomes from their personal farms. About 39 per cent have at least some income from agricultural wage work; 47 per cent have incomes from non-agricultural labour; and 17 per cent have income from a small business with many households drawing incomes from more than one source.

Part of the push for income diversification lies in the fluctuation of agricultural incomes. Farm incomes are highly variable and subject to the vagaries of weather. About 10 per cent of the farm households surveyed in IHDS suffered a net loss. Some of this may be owing to long-term investment in things like fruit orchards or livestock that may bring income at a later date. However, given what we know from other sources about crop failure and farmer suicides in some regions, it is hard to be sanguine about these losses. Crop insurance remains elusive, and having one of the household members work off the farm is probably the best safety net a household can devise.

However, most of these jobs lie at the lower end of the skill spectrum involving casual labour in such industries as construction and brick kilns with the average rural non-agricultural worker earning only 65 paise for every rupee earned by an urban labourer. Finding ways to increase higher-quality non-farm employment for the rural population has to be one of the pillars of any rural development policy.

The Mahatma Gandhi National Rural Employment Guarantee Scheme provides a safety valve, but it can hardly be a stable solution. Fortunately, a number of developments ease this task. Economic growth in recent years has been concentrated in medium towns with a population of under a million and in small towns of less than 50,000. Focusing on industrial and commercial development and ensuring access for the rural population to jobs in these towns via good roads and transportation systems will help increase availability of non-farm jobs to the rural population without the destabilising effects of permanent migration.

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These views are personal