

## NATIONAL NON-MISSION OF FARMERS

# Much Ado About Nothing

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The National Commission for Farmers has said that efforts must be made to improve the productivity of Indian farmers. Investment in irrigation and power should be increased and quality inputs like those of fertilizers and seeds should be made available. Efforts must be made to educate Indian farmers about the requirements of global trade in agricultural commodities so that they may be able to benefit from the opportunities in export. Indian farmers can win in the global marketplace by producing goods of world quality at cheap prices. This is correct. The question, however, is this: will this provide benefits to the farmers? Say farmers are able to produce wheat at the price of Rs 6 per kilo against Rs 10 presently and capture the world markets. This success means that farmers would be producing the cheapest wheat in the world which, in turn, implies they would be paying lowest wages to their workers. Thus victory in the world markets is based on paying low wages which is synonymous with poverty for farmers. The second suggestion is to establish an Indian Trade Organization which will try to establish a 'Livelihood Box' in the WTO negotiations. There will be provision in this Box for developing countries to impose quantitative restrictions or high import tariffs on import of items on which the livelihood of a large number of farmers depends. The argument is correct. But this is unlikely to succeed considering the obstinate attitude of the industrial countries in the Doha Round of the WTO negotiations. It is like asking for the moon. Secondly, this strategy is defensive. It assumes that farmers will not be able to stand in global competition and ever need the protection of a Livelihood Box. That is like the mother appointing a bodyguard for her child who is tormented by thugs in the street. Such protection kills the development of the fighting capacities of the child. This strategy is acceptable in the short run where parallel measures have been taken to enable farmers stand in competition. But the Commission proposes this measure as a long term strategy. Commission does not provide such a road map for dismantling the Livelihood Box and enabling the people to play in the world marketplace without the crutches of protection. Third suggestion is to prevent imports of cheap agricultural commodities under the provisions of the WTO or Free Trade Agreements (FTAs). The Commission has pointed out that imports of cheap apples from China and Australia have hurt the farmers of Himachal Pradesh and that of cheap pepper from Sri Lanka has hurt those of Kerala. It has recommended that the government should not sign any FTAs that allow cheap imports of such sensitive commodities. The Commission's suggestion is in the right direction but it does not solve the basic problem of Indian farmers. Foreign countries get chance to sell their goods in India and Indians get a similar opportunity abroad. Particularly important for India are the opportunities in areas such as outsourcing, online provision of legal and medical services, exports of software and movies etc. The implementation of the Commission's recommendations will certainly provide relief to the farmers but also bring about retaliation by foreign countries and hit at the exports of Indian service and manufacturing sectors. The gains by farmers will become loss for these sunrise sectors. The Commission does not deal with this aspect in its report. It considers foreign trade in agricultural commodities as standing alone in isolation. The Commission asks for

protection for Indian farmers but ignores the adverse effects of this move on other sectors. In the result the recommendations of the Commission are likely to be ignored by the Government due to opposition from other export-oriented sectors.

The fourth suggestion is to establish a Price Stabilization Fund. Agricultural commodities have witnessed steep rise and fall in prices due to natural calamities or surge in imports or exports. Such a Fund can provide assistance when the prices fall and recover the same when the prices rise. The prices of agricultural commodities are showing a long term decline during the last 2-3 decades. The Price Stabilization Fund can smoothen the ups and downs of this secular decline but it cannot reverse it. The Indian farmer will continue to die due to declining long term prices. The Fund will only ensure that he is killed slowly by *halal* instead of quickly by *jhatka*. The Commission has not dealt with measures to prevent such a long term decline in prices.

The fifth suggestion is to establish a safety net for the farmers to provide them relief from the negative consequences of globalization. The Government should provide housing, education, food and nutritional supplements, health and education to the farmers. The implication is that the farmers must first be pushed into the poisonous chamber of global trade and then provided with oxygen masks to stem the ill-effects of the same. It would be better to think of measures to face globalization itself. Furthermore, the benefit of Government-led Safety Net is likely to accrue more to the government employees running these schemes and less to the farmers just as the Primary Health Centers serve the government employees working there more than the people.

The Commission should have dealt with the basic problem of agriculture. Surely, globalization will impact farmers adversely. But the same globalization will benefit the workers in manufacturing and service sectors. It was necessary to make an overall assessment of the gains and losses from the same. The Commission should have suggested that India abandon globalization and adopt the path of protection if it was found that on the whole globalization is harmful for the people. On the other hand, the Commission should have suggested measures to remove the large population from agriculture and redeploy them in manufacturing and services if it was found that on the whole globalization is beneficial for Indian people. Unfortunately the Commission does not recognize this trade off. Instead it has taken the easy way out of suggesting that India adopt protectionism within the WTO. This suggestion will not work even if it is legally tenable. It will be opposed by the manufacturing and service sectors. The final result will be that the Government will ignore the suggestions to provide protection to the farmers because of this opposition. On the other hand, the suggestions for increasing productivity of the farmers will be implemented. These latter measures will benefit urban and foreign consumers. The conditions of Indian farmers will continue to deteriorate as previously. ❧❧