

Panel Discussion on Farming Crisis and Union Budget 2004-2005

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Chair

Mr. B P Singh (former Union Home Secretary, Executive Director and Ambassador at the World Bank)

Panelists

Dr. Vandana Shiva (eminent environmentalist)

Prof. B B Bhattacharya (Director, Institute of Economic Growth)

Mr. Paranjoy Guhathakurta (Senior Economic Journalist)

Dr. Devinder Sharma (Food and Trade Policy Analyst)

Welcome and Theme Introduction by Parshuram Rai

On the day Union Budget 2004-2005 was presented, it was interpreted by the media and economists as if this budget would really herald a “golden era” for rural India. For non- economists, lay persons and activists like me, it took 3-4 days to understand the fine print, the real direction and substantive dimensions of this budget. In the history of India, if you really understand the Indian spirit, culture and civilization, we are currently facing a civilisational crisis manifesting as agrarian distress and farmers’ suicide. Every day at least **dozens of farmers are committing suicide in one or other part of the country.** During last 2-3 years I have visited more than one hundred villages in Andhra Pradesh, Karnataka, Kerala, Rajasthan and Jharkhand ; and I had long and systematic interviews with farmers not in hundreds but in thousands. Even though you read a number of news

stories these days about farmers' suicides, it is very difficult to understand the true dimensions of farming crisis and depth of distress level among the farming community unless you personally go and see for yourself atleast some of these villages. It is against this background that we thought that let us organize this panel discussion so that we could have some grasp over the intents and contents of this "dream budget". Every Minister of the UPA government is talking about the seriousness of the farming crisis and promising that agriculture would be the top priority on the agenda of the new govt.

I remember Mr. P. Chidambaram, the Finance Minister, just after 3-4 days of assuming new office, he was on "Walk the Talk" programme of NDTV. In his talk with the programme anchor Mr. Shekhar Gupta, very first sentence the suave and articulate Finance Minister uttered was that "agriculture is our first priority." That is what generated some sense of euphoria and expectation in us. But when the Budget came, we found that the basic ideology and political economy that is guiding and governing the economic policy making of this country remains the same. There is no denying the fact that in this budget we see particular focus on agriculture, food security and on rural India, but the elemental values that are going to guide and govern the government policy making remain the same. The first elemental value of this ideology is that farmers and rural India have failed. So, now let the Agribusiness, Corporates and Multinationals step in. That is the first postulate somehow they are trying to suggest. The second thing they are trying to say is that unless there is "Private- Public Partnership", there is no way the Indian farmer is going to survive. So, using this cynical strategy, somehow I see a hidden hand trying to push this agenda of corporatization of agriculture. And corporatization of agriculture is not limited to just that the corporates and business houses would have complete control over agriculture of this country; it has very serious implications for the culture and civilization of this country too. Still we are unable to understand the true dimensions of the policy regime that we are ushering in.

Only the other day farmers' organizations met the Prime Minister and many of the farmers' leaders were narrating and regaling as to how compassionately Dr. Manmohan Singh listened to them and assured them that farmers' interests would be the first priority of the UPA government. But many of these farmers' leaders didn't know that on the same day or next day the agriculture secretary of India had invited all the corporates and multinationals dealing with agriculture and food security and was just begging and beseeching before them that "please, do come, invest, rescue the farmers, otherwise they are doomed. You have to come, you have a responsibility to save farmers and farming of this country... Please do make investments in contract farming". Now these kinds of trends one sees everywhere these days.

There are any number of people in this country who still say there is no farming crisis. In the last eight months I have travelled and interviewed over a thousand farmers in 80 odd villages, 30 villages in Karnataka and Kerala, 40-50 villages in Rajasthan and Jharkand; and you have to go there, you have to live with them, you have to talk with them to really understand the true dimensions of the crisis. Out of the 1000 Adivasi families we interviewed from Rajasthan and Jharkhand, spread over 40 villages, not a single family is getting two square meals throughout the year. What to talk about two square meals, they are not getting even one square meal regularly, and all of them, more than 95 % were farmers. Now large number of farmers are being pushed off the farms. We are well aware and have been talking about displacement from various development projects for quite long time. But very few among us are aware about a much more serious crisis of displacement - **displacement of the farming communities from agriculture. A large number of farming families who have been depending on farming for their livelihood are being displaced and pushed off the farms and they are joining the swelling ranks of the wage laborers and slum dwellers.**

And finally I will give another example. Amartya Sen has been very passionately talking about how in India you can find both the best and the worst. By best he

means Kerala and by the worst he means Bihar. I'll tell you one personal experience I had in that so-called "developed state of Kerala". Last year, during my field research on farming crisis in Karnataka and Kerala, I visited many villages of Kasargode district of Kerala. In the last two years almost 55 arecnut farmers have committed suicide in Kasargode district and I went to meet many of the victim families. Can you believe it, not a single *Patwari*, not a single official, not a single bureaucrat, what to talk about minister, has bothered to visit any of these victim families in these villages of this "most developed state of India". Moreover, the people are afraid of reporting these suicide cases, because the police officers would falsely implicate the victim families and try to extort money from them. And since these poor farmers are already in soup, they are generally afraid of police, so they don't report these suicide cases to police. So much of good governance and welfare state I came across.

The current chief minister of Punjab has been saying that 10 lakh hectares of land is going to be put under contract farming. I do have the interview clipping of the chief minister. He has been asking Punjab farmers not to grow the old fashioned crops like wheat and paddy, "it is rubbish, you are not going to survive in the competitive world by growing wheat and paddy, you are not going to prosper, grow gherkin, grow capricana, grow export crops for five star consumers in the developed countries. You can sell gherkin at the rate of Rs 300-400 per kg. Why do you want to grow wheat and paddy which do not bring you even Rs 10 per kg"? What a fatal bait ! Only a few months after reading this interview of Capt. Amarinder Singh, I was in Karnataka for my field research on farming crisis. I was travelling in Davangiri district of Karnataka and I was shocked to learn that in front of the District Collector's office in Davangiri district, hundreds of cartloads of gherkin were being dumped by local gherkin growers, because the price of gherkin had crashed to 50 paise-a-kg and many farmers were committing suicide due to heavy losses and indebtedness. I wonder whether Punjab farmers still hope to get Rs 300-400-a-kg for their gherkins as promised by their chief minister.

The kind of volatility we see in the international market, growing crops for the same uncertain market is nothing but a recipe for suicide. Nobody goes and suggests to American and European farmers that they should go for diversification and grow vegetables and fruit. Why Indian farmers only are being suggested to grow cash crops? So, it is against this background that the Centre for Environment and Food Security (CEFS) decided to host this Panel discussion.

Mr. B P Singh (Chairperson)

When I came here to moderate this panel discussion, my old friend Devinderji asked me to read the last paragraph of his paper which is before you and it says, “the greatest irony is that those who created the problem at the first instance are the ones being asked to provide the solutions.” And it hit me very hard. Because I have belonged for the last 40 years to the establishment. But the next paragraph has given some redeeming feature, where he talks about how those who till the land should be involved. I was looking back at my own family background, we have lived on the same plot of land in the village for over 500 years. And it was only my great grandfather who having not moved on a full time basis to education insisted that my grandfather must move on to education. And he became later founder Principal of one of the national schools in 1920. So it is only for the last say 70 years or 75 years or 80 years that no body has tilled in my family. Otherwise we had all that knowledge and wisdom that Dr. Sharma talks about. I don’t know how much I have inherited that, but I have worked with the boys, commissioners, with the agricultural production commissioners and all that. And I have also seen the other side of the coin; that is the World Bank and all that.

I was wondering that are we putting in our dialogue too much of value on the Union budget. Are we really thinking that the Budget is that important an instrument of change to affect the lives of the farmers as we would like it to be. Or do we really believe that although the CMP (common minimum programme) and the electoral mandate talks about the poor, the framers of the budget in the North Block (Finance Ministry) were really guided by the fragrance of the village and not by the

fragrance of the stock exchange or industrial hubs or the policy making bodies spread over academia or in the multilateral bodies. But this is the issue that we will deal with. What I am just trying to state before all of you as a supplement to what Parshuramji has said, that we are dealing with complex and deep-rooted problems in the rural economy.

A few things have completely transformed the rural economy. And again it varies from one part of the country to the other part; in fact it varies from one village to the other village. And that is, that **there is a silent but very powerful process of commercialization of every sphere of the rural economy**. And the second point which is very important, is that **there is a gradual decline in the entitlement of the poor in common natural resources of the rural economy**, there is a gradual decline due to the rise in population, may be due to awareness, may be due to politics. And then in this backdrop, we see the rising aspirations of a consumer society, making influence on the youth in the village along with if you are in a flood prone area, if you are in a drought prone area, the way it affects you, if you belong to a caste which believes in dowry in marriages, or if you belong to an area where there is no health care facility and if you belong to a village where money lenders have been very powerful, the plight of farming as well as non farming communities in villages could be imagined. And I have lived with several such situations.

There has been much hope in the state governments allowing the panchayats to take hold of the affairs of the rural economy in allowing the farmers themselves to decide about their future; but this again varies from place to place. And these are the issues which are not addressed by a budget. The budget this time, in view of its mandate, in view of the common minimum program that the government had accepted, wanted to transfer resources and it has succeeded at some places, and it has not done it in some other places, and it has kept about 2 billion or more dollars with the Planning Commission to support the plans. But what it has done and what I must commend the budget authors for is that the focus will be on the rural economy. And this is one of the reasons that this panel discussion is taking

place. That they must not run away from that focus. We must put pressure, we must give clarity, we must give strength so that the focus remains on the rural areas.

This tragic thing which is happening, the farmers committing suicide, it is a complex phenomenon. We have no option. **Mahatma Gandhi used to say that for anything the biggest sacrifice that a human person can make is to give his life. If someone has to make that biggest sacrifice to release himself from the suffering of living, we can not visualize a more dehumanized society than that.** And it is in this large background that this panel discussion is taking place. And I have great pleasure in having such eminent people to talk to us. There will be a small code that is that each panelist will speak for 10-12 minutes and then the whole thing will be put forward for dialogue and discussion amongst all of us. May I request Dr. Vandana Shiva to take the floor?

Dr. Vandana Shiva

Thank you very much Mr. Singh. About five years ago, six years now, in the IIC, after the first set of farmer suicides in Andhra Pradesh, we had organized a meeting and it was basically focusing on the suicides, and calling attention for an emergency. That we were starting to get into a national emergency. And I remember everyone who came from a background that either was farming or interacted with farmers, recognized that there was starting to emerge an emergency, whereas everyone who was based in the worldview and paradigm of trade liberalization, was basically denying it totally. The suicide issue in a way, if we see the farm suicides as an indicator of the farming crisis, it's gone through 4 stages in the last few years. The first was absolute denial that it was happening. You would go to villages, you would know farmers' suicides in Punjab. I came back and people said, but Punjab is the land of the green revolution, there can't be farm suicides.

The second stage was, I remember Chandrababu Naidu actually saying the reason they were committing suicide was to collect compensation. This was driven by greed. More recently after the Karnataka suicides started to pick up and compete with Andhra suicides, the Andhra Pradesh Chief Minister set up a committee and the committee basically wrote that this is totally a psychological phenomenon; everyone of these people was either an alcoholic, or an adulterer. And the recipe was to appoint more psychiatrists in rural areas. And it was literally only the shock of the election outcome that made the establishment notice the fact that the suicides were happening. The point now is the analysis as to why they are happening is correct or not? And I believe the budget is in part an analysis and a response. And I think what is happening is attention to a sector. Attention to a new market is being equated with attention to that sector and attention to the people who make their living in that sector.

I remember a few years ago the World Bank and the Tropical Action Plan; and so many environmentalist friends of mine worldwide would say, "Oh, but you should be happy the World Bank is paying more attention to the forestry sector." But I said, look at where that 8 billion dollars is going, it's going to log the tropical forests. So, attention to the farming sector is not equal to attention to the livelihood security of the farmer. And I think we need to start separating these two issues. Yes, the budget does pay more attention to the agrarian sector, but in what form. I believe we need exactly the same form that the GATT agreement in the Uruguay round started to pay new attention to agriculture. It did not pay attention to agriculture earlier because agriculture was not part of the free trade regime globally governed. WTO started to pay attention, but the attention was to open up the rural areas of the southern countries as a market place for imports and a supply source for cheap commodities needed for the global market.

And very quickly, the three indicators in the budget which show that this is precisely the direction in which things are going, is first of all, if debt is the reason for farmer suicide, then relief from debt should be solution to farmer suicides. Instead, giving

quicker larger loans without any safety net that debt will be repayed shows that the issue really is get more money into the rural areas, to continue to buy more tractors, more pesticides, more seeds, etc. And yes, if in the process the farmers disappear, that is exactly the idea for the strategy. Because the entire global strategy for agriculture is farming without farmers. So it is not a surprise what we see happening in India in a very very crude way. What has happened in every other part of the world where this strategy has been applied? In every part of the world farm suicides are three times more than the average suicide rates in every country. You could go to Netherlands, you could go to Canada, you could go to United States, you could go to Mexico, and farmers are the ones who are the most highly pressured in terms of very rapid economic insecurity.

I remember reading a US senator's quote once about how farmers had to be squeezed off the land just like the last remaining bit of toothpaste has to be squeezed out of your toothpaste tube. And in a way what we are seeing is that process at work. What is a tragedy for the farmer is in fact a successful design of a strategy of a farming system that is totally capital intensive and corporate controlled. I see the current crisis of agriculture as a three level crisis. First, we are carrying the non sustainability of the green revolution period of agriculture which was equitable in terms of food security, but highly inequitable in terms of resource use and resource entitlements. Built into that production model of the green revolution was the fact that water would be contaminated, was the fact that intensive water use would create more water conflicts. It was built into that model that Punjab would write the law it has just written which says that no water of Punjab for Haryana or Delhi.

When I wrote my book on *The Violence of the Green Revolution* 20 years ago, 30 people had died to stop water around the Sutlej-Yamuna canal. The Bhakhra Byas management board chairman had been killed as part of that period and I can just see that if we do not shift to an agriculture that manages to grow food with less water, we are really going to have bloodshed around every river diversion. And that

is why the river linking needs to take lessons from the Sutlej-Yamuna canal that a model of intensive water use in agriculture is a crisis that is making agriculture more and more unviable on the one hand, and on the other hand creating such deep conflicts. The chairman talked about how the people live in stress, they live in floods, they live in droughts. The interesting thing is that you do not see a single suicide in flood-prone areas where people pack their bags, move their kitchens, sit on whatever little ground is beyond water. They go right there. I have done *Lakshmi Puja* in Orissa flood after flood. But they don't give up hope. Because dealing with the flood or dealing with the drought is a different affair than dealing with your local moneylender, who is also your landlord, who is also the agent of the new seeds and pesticides, who is the one who is holding you to ransom in every direction in a new kind of way which neither your culture nor your society programs you to deal with.

If you look at where are the farm suicides most intense, they are most intense in areas of sudden introduction of commercial farming and commercial seed supply. Those two are the places. You don't see farm suicides in the poorer areas. You see farm suicides in the richer areas, or when new commodities have been introduced. And the second place you are seeing farm suicides is the kind of area Parshuram has written about in his article ; areas where the arecnut gardens with the cardamom and the pepper, the most wealthy societies we have had worked in those gardens. The wealth in those societies could not be competed with, compared with anywhere. That is what led to colonialism. That's what led to Columbus and Vasco de Gama. If people are committing suicide there, it's not because these were low value crops, it's because the value of these crops has been robbed by a mutually competing system where lower priced pepper is being dumped, lower priced arecnut is being dumped, and lower priced commodities are being dumped mutually under the trade system. **So the two aspects of the crisis are the sustainability issue in production and the distribution crisis.**

The distribution crisis on the one hand is linked to higher costs of production and on the other hand it's linked to lower prices farmers are getting. How is the issue being addressed? Well, first of all this is a result of the trade liberalization package. If you notice the World Bank, even before it put the overall structural adjustment in place in 1991, it had put in place an agricultural adjustment program and everything we see as results today are part of the World Bank and WTO rules combining together. 1997 was five-six years after the build up of the liberalized policy. What have the liberalized policies done? First of all, why was liberalization initiated? We were told that two thousand crore rupees food subsidy is too much, too high a bill, too big a deficit, change the system. Stop the procurement, remove the universal food subsidy, and bring targeted food subsidies. So what are we spending today on food subsidies? Rs. 25000 crores. **From 2000 we have gone up to Rs. 25000 crores to starve our people.** Something must be extremely inefficient in this adjustment and in this reform.

I think the second thing that has been deliberately done is, the green revolution started it and the World Bank model of the green revolution did it. In every society production and distribution go together to ensure food entitlement. **If you don't have a production harmonized with distribution, you can't make sure the growers have enough food and you can't make sure the society is able to afford the food.** The green revolution separated it by creating a subsidy system for chemical inputs and a food subsidy system for a centralized procurement system. That is what leads to the crisis. Which is why reforms came. The reforms then accelerated those directions of more costly production and more food going beyond the entitlement of people. The budget, I believe is most dangerous in two things. It continues to diverge these two aspects of food, the production justice and the consumption justice.

If you notice what is being said, we will have more and more food for work, we will have more and more midday meals, Rs. 4000 crores of cess revenue at 2% is to be raised, a large part of it will go to the midday meal. And then they add, we

shouldn't be growing grain anymore. We should be growing gherkins and tomatoes and beans for export. Well, **if we are going to have most of our poor people on starvation levels, they are going to survive with food for work and midday meal programs.** If we are not growing the grain, where is that grain going to be coming from? I can predict. There are already packages in place to import more and more genetically engineered soya and corn and I wouldn't be surprised if US aid packages are not already in place to move more supply for running these programs conditional on imports of these crops.

And I believe that one of the really big things that has to be done is that every element of food for work, and every element of a midday meal scheme has to turn into a market security for farmers in local areas. **Food security and livelihood security must combine once again.** These huge budgetary allocations being put aside for food for the poor and hungry should not end up being yet another subsidy for global agribusiness. Which brings me to the issue of the distortion in the tax part of the budget. Agribusiness makes 800 – 1000% more than farmers do. We've done analysis. Farmers get 10 % of your rupee that you spend on grain. Given the entry of agribusiness like Kargil, agribusiness like Konagra, domestic agribusinesses that were old time multinationals like ITC, like Levers. Given the fact that they have integrated seed to commodity, they sell the inputs and buy the commodity and it works for them to sell costly inputs and buy cheap commodities. These are also the companies taking the patents. Konagra has a patent on wheat and *atta*(flour). Monsanto has a patent on wheat and *atta*. A zero tax for five years, a tax holiday and then a tax on 25% of this agribusiness basically means all agro processing in this country will shut down, what hasn't yet shut down. All small *chakkis*(flour mills) will shut down, all *dal*(pulses) mills will shut down. All *atta* mills will shut down. And in any case, which is the direction that model will push us through?

The agricultural research direction of the budget ignores the fact that today research needs to be done to reverse the water crisis in agriculture. That we need

to be working on lowering water use in crops. That we need to work on agro-ecology to make sure chemical free farming, that doesn't get farmers into debt is promoted. Now there is only one identification of priority for research budget, it's biotechnology. I work in this field. I can give you the results of 20 years of biotech development in the world. One company, Monsanto, two traits and three crops related to food- corn, soya, canola, 4 countries account for more than 95 % of the planting. Now everything in this budget is basically saying that you become part of those two traits, and three crops production systems or the low cost contract farming where the Sainsburys and the Wal-Marts pick up cheap products but eventually it will lead to a system where there will not be farmers. Chandrababu Naidu's design was that 2% farmers will survive in the 20-20 vision he put out, which is why he was voted out with such vigor by the rural communities of Andhra Pradesh.

I would basically say that agrarian crisis has been caused by the very same processes that have been offered as a solution. The disease is being offered as a cure. Indebtedness is the disease, more indebtedness is being offered as a cure. Concessions to giant agribusiness which do not allow small producers and small processors a level playing field, that is being offered as a cure. But I believe the biggest crisis we are facing is the callousness of our urban elite. The callousness of our urban elite that does not even sense what is going on in our country. That imagines that just because you can walk into a supermarket here and buy those horrible bringle chips with reconstituted rotten potatoes, that somehow we as a country are doing better. And so I would say that this huge issue of the first generation of the green revolution crisis, the second generation of trade liberalization crisis and the third generation of a dehumanization crisis, that triple crisis needs to be addressed and it needs a very very broad based response.

Prof. B B Bhattacharya

First of all I thank this organization for drawing our attention to the farming crisis and the response of the budget. I will begin with the frank confession that I am one of those who didn't have an opportunity to live in the rural areas. All my knowledge about the agriculture is based on the research, my colleagues, some of them have spent quite a lot of time in the rural areas. I shall confine therefore more specifically to the budget. What it can do and what it probably cannot do with respect to the present crisis. Actually the problem of the agriculture has been known to us for the last several years. Previous government itself appointed a committee which I was chairing to look into why there has been a decline in agricultural investment. We submitted the report about 2.5 years ago, drawing attention that there has been a sharp fall in agricultural investment both in the public and the private sector. Not only the direct investment but the indirect investment to agriculture in a variety of forms. Somehow the report didn't see the light until the new government took over. And now some of the numbers have been talked about that **public investment in agriculture is now 0.3% of GDP. Total investment in agriculture is now 1. 2% of GDP, public plus private In the early 90s there was about ten times more as a ratio to GDP, I repeat ten times more. Sorry, not ten times, 7-8 times more.**

But what has actually happened is that its not that the government's budgetary allocations have actually dried off. During the same period the budgetary subsidies for different type of cultivation has increased. It's questionable though whether all of them went to agriculture or not such as food subsidy, or fertilizer subsidy. There is a debate whether fertilizer subsidy protects poor fertilizer industry or it actually benefits the farming in terms of the lower fertilizer cost. So, there has been some kind of switching over of government policy. Instead of increasing the overall infrastructure, water, irrigation, rural roads networking, it went to subsidize selectively certain crops and backed up by the minimum support price. Actually as you all know the government announces minimum support price for a large number of crops. But except the rice and wheat the government does not buy the rest. It

expects the market to pay those prices but the market refuses to pay those prices. In effect farmers are better off producing only rice and wheat because that is the only thing the government will buy. In the case of Punjab and Haryana, they went for the cultivation of paddy, not necessarily because they had a comparative advantage of this by the market criteria. Simply because it was one way of assuring critical minimum income.

My environmentalist friends have been telling that the basmati rice export includes not only the rice but also the precious water that has been also exported. Some kind of crisis was, therefore, expected also because the longer run trend that has been witnessed in India. While the share of agriculture in the GDP has declined over the years, from over 50% in the early 1950s, to now less than one fourth. But agriculture continues to bear the burden of providing livelihood to 65-70% of the population even now. That in essence is the crux of problem of the Indian agriculture. Large number of population's livelihood depends on agriculture, but agriculture generates income that is now proportionately minor component. As a result therefore, the average standard of living in the rural areas remains stagnant. Certainly in the last few years for which I have done the study, disparity between the urban and rural areas increased and policy making attention gradually shifted from agriculture except occasionally when for the sake of the vote bank. I mean the attention shifted to the other segments of economy. Common minimum program of the United Progressive Alliance government recognized this and stressed for a diversion of the government policy.

The Union budget makes many bold announcements. Unfortunately, however, very little would be done in terms of actual allocation. First of all, Centre does not spend much on agriculture. The bulk of the agriculture investment, rural development has to be from the state budget. State governments are mostly bankrupt. There are many states that after paying the salaries, they have less than 5-10% of the resources left for everything including agriculture. I know of agriculture universities where after paying the salary, they do not have even one paise to buy the materials

required to do research in agriculture. Now this has been the result of distorted budget report and the fiscal and other policies for some time. So we have virtually become dependent on the mid 60s-green revolution technology in certain parts and in the rest of the country we remain sensitive to the monsoon. In the last ten to twelve years, there has been hardly any major irrigation project to expand the area from the dry land farming to the controlled water farming. Meanwhile globalization came.

Now globalization brought along with it international uncertainty. Commodity prices all over the world moves in a big sweep. The problem arises in this respect. If there is less production in one year and if international prices rise, farmers start producing that crop in the next year more, switching over from other crops. And the next year there is a bumper crop, wheat, sugarcane, beet, cotton, and prices crash. Meanwhile farmers have borrowed the money in anticipation of higher market price and then prices crash.

In terms of actual allocation, the budget has only announced number of schemes for actualization, for looking at it, nothing much actually has been done. What can you do under the circumstances for the long run solution? I think we must accept one thing in the long run. It would be difficult to increase agricultural production beyond 2.5-3% for the simple reason that two basic commodities required for agricultural production, land and the water, are constrained by the nature. We cannot create them. We can produce fertilizer, seeds, pesticides, and what not. But those will then endanger the ecology and the environment. If we over-exploit the water to increase the agricultural output, we will also land in ecological problem. Already, reports have suggested that in many parts of the country farmers have overexploited the groundwater. According to the national water commission report, the previous one that I have seen, 75% of the water in India is used for farming. Unfortunately, however, most of it is wasted because we still continue to use what you call the flood technology, flooding the land, and a small proportion of that water actually goes to the root of the plant, instead of adopting the modern water- saving

efficient technology like drip technology and so on. So, the result is that we have become totally dependent on the water availability to accelerate agricultural production. And water has become number one issue, numero uno.

In terms of now the critical issues. For last ten years economists and environmentalists have been raising this point again and again. Somehow policy makers didn't pay enough attention that you have to do something about the water. And now what is coming as you know there could be inter-state wars based on the water. It began with Karnataka and Tamil Nadu, now it is between Punjab and Haryana, it may soon extend to the rest of the country in terms of the scarce water. So the only solution is therefore, in the intermediate period, as I have proposed, we have to diversify cultivation to the less water intensive crops. Paddy is a highly water intensive crop. We have to move away gradually from paddy.

Now looking at the international market as well as domestic market, we find that in the urban areas also the younger people do not consume as much raw rice and wheat. The consumption of the rice and wheat has declined among the middle and upper income category. We consume more of the fruits, vegetables, dairy products. India is capable of growing many of them. We have comparative advantage in the fruits, vegetables, but there is no marketing and cold storage facilities. I know that in certain parts of the country, in Bengal for instance, after a bumper crop of potatoes, a lot of potatoes will be left to be rotten in the field; because the cost of storing and bringing them to the market in a bumper crop year is more than the price they can yield in the market. Similarly in certain years in Bengal mangoes are just thrown, because the cost of the basket is more than the price of mango you can obtain from the primary market. Please remember, the price that we finally pay in the urban grocery store, is many many times more than the price that farmers obtain while selling it. So what we urgently require, therefore, is a massive cold storage and networking program so that in a cluster of villages at least there should be one cold storage. So, all these vegetables and fruits can be used round the

year, and the next round they have to be processed. For processing you need a cold storage facility together with agribusiness. Now, here I have my proposition.

There are three sources of financing for such agribusiness. Either let's have the government make all those agribusiness investments, but most state governments are bankrupt, nor do we find that they might be the best producing that. Farmers accept money in Punjab and Haryana only if they could form a cooperative, they can mobilize such funds. In rest of the states, even if they form the cooperatives they won't be happy. Certain parts of the country, let's say Bengal's Bardawan district. There are rich farmers who can mop out 1 crore after the harvesting. But there is no tradition of that in India except probably in Gujarat, where farmers have put their capital into entrepreneurship. Then the only option is to allow the corporate sector to invest. But then that leads us into a lot of political questions. Should we allow the corporate sector to go to the farming. And the choice restrictions, certain things like that. But the issue needs to be addressed directly.

Now my last comment; is globalization the villain? Partially, yes. It is a partial globalization and that is why you have the problem. Had there been a real globalization, Indian fruits and vegetables could have found their way into Europe and America. But that is not allowed. There come environmental green boxes and restrictions, and non-tariff barriers on exports of farming products from India. They (developed countries) protect their farming. We do not. I mean we protect but not to that extent. But then there comes a basic budgetary constraint. Please remember one fact. **In the United States 97% of the non-farmers subsidize less than 3% of farmers. So, their budget can sustain it. In Europe 90% of the non-farmers protect through subsidy 10% of their farmers. Still it is sustainable. In India, we have 1-2 % income tax payers, and that too has come down drastically after this budget. Half of them will go out of tax network. We have to protect with this resource 70 or 60% of farming population. So, there is a financial problem. We have to therefore look at self sustaining, self financing**

agriculture rather than subsidized agriculture in the Indian context. I, therefore, go back to the original model.

The government must cut down the subsidies and bring back the money for improving rural infrastructure. Networking, cold storage and then leave the farmers to have fair play into the market. Probably slowly and slowly we may have a better farming. Pending that we'll continue to have the swings and oscillations because there is no way you can protect the farm output. You have storage for industrial products, if more cars are produced, company will halt the next year car production and let the few cars remain, and till they sell them nothing will happen to the car, next year they can sell. But if more rice, wheat, potatoes and onions are produced, there is no way to keep them for next year, except rice and wheat partially. Nothing to keep your potatoes, and onions and fruits. They will get rotten and prices will crash. Somebody has to look into this whole mechanism of the market.

Mr. Paranjoy Guha Thakurta

Actually I am the oddball in this panel, because I have no expertise in agriculture, I confess. Whatever I understand, whatever little I understand of the subject is based on my reading of newspapers, magazines, official documents, and whatever I'm going to tell you is from the perspective of the lay person, unlike my esteemed panelists here. I've been city-born, city-bred, spend much of my time in cities. At the same time I agree with what Dr. Vandana Shiva has said, that the callousness of India's urban elite is really shocking. It is indeed shocking, as a media person I feel very strongly about it, because never before in the history of India has the hiatus, the gap between the media and the ordinary people of this country been as wide as it is at present. And this also gets reflected in the fact that you know, outside Andhra Pradesh, everybody thought Chandrababu Naidu was a progressive chief minister. Well, it's as if the people of India gave this, sprung this tremendous surprise on the media of India. Because everybody thought that Mr. Vajpayee and his government would come back.

INTERJECTION (Bhattacharya): Only the media thought that Mr. Chandrababu Naidu was doing well. I presented my seminar more than a year ago in Hyderabad which showed Mr. Chandrababu Naidu had done extremely poor in economic management. Only in English media do we find that he was considered a hero.

Paranjoy Guhathakurtha : That's right Professor Bhattacharya. When a few of us wrote that there is a possibility that this government, the NDA government will not come back to power we were literally booed out, we were told that what has gone wrong with you. I and my friend, we have written a book in which we have actually said this, and our publisher also wondered whether he would be saddled with unsold stocks. Anyway, I think that's beside the point. I am, I too share a fair amount of the pessimism that Dr. Vandana Shiva has expressed in saying that there is very little in this budget which indicates that there's been a significant shift, or a paradigm shift in the way the government is looking at the problems of the farm sector. At the same time I am not entirely despondent and not entirely pessimistic that nothing will happen, nothing can happen. Okay, I just wanted to make 1 or 2 points based on my readings of newspapers. Even what is contained in official documents? A lot of us, you know, if you look at what is contained in successive government documents, in the economic survey which you and I know, which doesn't give you the whole truth. Its evident that if you look at the last seven years, **the average income of each and every farmer has actually come down. So where was India shining, where was *Bharat Uday*?**

The second point that is worthy of note is that even the earlier government, whose policies were distinctly right of centre, pro business, perhaps more than any other government in the past, even they realized that they had to do something for the farmer. But they realized a little too late perhaps. You know, the former deputy PM, Mr. Advani, when a group of farmers had gone to his home, he also acknowledged that not all of India was shining. Even Mr. Jaswant Singh in his interim budget in February talked about growth with equity, talked about how there was need to have a huge program to increase public investment in agriculture. Okay, now as you

know, the common minimum program has said that the UPA government will ensure that public investment in agriculture is accelerated, rural infrastructure and irrigation is stepped up in a significant manner at the very earliest. This is what the common minimum program said, which was released on the 27th of May 2004. Mr. Chidambaram presented his budget recently. As of now we don't see any action on this front. All of you know that it's about roughly 10000 crore rupees extra has been allotted to the Planning Commission. What Dr. Vandana Shiva said and what Dr. Bhattacharya has said, at the end of the day we shall have to see how state governments spend this money.

One point that has come through very loud and clear, even to the callous urban elite, even to the establishment of our country, is that as long as you have this situation where 22% of your GDP comes from agriculture, but agriculture provides livelihood for 60%, close to 58-60% of your population, you are going to have tremendous volatility. And that has become very evident. It was in 1914, the Royal Commission on Indian currency and finance, of which the famous economist John Maynard Keynes was a member, first described the Indian budget as a gamble on the monsoon. Till today the budget remains a gamble on the monsoon. And it's very simple. Only around 40% of the total cropped area of the country is irrigated. We may have more irrigated area than even the US, but only 40% of the total cropped area of this country is irrigated and I think Dr. Shiva has already pointed out the problems of growing too much of wheat and rice, and sugarcane that is water intensive, rather than other kinds of farm crops. So you had one drought here, that is in 2002-2003, and your index of agricultural production came down by more than 12%, your production of food grain came down by 14%, and total agricultural production came down by 5.2 %. And next year you have a good monsoon, and once again, your agricultural production that came down by 5% went up by 9%. I mean, no sector of the economy is as volatile as agriculture. At the end of the day, so, you go back to the whims of *Bhagwan Indra (rains)*.

Now the other point that has also come through very clearly, and I think Dr. Shiva has already talked about is that we have this peculiar situation in the country where we have huge stocks of rice and wheat, but widespread malnutrition. Now, there are all kinds of reasons why this has happened. But I believe that by and large the points are very very well known, there is no point in elaborating. You see, right through the 1980s, the rate of growth and production of wheat and rice had far outstripped that of growth of population. But then that situation changed in the 1990s. Secondly, you know the inclusion of pulses in the overall rate of growth and production distorts the picture completely, because the production of pulses has actually been stagnant for 30 years as a result of which per capita availability has actually come down. And then second reason why we have this contradiction of such high food stocks is because coarse grains are being increasingly used to feed cattle, that is the other aspect which has also not been mentioned. And, Dr. Bhattacharya has already talked about how the per capita consumption of cereals has actually come down from roughly 15.3 kg per person to 13.7 kg per person.

This trend towards a diversified diet is actually cutting across the Indian population. But the problems really are known. The question is, do we see any political will to change the situation. I think we all know that as a member of the World Trade Organization, the agreement on agriculture is binding on India and that agreement provides for specific commitments by countries on steps to improve market access, Dr. Shiva knows more about this than most others. So what we are actually seeing is that till 1991 the bulk of agricultural imports by India comprised two items that were oil seeds and coffee. But because of the change in the world trade rules we are seeing a very wide range of fruits, besides of course rubber, cotton and a whole range of products are currently being imported and you just have to go less than half a kilometer away to Khan Market(in New Delhi) and you will see all the goodies from all over the world available for you. Now, this has resulted in a very very precarious situation for the farmer. I don't need to elaborate about it.

The point that needs to be mentioned is that if you look, even in the government data, there has been a lot of jugglery. You know because there are two major components that are not in the index of agricultural production. That is livestock and certain fruits and vegetables. And data on livestock is obtained from a census that is carried out once every five years, while data on fruits and vegetables comes from the National Horticultural Program. And these statistics, as you know, are not often very reliable but even if one looks at the index of agriculture production from 1996, there has been hardly any increase in this index. The point is now, what can be done actually to increase public investments. I think the only way is there has to be pressure from below.

Mr. Chidambaram can say what he likes. Dr. Manmohan Singh can go to Andhra Pradesh and announce a lot of money, or a fair amount of money to the families of those, families of the farmers who have committed suicide, but what is really lacking is that the pressure from the farm sector actually comes in very very distorted forms. Therefore, fertilizer subsidy is not rationalized. Why? Because businessmen are involved. Food subsidies are not rationalized. Because the Food Corporation of India benefits and no one else. So I think there has to be a complete change in the whole system in which the whole subsidy regime has formed. I mean, we talk about targeting of subsidies, but actually targeting of subsidies has not happened. And it is true not just for food and fertilizer, it is true for power subsidy, it is true for petroleum product subsidies. Power subsidy is a classic case. Okay, who gains from free power? The rich farmer who draws more water that increases salinity in the soil and distorts the cropping pattern? This city of Delhi, 40% of the power that is supplied here is not billed for. Who gains? The people with air conditioners in their homes. Not the jhuggi-jhopriwallah(slum-dweller)) who throws a hook to get it. This is the reality of the country. Kerosene, three fourths, certainly more than half of the kerosene, does not go to poor households, does not go to the people in remote areas for their cooking and lighting purposes. It goes to adulterate diesel, the transporters and truckers benefit. So, it's all very fine to talk

about targeting of subsidies, but we are not seeing any of that happening. So how can that happen?

The only way it can happen is when civil society exerts pressure and that only can happen when non government organizations and other bodies, farmers' organizations start exerting pressure right through from the local bodies, the Panchayat bodies, to the state government level and eventually the central government level. The rich farmer of Punjab who grows strawberries and gherkins and who earns lakhs of rupees each month, he doesn't pay income tax. You know it and I know it. It is not today, from the 1950s every economist has been saying tax the rich farmer, why isn't the rich farmer being taxed? Why is the rich farmer in our country such a strong lobby? I ask you, why is the voice of the poor farmer, we all pay lip service, we all say our heart bleeds for the poor farmer, but when it actually comes to actual policies we don't see any of that happening. Now the common minimum program has lot of very very nice statements. Very very fine statements of intent, laudable goals, improve the rural cooperative credit system, implement minimum wage laws for agriculture labor, modernize the revenue administration, establish clear land titles, improve the functioning of cooperatives, democratic, autonomous, professional, systematic removal of controls that depress the incomes of farmers, adequate protection provided to farmers from imports particularly when international prices fall sharply. All these are very very fine statements of intent. Will it happen?

Well, it can happen only when civil society organizes our farmers, when some effort is made to do what Dr. Shiva, and others like her have been arguing, where food for work programs and midday meal schemes are dovetailed, **where food security is dovetailed with livelihood security**. I think that thing is crucial. It's very easily said, but very difficult to achieve. I am not entirely pessimistic. And before I end, I have a small ray of hope somewhere maybe. And that ray of hope is called anti-incumbency. You know it may not exist in certain parts of the country, notably Bihar, Bengal and in certain other parts of the county, but the fact is that in last four

general elections, 40% of the MPs are not elected. And you look at the local level, if you look at members of the legislative assemblies, close to half of MLAs are not reelected. Only a few of them are denied tickets by their parties.

I am optimistic that our political leadership will no longer look on people, especially those who live in the rural areas as illiterate, herds of cattle who will be “vote banks”, who will all vote in one way, who are easily aroused by emotional issues like Ram Mandir, etc, they will vote along caste lines, along community lines, this is a popular impression. I think slowly but surely, the Indian electorate, the unwashed, illiterate electorate, is proving to be much wiser than all our pundits, all our media pundits, including my fellow journalists and all those who attend seminars at IIC and other places. And they are throwing out politicians who do not perform, and I think that is a very positive sign. Because it is no longer “unprofitable” to use a perhaps politically incorrect word, to build a health care centre in your constituency. It is perhaps going to be profitable for the politician to build a proper cold storage, it will become profitable to build an elementary school in such a way, and ensure that the teacher remains in school. It will be profitable to build a health care centre all over again, and that is because slowly but surely, those who live in the world’s largest democracy can no longer be treated as unintelligent fools. I think that slowly but surely this change is happening. I would like this change to come faster, I’m sure all of us would like this change to come faster. But the change is happening. I believe, therefore, I am not entirely pessimistic. I think there is some ray of hope, some reason for optimism.

Dr. Devinder Sharma

I remember Paranjoy was comparing a program on the television and I along with an economist, were being interviewed. And I think Paranjoy will remember the question he asked was whether India’s food security needs can be met by wheat imports and that was the time, India imported wheat, 1 million tons. I think that was the last time we imported wheat, 1996, during Gujral’s time. And I answered, how dangerous it would be if India were to revert back to a system of relying on food

imports for meeting its food security needs, and then the question was shifted to the enlightened economist and I'm sure Paranjay would bear with me and remember that the economist had said, "I don't agree with my co-panelist, that is why we are both here. If India can import petrol, why can't India import wheat?" This was about eight years back. And I think the same philosophy continues today. We are beginning to believe that we don't need to produce wheat, produce rice, we can import and we have to get rid of this siege mentality of importing food grains.

Now that Mr. Manmohan Singh went on July 1(2004) to Andhra Pradesh, I was very happy, because as far as I know, he was the first Prime Minister in the last 15 years to have visited a village. That is very interesting, because every Prime Minister swears in the name of villages in rural India that he represents. But to the best of my understanding and I stand corrected if anybody knows, has any other Prime Minister gone to a village in his time when he was the Prime Minister, except at the time of elections. That showed as if the village has suddenly disappeared from the policy planning or the economic radar of the country. Let us look at the developments in the last few years and last few days.

Reburi was a small farmer in Andhra Pradesh, was yes, he is dead now, and he had taken 90000 rupees on loan. He had ten acres of land, five acres belonged to him, 5 acres he had taken on lease. He grew the cash crops; you know all the cash crops that of course bring money to the farmer, as the economist would tell us. He had paid back his loan and only 25000 rupees was left. He was shuttling at every place and trying to raise that 25000 rupees, he could not. So he finally went to the Mandal office in Andhra Pradesh and requested that if he committed suicide, they should pay back that amount of 50000 rupees compensation to his daughter. So he went back home, consumed pesticide and then realized he was not going to die so soon. So he came back to the Mandal office and said, "look, I have taken pesticide and I am going to die, just ensure that my daughter is with me, that you will pay the 50000 rupees to her." This is the reality. I thought the PM would know all this that is

happening and the budget would reflect on these kinds of tragedies that are happening in the country.

But unfortunately it is not absent from the consciousness of the civil society or all these people in the cities alone, the policy makers also need to have a human heart or compassion. And look at the budget, the Finance Minister did not even make a mention of the farmer suicide, what to talk of apologizing. This is a tragedy on one hand, on the other hand I look back 20 years back when I was a reporter like Paranjyot. I remember doing a story in the Indian Express that I was working with. Somebody, a poor chap, had gone to sector 17 in Chandigarh, picked up a bottle of milk and gulped it down. That bottle would not cost more than 10 rupees. He was thrashed by the shop keepers, handed over to the police, it was a crime, he was put in the jail. Ten days later he died in police custody for a crime that was just ten rupees. Today we have 1 lakh ten thousand crores lying as nonperforming assets in the banks. Nobody is talking about it. The rich people are not being at least questioned or put in jail. But that is the system that pervades in this country.

We talk of subsidies to the poor, but we don't talk of subsidies to us or to the rich. In Punjab, recently when I came back, three days back from Chandigarh, I read a report, an interesting report, that in Punjab the subsidy that goes to farmers is about 250 crores. The subsidy that goes to industry is about 650 crores. We always talk about big subsidy farmers should not be getting and so on and so forth. Nobody talks about subsidies that go to the industry. You know we call it ten by ten dream budget if the Finance Minister opens up the state sector for the industry. And the economists would lap it up, and the economists would say what a wonderful budget he has put up. GDP will go up and so on and so forth. But give a few hundred rupees to the farmers and they start saying everything, where will the money come from, that is the biggest question asked. Last year, or was it last to last year, when we came up with the Fifth, no that was several years back, the Fifth Pay Commission report, that the entire budgeted annual expenditure of the

government was 80000 crore rupees. No one has ever asked whether the fiscal deficit goes up or down due to that.

Last year when there was a question of raising the procurement price of wheat by ten rupees, the Finance Ministry said, "please tell us how much it will cost." When they were told that it would cost the nation 100 crore rupees, then they said, "sorry, we cannot give you this because it will increase the fiscal deficit." But that is a reality. This year, the Government of India, in the budget if you look at it, they merged 50% of the DA of the government employees with the basic pay structure. It has cost the nation 12000 crores. Where is the fiscal deficit we talk about? And if you give 100 crore rupees to the farmers, the fiscal deficit will go up. Now that's the kind of mentality we all carry and I think we are all part of that crime. Let us not say that only the others are part of the crime, we are all part of the same crime. And then we come out with these wonderful proposals to, you know, take agriculture to the era of 21st century, or 22nd century, I don't know, this is a wonderful formula we are told, this will be the answer to your food security and so on and so forth. And you look at the parameters they draw, and they are exactly the parameters which the World Bank had drawn about fifteen or twenty years back. Or the IMF has been telling us and so on. The World Bank, the IMF of course part of it, the WTO, and for that matter the GM industry and plus even our budget is part of the same package.

If you look at Manmohan Singh's first budget, for those of us who remember his first budget in 1991, he mentioned that agriculture is the mainstay of the country's economy and so it involves, as you rightly mentioned 60% of our population is directly involved blah blah blah all of those things. But then he said, agriculture is a state subject, so I leave it to my colleagues in the states to look after agriculture. The next area of his speech was industry, and he went on talking about industry but he forgot to say that industry also is a state subject. And then our entire budget was on the industrial system. And the same model follows even now. I don't know, does he realize today that when he talks about reforms with a human face, were those reforms not with a human face? It is quite obvious if you look at, those

reforms were not meant to be with a human face. Now we have these reforms with a human face, you must throw in these words, you must talk of agriculture, you must talk of food for work programs and all these kinds of things to give an impression like the shining India kind of impression that we built a few months back.

So, now we have been given to believe the mirage that agriculture is going to become good sector. So as Paranjoy said, he shares this optimism that things will improve. And a lot of people believe that things will improve and I am not a pessimist in that sense, but it is important to see realities. Today's realities are being dubbed as pessimism. If you talk about ground realities, you are a pessimist. If you talk about the illusions and notional figures of shares going up in the stock markets, then you are an optimist. So you have to talk about those wonderful figures which you keep on throwing at all like your hat and that is what is happening today.

The model that we talk about, I think it is very important to see where are we heading towards. We brought in the green revolution; the green revolution was meant to address the problem of hunger, food insecurity at that time. It did a job, and then in the process, we forgot to go in for what is called, mid term correction. The Finance Minister always goes in a year for midterm corrections. But the agriculture scientists forgot to do the midterm correction. And so we have these huge problems, huge environmental problems, second generation environmental impacts. Now, of course, with visible farmer suicides, as we all rightly mentioned earlier. Now we come into this model, the wonderful model being thrown around by agricultural scientists and economists of agribusiness. Now let us look at the agribusiness, what it means.

You know we are being told that the biggest crisis today the world faces is going to be land and water, all of us know that. So we must have agribusiness. What does agribusiness do? Does it not operate on land and water? And let us see how

agribusiness will further exacerbate the crisis of land and water. What has been done by the farmers all these years. Diversification is the new mantra, we'll come to that, but first let us look at this agribusiness, and agribusiness is what exactly is under the diversification. You go in for cut flower cultivation. Lets take cut flower cultivation as one example. What does cut flower do? It brings in dollars, of course all of us are told, but cut flower cultivation is one of the most dirtiest of cultivation practices. What it does is, you take a piece of land, and in that piece of land, you have to grow, you have to be really efficient or competitive farmer, 60000 plants in one acre. That is a huge and very dense kind of population. Then you have to provide every plant some space. You have to provide 58 kg of manure, and 120 kg of chemical fertilizer. And on top of it, it takes 212 acre inches of water. In four or five years it makes that land barren and then the company gives the land back to the farmer and moves onto a new piece of land. That's a new *Jhum* cultivation. You know the *Jhum* cultivation, and I'm sure Mr. B.P. Singh will agree to that, was considered to be a very substandard or backward form of cultivation. Today the corporates are doing *Jhum* cultivation and nobody thinks that is backward. They are exactly doing the same. You know they move on from one piece of land to another.

What does intensive agribusiness do? Nobody is going to grow pulse as part of your contract farming. They are coming for crops that can be more intensively grown. That means this is going to be more environmentally damaging to the same piece of land which as we all know are already affected with second generation environmental impacts in Punjab and Haryana. You are bringing it, intensive farming, agribusiness, agribusiness will exploit that land, they will destroy that land in four or five years and move on to a new piece of land. This is a process which has been going on, whether it is Philippines, whether it is Zimbabwe, Zambia, Mexico, Argentina or wherever in the world that you know of. Why is that we are always told that we need to diversify as Parshuramji rightly mentioned in the very beginning?

You know there was a time when Ronald Reagan, he was still alive, I still remember his quote in Newsweek, where he said when he was the President, **“if we don’t find a market for American produce, then the economy would collapse under its own artificial weight of subsidies.”** That was Ronald Reagan. **Therefore, you brought in agriculture under WTO** and so on. So where could you export that food, of course, to developing countries. So we were made to sign on those laws, and of course now you are under obligation. You have to respect those things and so on. So they have solved their problem. What is happening today is that those countries which are producing a surplus year after year and of course they need markets, are the countries which are telling us, backed by the financial institutions, that for developing country farmers, the best way to make income or economics work is shift from crops like staple foods, like wheat and rice, get into more cash crops. Tomatoes, strawberries, melons, cut flowers and so on, which will bring you more income. I am sure you will agree that one part of the world that needs to bring in this kind of system is that part of the world, where you provide phenomenal subsidies.

You know both North America and the European Union are the two places that we all know provide huge subsidies on agriculture, now these are the places where the equation has gone wrong. These are the places where farmers need to be economical. Therefore, they should be diversifying from growing corn year after year, or soybean year after year, and wheat year after year, to cash crops. But, no, they should not diversify, only developing countries should diversify. So the focus is very clear. You don’t produce staple foods, you don’t know how to produce staple foods, you are inefficient and so on and so forth, your cost of production is very high. So you don’t do that, you produce cash crops which meet the luxury requirement of people in the western countries and you can import cheaper foods from those countries. What a wonderful formula for development ! And our economists are supporting that, not knowing the realities of diversification, what exactly it means , the politics of diversification. And they are in a way, as I said, part of the entire process.

We are told, “you don’t have cold storages in this country.” I remember when I was a reporter, Punjab had a problem. They produced so much of potato, they didn’t know what to do with that. And people didn’t even take out potato, they didn’t even harvest potato at that time. So there was this government, I still remember, it was Darbara Singh’s government and he sanctioned 5 crore rupees at that time to set up cold storages. So cold storage chains were set up in Punjab. Two years later no potato came, so eventually 80% of the cold storages were turned into cinema halls. And then came Mr. Som Pal’s tenure. When he was the agriculture minister, he went on saying that cold storage is the answer for UP, and for the country. So we had 1500 crores in the budget being allocated for cold storages. I did tell him, please don’t do this mistake, but he said, no this is the answer for the country. So, there is already 1500 crores laid out for those who get this benefit. Do you know who are they?

As Vandana Shiva mentioned, it is agribusiness, the benefit goes to agribusiness; its very obvious who gets the benefit. What has happened? A farmer in Hapur grows potatoes and keeps it in the cold storage and he does not go back to pick it up, because he knows that there is no money if he takes it out and sells. Because he is not going to get a price, so the cold storages are giving legal notices to the farmers, that if you do not pick up your potatoes we will throw it out. And if you look at anywhere, whether it is Andhra or Karnataka, people are throwing tomatoes or potatoes or onions, whatever it is, you find everywhere it is happening. We still are made to believe that the answer would perhaps be addressed by diversification.

One of the reports I must bring to your notice, the report prepared by Dr. S.S. Jauhal, and he had talked of diversification in the early 80s. He had said that Punjab must diversify and I’m so glad that Punjab farmers were wise enough not to diversify all these years. In that same report it was mentioned that if Punjab increases the production of fruits and vegetables by just 1 percent, and I repeat by just 1%, it would cause an unmanageable glut in Punjab. Now where do you expect the farmers to diversify? What do you expect them to grow if they are not growing

fruits and vegetables and if the production had gone up by just 1% they would have committed suicide? They did not diversify all these years. They were wise enough, they knew it.

We have been told that farmer's economy has gone wrong, and as was mentioned earlier, the problem is he needs to get more loan, more credit, and that can pick him up or sustain him. You know Reburi who died, as I mentioned earlier, he died because he could not repay the 25000 rupees to the bank, and now we are saying we need to provide more credit to the farmers. I think farmers also need income. If all of us in the city need income, farmers also need income. We have to find a mechanism where we can provide the income and to that extent the direct subsidies that was provided in Europe and America are justified. Because in today's world when we provide so much of subsidy to the industry, I think it is not wrong to provide an equal kind of subsidy to the farmers also. Time has come. Why should they be deprived, after all, they also add to the GDP? They add enough, in fact more, than what we are all talking about today.

On the issue of land, water, public investment, we have gone on and on for the last 30-40 years talking about it. But now we are being told that we need to move on from the green revolution Phase I to the green revolution, Phase II or as some people call it, the gene revolution, and so on and so forth. And this is perhaps what will be addressing the real problem. As I mentioned earlier, this is exactly what is meant by corporate control, this is the agenda that the world wants to promote, and this is the agenda that we as a nation, are very proudly accepting and welcoming it, not realising that we have millions of people who are involved in agriculture. What do we do with them? It is true that if we were to move these people out of agriculture it would do remarkable things for the economy, but the fact is where do we remove those people? Where do we take out all those people that we talk about, after all 600 million farmers is not a small number? So what do we do?

We have an interesting phrase about that, some people suggest that we should move them to service industry. I don't know how you can justify all these kinds of logics that are being promoted. But they are being promoted. If you look at the reality, the global paradigm is built on this thing as was said earlier, that the world today finds farmers a burden on the society. It has happened in America. America today has only 9 lakh farmers left and in fact there are more people in American jails than on American farms. 2.1 million in American jails, and 900000 people left on the farms. If you come to Europe, we have only about 9 million people left on the farms in the erstwhile 15 European Union countries. Everyday three farmers disappear now in Europe. Disappear means, they leave agriculture and move out. And now the same process is being carried out in all countries. Because that would mean the corporates can move ahead.

So what is being done is that we are being told that our farmers are inefficient, they should be taken out of agriculture, to go where, you all know. And what has happened in the last few years. In last few years a new phenomenon has begun, some call it the feminization of agriculture. The people are abandoning agriculture and moving on to the cities. 30% of the Indian farms have already gone into the hands of women. Now this is not a result of gender equality. It is because the people, the men have moved onto the urban centers and the women have been left to perform these jobs. This is a process that is going on in this country; we don't want to talk about it. What does it mean? New Delhi today is 40 or 45% slums, it is expected by the date two zero one zero (2010), New Delhi will be 80% slums. When I came to Delhi about 15 years back, the railing outside the home was about 4 feet, today it goes up to about 12 feet. There is a guard in almost every other house I see, and I'm sure in about ten years we'll have a gun man, or maybe two gun men sitting outside every house. This is the kind of development that is taking place. Bombay, Shanghai. They are all part of the same process.

We all talk about moving farmers out of agriculture but where do you move them. It is something that we need to answer. We need to provide an alternative. I would be

very happy if we could move these farmers to America, because America doesn't have farmers. Or we could move these farmers to Canada, and ask the WTO to open up for the movement of farmers so that our farmers can also go and farm in America. I will end on an optimistic note Paranjy, and that is what Harold Wilson said. Harold Wilson was the Prime Minister of UK. And you know UK has a very peculiar problem with rains. It can rain any time. In spite of the weather department saying it's not going to rain, it can rain any time, or despite the weather department saying it's going to be sunny, it can still rain. Now, that's what he said once. He said "I too am an optimist, but I always like to carry my umbrella with me."

There were over -a-dozen comments made and questions asked from the floor and the Chairperson requested Dr Vandana Shiva to answer all those questions on behalf of the Panelists. The Panel discussion came to an end with concluding remarks by the Chairperson Mr. B P Singh. Over 80 activists, academics, farm experts, farmers' leaders, scientists, researchers and policy planners participated in/ attended this panel discussion.

The End