

## **The Conundrum in Chhattisgarh's Agricultural Sector**

Agriculture is the mainstay of the Indian economy, with 54.6 percent of the population engaged in agriculture or allied activities. According to Census 2011, agriculture along with fisheries and forestry account for 17 percent of the country's GDP.

Located in the Hindi heartland, Chhattisgarh, known as the 'rice-bowl' of India, offers no different story. Nearly 17 percent of the state's GDP comes from agriculture, and, according to Census 2011, nearly 77 percent of the state is rural. Yet, agriculture has been the slowest growing sector for at least the last five years here.

The agricultural sector in Chhattisgarh is mired in distress. And this distress is multi-faceted, adversely affecting its farmers and labourers.

### **Chhattisgarh's Rural Distress**

Census 2011 highlighted a marked increase in the number of agricultural labourers in relation to that of cultivators. The agricultural labour force is generally divided into cultivators and agricultural labourers. A major point of distinction between the cultivators and agricultural labourers is ownership of land. A person is considered a cultivator, if s/he is engaged, as an employer, single worker or family worker in the cultivation of land s/he owns. An agricultural labourer, on the other hand, helps in the cultivation of land, but does not own any land. Both cultivators and agricultural labourers are further classified as main and marginal. This classification is based on the duration of employment in a year. Accordingly, those workers are classified as main workers, who are employed for the major part of a year, i.e., six months or more. Those who are employed for a shorter duration in a year are classified as marginal workers.

A decrease in the average size of land holdings and a gradual shift of employment from agricultural to non-agricultural sectors are pointed out to be the major reasons behind the falling number of cultivators. For a country like India, with a high proportion of population that is rural and dependent on

agriculture, a shift from cultivators to agricultural labourers does not bode well.

### Cultivators and Agricultural Labourers

The data in Table 1 show that similar to the Indian average, the proportion of agricultural labourers is greater than that of cultivators in Chhattisgarh.

**Table 1: Number of Cultivators and Agricultural Labourers**

	Total	Rural	Urban
<b>Cultivators: Main and Marginal</b>	4,004,796	3,901,065	103,731
<b>Agricultural Labourers: Main and Marginal</b>	5,091,882	4,894,820	197,062

*Source:* Agriculture at a Glance, 2016

### Women Cultivators and Labourers

A recent report by the Centre for Monitoring Indian Economy (CMIE) stated that 11 million jobs were lost in 2018. The same report mentioned women, especially rural women to be one of the most vulnerable sections in the employment structure. This is a major cause for concern, when the number of women as cultivators and agricultural labourers in Chhattisgarh is considered.

**Table 2: Number of Women as Cultivators and Labourers**

	Total	Rural	Urban
<b>Women Cultivators: Main and Marginal</b>	1,580,771	1,546,435	34,336
<b>Women Labourers: Main and Marginal</b>	2,747,333	2,651,572	95,761

*Source:* Agriculture at a Glance, 2016

## Rural Population below the Poverty Line

Chhattisgarh recorded the highest proportion of population living below the poverty line in India at 21.9 percent, which is higher than the national average.

**Table 3: Proportion of Population below the Poverty Line**

	Rural	Urban	Total
<b>Population below the Poverty Line</b>			
2004–05	55.1 %	28.4%	49.4%
2009–10	56.1 %	23.8%	48.7%
2011–12	44.6 %	24.8%	39.9%

**Source:** Census 2011

## Are Farm Loan Waivers Viable?

Within days of coming to power, the Congress government waived off the farmers' loans in the state, fulfilling its poll promise. This has led to a spree of farm loan waivers across the country with some of the BJP-ruled states like Assam also following suit. One may expect more states to do the same in the run-up to the General Elections in 2019. However, this is a good time to consider whether loan waivers are a viable and efficient solution to agrarian distress.

Farm loan waivers add to the expenditure for the current fiscal and affect the gross state domestic product (GSDP) of each state. GSDP is a measure, in monetary terms, of the volume of all goods and services produced within the boundaries of the state during a given period. The total outstanding liabilities of the state governments as a percentage to GSDP of the three states that went to polls late last year are as follows.

**Table 4: Share of Outstanding Liabilities of Three States**

States	Outstanding Liability
Madhya Pradesh	24.1
Rajasthan	30.7
Chhattisgarh	15.1

**Source:** State Finances: A Study of Budgets of 2017–18 and 2018–19, RBI, July 2018

### Major Hiccups Affecting the Sector

Majority of the farmers in Chhattisgarh rely on traditional farming methods and monsoons, resulting in low growth and crop productivity. Only 23 percent of the cultivated area is irrigated, while the rest depends on monsoons for irrigation needs. Lack of adequate rainfall and drought are persistent problems in the state. In September 2017, 96 tehsils were declared drought hit.

Another major problem is lack of proper storage facilities. A large bulk of the farmers is not paid the due prices that they should be paid in the end. After harvest, it is a challenge for many to transport their produce to the procurement centres, as small farmers lack proper and adequate storage facilities. Owing to the shortage of proper storage facilities and high transportation costs, farmers are forced to sell their produce, especially perishables, to intermediaries. Under such circumstances, farmers fail to benefit from the deal and do not receive the actual prices that they deserve.

**Table 5: Storage Capacity in Farming Sector (in lakh MTs)**

Storage Capacity	March 2013	March 2014	March 2015	March 2016
India	737.14	741.83	714.43	814.4
Chhattisgarh	23.66	23.70	23.58	24.98

**Table 6: Storage Capacity and Godowns in Farming Sector**

	March 2014	March 2015	March 2016
Number of Godown Projects Sanctioned	519	525	571
Storage Capacity Sanctioned	1,646,45 0	1,662,79 1	1,925,10 3

(Storage capacity sanctioned since inception under the Agricultural Marketing Infrastructure (AMI) sub-scheme of the Integrated Scheme on Agricultural Marketing (ISAM) [erstwhile Gramin Bhandaran Yojana])

### Agricultural Debts

The increasing number of farmers' suicides in the country has been making headlines for some time now. A number of them were due to the debts incurred by the farmers.

**Table 7: Rural Households and Loans**

States	Percentage of Agricultural to Rural Households	Estimated No. of Agricultural Households with Loans
Chhattisgarh	68.3	9,538
Madhya Pradesh	70.8	27,414
Rajasthan	78.4	40,055

**Table 8: Rural Household Income and Debts**

States	Percentage of Agricultural Households in Debt	Average Monthly Income per Household
Chhattisgarh	37.2	5177

Madhya Pradesh	45.7	6210
Rajasthan	61.8	7350

**Source:** Directorate of Economics and Statistics, 2016

### **No Viable Solution in Sight**

The issue of Chhattisgarh's agrarian distress came out strongly during the recent state assembly elections. The BJP that had been ruling the state for three straight terms had to lose its hold over the state with a decisive mandate against it. True to its pre-poll promise, the new government under the Congress party waived off the farmers' loans.

However, the farmers are distressed in more ways than one, and to employ only a stopgap mechanism like farm loan waiver does not make sense. There is hardly a way in which farming and agriculture are being made viable in the state. With the General Elections only a few months away, it is time for all political parties to come up with just more than loan waivers as a solution.

*Anumpama Ghosh is a senior researcher with the CPPR Centre for Comparative Studies. She can be reached at [anupama@cppr.in](mailto:anupama@cppr.in)*