

Girish Sohani

President and Managing Trustee,
BAIF Development Research Foundation

COPING STRATEGIES AMIDST AGRARIAN DISTRESS

Experiential Enquiry, Revisiting
Presumptions, and Researching
Directions





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THE ROOTS OF AGRARIAN DISTRESS

Agrarian distress is often attributed to rain-fed subsistence-level agriculture, mono-cropping, low productivity, small landholdings, inefficient marketing, inadequate post harvest facilities, inadequate coverage under institutional credit, poor technology outreach, and other such factors. However, while each of these has some relevance, such analysis is very symptomatic. The roots of agrarian distress run much deeper.

Agrarian distress results from multiple factors, all of which have originated in the transitions that have taken place in the production systems, the natural resource base

and the social systems over the last 50 to 100 years.

Deforestation and erosion of forests and forest based livelihoods; the neglect of grasslands, and worse still, their conversion to commercial mono-crop systems – such as cotton in the Deccan Plateau region; unchecked soil erosion; overexploitation of groundwater; and a break-down of traditional social cohesion; all these represent major transitions that have gradually pushed the agrarian sector to its brink. This anthropogenic degradation of the natural resource base has had a cascading effect on the whole agricultural production system, and is largely responsible for agrarian

distress as witnessed in the present context.

These transitions have resulted in substantial erosion of the natural resource base; reduced the diversity of production; intensified market linkages both on the input and output side; led to high monetisation of the farm economy; converted 'prosumers' into specialised producers; and led to a lengthening of supply chains and value chains for farm inputs and outputs.

Excessive market dependence has led to reduction in home-produced inputs and home-consumed outputs, which in turn has resulted in erosion of food security and higher exposure to market volatility. These effects have greatly enhanced the vulnerabilities and reduced the resilience of farming households.

Making matters worse is the impact of climate change in the form of unpredictability of monsoon; shifting and erratic rainfall patterns; simultaneous presence of drought-like conditions in some areas and excessive rainfall in others; hailstorms causing severe crop damage; and other extreme weather events such as cloudbursts leading to heavy precipitation in a smaller number of rainy days, affecting the groundwater recharge patterns. It is noteworthy that 58 per cent of reported farmer suicides in Vidarbha were during monsoon months (Koshti et al., 2014). And yet, climate change factors are most probably a tipping point rather than the primary cause of agrarian distress.

In this situation reduced social cohesion and break-down of the traditional social structure have left communities devoid of village level community-based support

mechanisms. Traditional coping strategies have broken down, leaving the farmer with no fall-back mechanisms in situations of distress.

This multiplicity of factors has contributed to not just isolated cases of acute distress, but rather to completely 'distressed societies', as in parts of Vidarbha, or nearly 'Dying Societies', as in parts of Marathwada.

THE LIMITATIONS OF PIECEMEAL SOLUTIONS

In spite of the inter-locked nature of the causative factors for agrarian distress and the inter-dependent nature of their results, policies largely tend to address the problem in a piecemeal manner—be it as a problem of financial inclusion, or in terms of isolated measures such as cattle distribution.

The challenge of 'inclusive development' has been (mis) interpreted as a challenge of 'financial inclusion'. Not only does such a fragmented approach miss out on the understanding of the larger challenge of 'social and economic exclusion' (of which financial exclusion is only one part), but also misses out on the understanding of the factors behind the exclusion which are entwined with the roots of the present day agrarian distress discussed above. Further, factors responsible for social exclusion often exist in a nested manner—leading to even more acute second order and third order exclusion (Sohani and Desai, 2009). A simplistic single point effort of working towards financial inclusion through expanded coverage of institutional credit is destined to fail.

Similar misguided efforts at dealing with the agrarian distress can be seen in single point programmes such as 'mini-kit distribution' or

'cattle distribution'. Such efforts miss out on the inter-connection of factors that might lead to 'success' of such programmes. For example, in the case of inducting improved cattle, the criticality of ensuring fodder security, breeding and health services, and capacity building in livestock management are such inter-connected factors that are often neglected.

It is, thus, not surprising that all efforts at financial inclusion over the last ten years have changed the percentage of institutional credit to the farm sector only marginally, from 57.7 per cent to 59.8 per cent, and all small and tiny land holder households show a net deficit of income over expenditure (Satyasai, 2015). Similarly, the end result of cattle distribution in Vidarbha has been a rapid erosion of the actual number of cattle remaining with many of the beneficiary farmers within three years of distribution (CAG reports).

Yet, such piecemeal and myopic measures continue to be adopted, possibly because of a severe learning gap or because of other agendas.

COMPLEX PROBLEMS REQUIRE HOLISTIC SOLUTIONS

The various challenges faced by the distressed farming community cannot be looked upon in isolation as they are highly interlinked. Understanding of these challenges and issues of livelihood security, therefore, needs to start with a more comprehensive appreciation of the farmers' situation, and their own coping responses, before proceeding along the lines of fragmented solutions.

Sustainability and security of livelihoods are important parameters to decide development directions. These become all the more critical in distress situations



where farmers are even more vulnerable and under-empowered. Various characteristics of a farming enterprise need to be understood. Such an enterprise exists as a portfolio of (inter-dependent) activities. It also has multi-pronged financial needs and faces multiple risks. The typical coping mechanism of farmers to meet these needs consists of availing multiple financing options and multiple risk mitigation measures. These encompass both un-monetised and monetary measures, with external credit and insurance schemes forming just one of the measures, and often, a last resort (Sohani, 2015). The non-monetary measures primarily comprise of diversification of portfolio of activities, sweat equity, building up a diversity of assets (including disposable liquid assets), and acquiring intangible assets (skills and social capital), and natural capital.

Building resilience also implies reducing exposure to externalities. This, in turn, requires a certain minimum effort in terms of producing 'home-grown' inputs and 'home-consumption' of part of the output. 'Home-grown' contributes significantly to reduced costs, shorter supply chains, better local resource management and ensuring adequate consumptive use of output. Home-grown also means an 'essential demonetisation' to an optimum extent, and that ensures survival—security as well as resilience.

However, rather than building resilience through strengthening of these coping mechanisms, programmes often aim at dealing with individual factors in a fragmented manner. The limitations experienced by such piecemeal programmes, as illustrated above, underline the learning that complex problems cannot be

tackled with fragmented solutions. A fragmented attempt to address only part of the problem is rapidly brought to naught by the weight of other interlocked factors. Further, the distressed farmer—individually and as a community—can hardly run from pillar to post, trying to converge multiple solutions from multiple agencies, to tackle his multi-dimensional distress.

Mercifully, there exist examples of holistic solutions which have created excellent impacts at scale.

REFRESHING EXAMPLES

Over the last few decades BAIF has been working on various approaches and programmes that have shown encouraging potential in countering agrarian distress. These holistic approaches encompass three key thrust areas: sustainable management of natural resources; diversifying farming systems; and building social capital and cohesion.

There are three core programmes of BAIF that have contributed substantially towards unlocking this potential (BAIF):

- Introducing a highly remunerative dairy animal integration into farming systems using cutting edge technologies of breeding and animal management: BAIF pioneered the introduction of doorstep breeding services using the frozen semen technology, to create wealth, not through induction of livestock assets but by building them up in a home-grown and acclimatized manner. Similarly, integration of goat rearing through a comprehensive programme of introducing elite bucks, preventive health care, better animal management and increased awareness of market functioning brings a stable and remunerative diversity to the
- Introducing crop-based farm diversification by augmenting the farm with trees (both fruit and forestry) and other perennials: This is integrated with soil conservation along with water resource management and introduction of improved agricultural crops and practices. The diversity of cropping—in terms of seasonality, gestation periods, shelf life, and labour requirements—not only optimises resource use (by enabling dynamic and flexible resource allocations by the farmer), but also facilitates more effective hedging of risks. This has made possible—even in rain-fed conditions—more productive land-use, has extended income-generation to the whole year and helped in climate-change adaptation, while also opening opportunities for greater producer participation in value chains.
- Introducing diverse, context-specific approaches to land and water management in different geologies—ranging from lateritic/basaltic configurations of the Deccan Plateau to the ravines in MP/UP: The management of water at individual and community level makes possible effective resource use with local control, and the ability to create local strategic reserves that can even out availability between different years. Sustainable management of natural resources—from soil and water on the one hand

livelihoods of small and landless farmers. This diversification of the farming system has not only brought prosperity across different geographies, but also served as an excellent drought-proofing intervention, even in semi-arid regions by bringing resilience to farming systems.

to grasslands and forests on the other—has resulted in an enriched natural resource base that, in turn, makes the interspersed farmlands more productive through an improved soil and moisture regime.

These programmes have been implemented at scale across the country in varying situations and contexts. The dairy animal production programme, reaching out to about 4 million farmers, covers the semi-arid regions of Rajasthan and Gujarat, the Indo-Gangetic plains as well as the undeveloped regions of central and eastern India. The diversified tree-based farming systems have stabilised and secured the lives of close to two lakh smallholder tribal farmers (through BAIF's wadi programme) and thousands of farmers from Vidarbha reeling under agrarian distress (through the Sukhi Baliraja initiative).

All these programmes have successfully helped to build a portfolio of activities for the subsistence farmer-turned-agri-entrepreneur and provide a built-in resilience to the production system. However, even beyond the positive impacts of these programmes on the physical parameters, it has been observed that the programmes have led to a massive mobilisation of communities around the agenda of reconstruction. This mobilisation has been channelled as tens of thousands of SHGs, 'Wadi Tukadis' and 'Activity Groups'; as well as numerous Farmer Producer Organisations, engaged in doing not just thrift and credit, but also in planning their development and implementing various programme interventions.

Parallel to these activities, a large number of rural youth are taken through a process of demystification of technology,

skills, and capacity building, thus producing a new cadre of grassroots technicians who function as service providers and entrepreneurs to provide forward and backward linkages to the production system, and for emerging societal needs. There is greater confidence, increased resource literacy, higher skills and human capacity, build up of social capital in the form of vibrant groups of men and women and farmer organisations; all resulting in an atmosphere of confidence and hope.

These outcomes make distress a remote possibility. In most areas impacts of these holistic programmes are seen in terms of food security, marketable surpluses of diverse farm produce, value chain activities, adequate farm-based provisioning of food – fuel – fodder, increased credit-absorption capacity, an integration into mainstream financial channels, and the phenomenon of reverse migration. Further, there is strong social equity and the rejuvenated social groups provide a vital latent force to deal with crisis situations.

Many of the above outcomes have been shaped through key initiatives by NABARD or involving NABARD's long-term partners in development: the impetus given to shape the SHG movement in the country; the expansion of BAIF's Wadi concept of diversified tree-based farming systems across the nation; the promotion of people-centered land and water resource management through innovative watershed programme approach; are various examples of such initiatives by NABARD. The combination of these approaches in a holistic manner, dovetailed with appropriate livestock development components, can provide the building blocks to address agrarian distress. This, however, will require the internalising of these

programme learnings and moving beyond the mindset of 'financial inclusion' which is not an end, but only a means.

NEW AGE MECHANISMS TO DEAL WITH AGRARIAN DISTRESS

New age coping mechanisms thus need to be defined and rolled out. These will have to draw upon the positive experiences discussed above and introduced through a holistic programme approach that builds natural capital, diversifies production systems, and strengthens social capital.

However, the largely traditional technology for agricultural production is a deterrent for rural youth taking up the farming profession since it does not match the ever-increasing aspirations triggered by exposure to enthralling urban lifestyles. Yet, there is considerable opportunity to introduce modern technologies to make farming highly remunerative; to mechanise operations and reduce drudgery; to introduce information and communication technology (ICT) based applications; and to add dignity to farming.

The experiences listed above also demonstrate that along with such a resurgent and resilient production system, numerous opportunities can arise for off-farm livelihoods within backward and forward linkages as well as within value chains. These off-farm and non-farm livelihood options will be in the form of a rural farm based industrial and service sector, rather than the present urban forms of these sectors. Such a vibrant rural farm-based industrial and service sector will not only reduce the pressure on farming but also increase investment in the farm sector. Such a symbiotic relationship will stimulate and benefit both these sectors. Further,



the seamless integration of the IT sector with the farm sector will drive both vertical and horizontal growth in the sector.

All these possibilities will require a holistic programme as its starting point, as well as higher public and private investment in agricultural infrastructure, particularly for water resource management, post harvest handling, small-holder farm mechanisation and the off-farm rural industrial and service sector.

Holistic solutions will also require newer delivery mechanisms. Vertical delivery mechanisms have become archaic and newer alternatives are required to be developed. It is probably the right time to take a relook at the various missions

which focus on individual crops or sectors and conceive a holistic 'farm resilience mission' which will be interdisciplinary in scope.

To measure and track progress with such interdisciplinary scope requires a set of different metrics. Measurements in terms of single-crop/single-activity economics is outdated, and should be replaced by economic/financial analysis of the entire farming enterprise. Credit programmes will need to move towards portfolio financing instead of activity financing. Rather than tracking loan disbursed/outstanding we may need to measure in terms of equity-debt ratios (equity being contributed by SHGs/farmer groups/Watershed Development Committees etc);

and instead of yields of individual crops, we may need to look at system outputs.

Based on the legacy and learning from all these programmes, NABARD—as a developmental financial institution—is eminently placed to break the shackles of conventional thinking, develop and deliver new-age holistic solutions, and contribute to a paradigm shift to bring about a resilient solution to deal with agrarian distress. This will, however, require an internal transformation and close working with field partners.

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National Bank for Agriculture and Rural Development

बांद्रा-कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051

Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051

www.nabard.org

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