

15 June 2017

## Low agricultural prices, debt, farmer suicides, strikes and ban of purchases of cattle for slaughter: India's agricultural crisis

For decades, agriculture has been one of the drivers of India's growth. There are almost 120 million farmers (2011 Census) in India, and agriculture is the source of employment of around 480 million people. The agricultural sector represented 17,5% in India's GDP in 2015.

Ranking second in the world for its agricultural production (more than \$300 billion in 2014), India was the first exporter of rice in 2013 (more than \$8 billion) and the 4th exporter of bovine meat in 2013 (\$4.5billion).

Despite this, India remains the country with the largest number of chronically undernourished people ([195 million in 2015](#)), the majority of whom are farmers.

In recent years, the growth of Indian agriculture has fallen well below the targeted rate of 4% per year and food imports have been growing. In the past, agricultural growth had been largely based on huge investments in irrigation, particularly during the 60's and 70's. But groundwater levels have been dropping and climate change is starting to be felt in the huge Ganges and Brahmaputra river basins. Irrigated soils have also begun degrading and water is increasingly polluted in the main agricultural states, because of the excessive use of agrochemicals.



The issue of farmer suicides in India has often been reported in the international media. It illustrates the chronic crisis of Indian agriculture. It is estimated that an average of around 15,000 farmers commit suicide every year in India because they are unable to pay back their loans.

The crisis seems to be becoming more acute of recent, as agricultural prices are depressed (particularly for lentils, oilseeds and cereals, for which large quantities are in stock following last year's bumper harvest) while the cost of inputs has been rising.

This month of June, farmers in the State of Maharashtra have called for an indefinite strike to seek waiver of their loans, with as a consequence, a surge of prices of milk and vegetables on Mumbai markets and some violence in places, along with road and rail blocks. Farmers also protest because the government did not keep its promise, made at time of the 2014 elections, to implement a minimum price support scheme.

Similar strikes have taken place in other large agricultural states, resulting in violence and in several farmers shot dead. Other claims have been added to the issue of loan waiver, including pension for farmers and farm workers beyond the age of 60.

As a reaction to these movements, several States have accept to waiver loans, but the Union Government of India has made it clear that the cost would have to be borne by the States themselves and not by the central budget.

The debate is raging on wether to waiver loans is really a sustainable solution to the crisis. Some note that those who benefit most from the waiver are richer farmers and not the poor and vulnerable, and they fear that regular waivers could lead to the collapse of the credit system, as default could become systematic. Many believe that it is the overall Indian agricultural policy that should be revised to ensure proper remuneration of farmers.

As if for making the situation worse for agriculture, the central Indian government recently decided to ban the sale and purchase of cattle for slaughter. The decision taken by the BJP (Bharatiya Janata Party - Party of the Indian People), the Hindu nationalist party in power since 2014, occurs after a series of attacks by Hindu extremist militias on cow traders, leather workers and people suspected of eating beef, mostly Muslims and Dalits (Untouchables). This new law, that is likely to strongly impact a very important economic sector, has triggered reactions in several states, particularly in Southern India.

---

To know more:

- Hebbar, N., [Madhya Pradesh farmers not impressed, to step up stir](#), 2017
- Gupta, S., [Ban on sale of cattle for slaughter: Congress walks tightrope](#), The Hindu, 2017
- Wadke, R., [Maharashtra farmers' strike sends vegetable, milk prices soaring](#), The Hindu, 2017
- FAO, [Base de données FAOSTAT](#)

Earlier articles on [hungerexplained.org](http://hungerexplained.org) related to the topic:

- Facts and figures on world hunger, 2015
- [In India, a first "environmental referendum" saves the Dongria Kondh](#), 2014

- [Bali: first agreement on agriculture since the creation of WTO - India will be able to implement its new food security law, 2013](#)
- [India approves the largest ever food security programme, 2013](#)
- [L'Inde laboratoire pour les initiatives luttant contre la pauvreté et l'insécurité alimentaire: le cas de SEWA, 2012 \(in French only\).](#)