**Dissecting the Agrarian Crisis in India**

*Arindam Banerjee*

The agrarian crisis in India, largely recognized to have emerged in the late nineties, have been analyzed from various perspectives. While the spate of farmer suicides spread across states and regions makes it difficult to ignore the existence of a crisis in agriculture and in the rural economy, there are differing opinions on the extent of the agrarian crisis. Scholars arguing that the crisis in agriculture is crop-specific and dependent more on regional factors have contended that the agrarian crisis is not necessarily a country-wide phenomenon but located in pockets. Policies therefore need to address the challenges arising in specific regions, markets and crops.

The other train of thought on rural distress focuses on structural factors intensifying the constraints on agriculture. Within this, those arguing about a systemic decline in crop prices in real terms or increased price volatility in the output markets attributed the same to the neo-liberal policies of trade liberalization in agricultural commodities. While there was a distinct drop in the agricultural terms of trade till 2005, an analysis of the same for the last two decades show a stagnant trend. A related argument was that a simultaneous increase in input costs of cultivation due to deregulation of input prices, accompanying stagnant or declining output prices, meant the emergence of a ‘scissors crisis’ in agriculture, making the same unviable in terms of income.

A different aspect of economic liberalization which was identified as a major reason for rising farm indebtedness was the reforms in the banking sector. Withdrawal of institutional banking from rural areas at least till 2007 and the restructuring, redefinition and redirecting of priority sector credit meant that the majority of marginal, small and medium farmers did not have access to adequate institutional credit. The increasing dependency on informal credit at higher interest rates enhanced the vulnerabilities of farm households in terms of slipping into a vicious cycle of debts. Other non-price factors like a drying up of public investments in irrigation and research and extension activities also come under an attempt to explain the agrarian crisis as a result of government policies under economic reforms. Such arguments as the above where the agrarian crisis is caused by price and non-price factors, necessarily argue for a reversal of neo-liberal policies vis-à-vis agriculture.

A different set of arguments tries to identify the roots of the current agrarian crisis within the particular trajectory of agrarian development experienced by India since the 1970s. The declining average size of land holdings is identified as a binding constraint that makes farms unviable beyond a point, particularly in light of the capital intensive-water intensive-chemical intensive farming that was adopted as part of the Green Revolution strategy. The crisis sought to be generated by this development is sought to be address either by a radical restructuring of Indian agriculture in the line of corporate farming or a movement towards sustainable farming that allows small farms to remain viable. The role of new institutional experiments in the organization of agricultural may also be explored to reach more sustainable solutions.

This paper attempt to examine some of the above diagnosis of the agrarian crisis by looking at various types of data related to the agricultural sector, from various secondary sources. The depth of the agrarian crisis also needs to be examined in the process. Any economic crisis necessarily evokes a socially differentiated response. The paper will try to examine the situation of incomes and profitability in agriculture across different groups of agricultural households to ascertain such differentiated response to the prevailing agrarian crisis.