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Industrialisation in India: A study of dying agriculture and dying farmers

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Abstract
The five year plans in the post-independence period and the New Economic Reforms of the 90s ushered in a process of industrialisation in the country. Increasing thrust on industrial schemes and policies led to an agrarian distress which proved disastrous for the poor Indian farmers across the country. Industrialisation generated a host of non-agricultural employment opportunities for the rural mass and led to the transfer of these rural mass to the towns. This led to the genesis of a new urban capitalist class and a residuary rural peasantry consisting of the small and marginal farmers, casual agricultural workers and landless labourers. There was a decline in food production due to shrinking rural farms and increasing demand for food in industrial areas to feed the growing population which created a pressure on the rural agrarian farms. Industrialisation followed by urbanization also led to mass engulfing of rural farm lands for their infrastructural and other institutional set-up. It promoted the interference of global actors in Indian markets, corporatization of agricultural inputs and with drawl of agricultural subsidies which increased the prices of farm inputs in the market making themselves inaccessible to the small and marginal farmers. All these, along with non-availability of institutional credit, made the farmers vulnerable to serious agrarian distress and they were dragged to an ever increasing and vicious debt trap. Unable to get out of the trap, the poor farmers committed suicides that were reported across various states since 1980s. The present article tries to make a detailed sketch of the growth of industrialisation in the country vis-à-vis agriculture in three major phase i.e. the pre-independence, post-independence and the new economic reforms phase including the peasant revolts that erupted during these phase, to study the impact of industrialisation on Indian agriculture leading to uprooting of the later and anatomise the industry driven farmer suicides in various parts of the country, including Odisha.

Keywords: industrialisation, agriculture, peasant movements, farmer suicides

Introduction

Backdrop

India in the pre-independence period followed a non-industrial model of economy which was believed to be the root cause of its underdevelopment. Economists like Smith and Ricardo opines that real development lies in industrialisation and industry driven free foreign trade. Taking this to be a major challenge and objective for nation building, our first Prime Minister Pandit Jawaharlal Nehru saw industrialisation as a key to alleviate poverty and generate a self-sufficient economy. More and more emphasis was given on the growth of heavy and basic industries because our policy planners had come to believe that the potential of agriculture and agriculture related exports were gradually declining. With a foresight of scientific and industrial development boosting Indian economy, our policy planners adopted a vigorous industrial policy that gave a new direction and irreversible shape to our Age old agrarian economy.

Industrialisation in India was propelled in three major phases. The first phase of industrialisation was initiated by the Britishers promoting commercialization of agriculture and giving a death blow to the subsistence economy. The second phase of industrialisation was triggered in the post-independence phase through the five-year plans that emphasised sustained growth of the secondary sector with the setting up of heavy industries like the iron and steel. Industrialisation was boosted in the third phase with the introduction of New Economic Reforms that led to corporatization of agriculture and establishment of multinational and transnational companies. Agriculture in all these phases of industrialisation have been affected badly that can be discussed as follows.

Industrialisation Propelling Commercialization of Agriculture: The British Intention

Though small and cottage industries were present in the then India, the modern heavy industries are an aftermath effect of British rule. Introduction of modern industries brought revolutionary changes in the agrarian structure of the sub-continent. Industrialisation that was brought and promoted by the Britishers manifested itself in the form of commercialisation of agriculture. Poor peasants and small farmers were forced to grow cash crops instead of food crops as that would feed the requirements of the industries in England and agrarian property rights and relations started changing. This commercialisation became prominent around 1860 when the demand for Indian cotton to England increased. British government made several efforts to increase the production of cotton in India along with other cash crops like indigo, jute, coffee, tea etc. by diverting more and more land from food crop production. The crops did not feed the Indian people but the commercial markets abroad that again encouraged a new form of money economy replacing the age old barter system.

Britishers encouraged commercialisation of agriculture through its various direct and indirect policy initiatives. They introduced new land tenure systems like Permanent Settlement and Ryotwari System that agricultural land a freely exchangeable commodity. A host of parasites called the Zamindars (a class of wealthy landlords) were given the ownership right of the land. These Zamindars exploited the poor peasants by collecting more tax than fixed by the British government. Again, the farmers were forced to cultivate crops like jute, nuts, cotton, sugarcane, tobacco etc. that had a very high demand in the international market.

Cultivation of cash crops benefitted the Britishers, the Zamindars and the big farmers to a great extent. Commercialization of agriculture helped the traders and manufacturers in Britain and the traders and moneylenders in India acquire huge profits. However, poor agricultural organization, obsolete technology and lack of resources among the poor peasants made them suffer amidst gross social and economic inequalities that were created thereafter. They were forced for distress sale of their products to meet the requirement of their family members. Moneylenders, mostly the Zamindars, advanced credit to these peasants to cultivate cash crops. If they failed to repay back the loan amount, they were thrown out of their lands. All these brought a downfall for the rural agrarian economy with less production of food crops and repeated famines in various parts of the country.

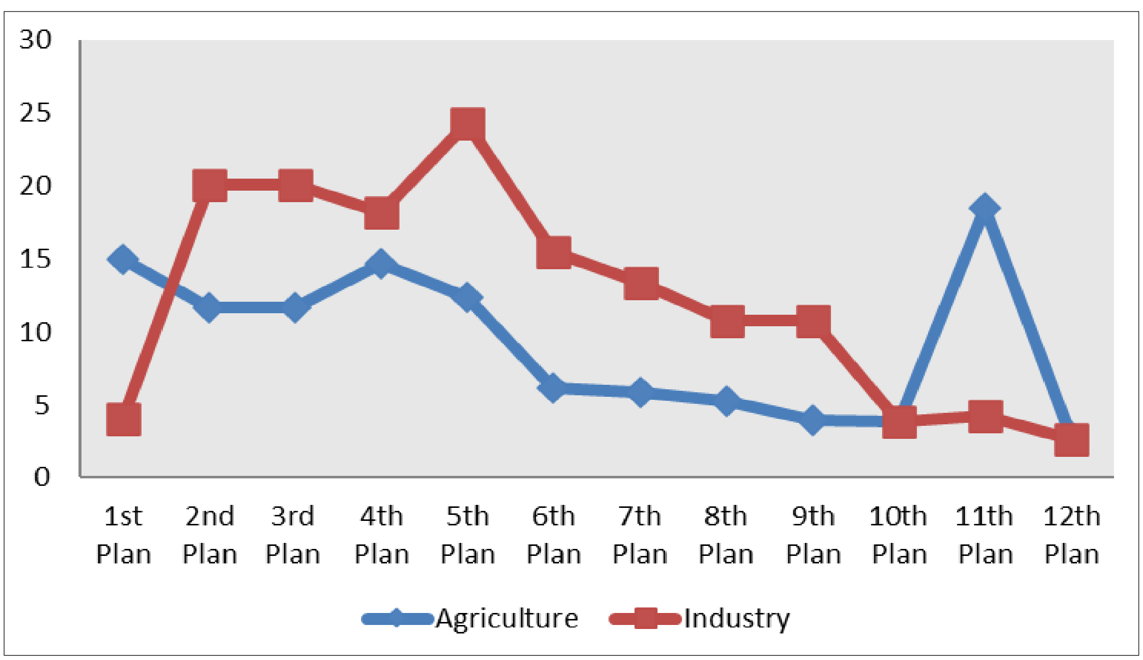
Commercialisation of agriculture by the Britishers created a form of alienation for the peasants from the land and from the newly emerging class structure comprising mostly of the rich farmers and Zamindars. Peasants didn't want to give their produce in the form of revenue to the Britishers or the Zamindars. Out of this discontentment within the peasant class, a number of rebellions took place in various parts of the sub-continent like the Indigo Revolt of 1859, for example.

Industry and Agriculture under the Five Year Plans: The Dilemma

Five Year Plans in India were born out of the socialist plans adopted by the government in the post-independence period. Our first Prime Minister Pandit Jawaharlal Nehru launched the first Five Year Plan in 1951 that was geared towards development and nation building. The 3+/\five year plans were aimed at alleviating poverty and attaining self reliance. Adopting a mixed economy model, these plans stressed on raising agricultural production along with promoting the process of industrialisation in the country through the setting up of basic and key industries. Table no. 1 projects the budgetary allocation for industry and agriculture made in all the five year plans which shows the trend of the planning since the first plan.

Table 1: Budget Outlay for Agriculture and Industry in the Five Year Plans of India

Five Year Plans	Budget Allocated (in crores) for	
	Agriculture	Industry
1st Plan	291 (15)	74(4)
2nd Plan	549 (11.7)	938 (20.10)
3rd Plan	549 (11.7)	938 (20.10)
4th Plan	2320 (14.7)	2864 (18.2)
5th Plan	4865 (12.4)	9581 (24.3)
6th Plan	6624 (6.10)	16948 (15.5)
7th Plan	12793 (5.8)	29220 (13.4)
8th Plan	22467 (5.2)	46922 (10.8)
9th Plan	37239 (3.96)	44695 (10.8)
10th Plan	58933 (3.86)	58939 (3.88)
11th Plan	674105 (18.5)	153600 (4.2)
12th Plan	259767 (2.8)	237703 (2.6)



Source: planningcommission.nic.in

Fig 1: (Figures in the paranthese shows the percentage share of each sector out of the total budget outlay)

It can be clearly seen from the above table that industrialisation has been given the top most priority since the 2nd plan period that stressed more on the growth of capital goods industry. Except for the 1st plan and the 11th plan, the budget outlay for industry exceeds that of agriculture. The budget for agriculture continues to fall since the 2nd plan (11.7 percent) and reaches to a minimum level of 3.86 percent in the 10th plan. On the other hand, budgetary allocation for industry shows variation with some rifts and valleys in different plan periods. The highest allocation of 24.3 percent was made for the industries in the 5th plan while minimum allocation of 2.6 percent was made in the 12th plan. The first plan period was marked by severe food shortage and mounting inflation. Thus, a major focus was laid on increasing agricultural production to meet the crisis of food scarcity and attaining food self sufficiency. Irrigation facilities and fertiliser plants were established to catalyse food production. All these helped in increasing the food production. Green Revolution was introduced in the 3rd and 4th plan to improve the production of food grains through the introduction of new HYV seeds, irrigation facilities and improved agricultural techniques. Subsidies and loans were provided to the farmers in the 5th plan period. The National Agricultural Policy, 2000 formulated during the 9th plan announced agricultural credits and insurance schemes for the farmers. However, this also promoted privatisation of agriculture along with land leasing and contract farming by the private companies.

On the other hand, industrial sector was mostly confined to the production of consumer goods like cotton, sugar, salt, soap etc. in the first plan. Less emphasis was given on the production of capital goods. However, since the second plan, rapid industrialisation was targeted through the establishment of heavy and basic industries. Under the Industrial Policy of 1956 steel plants were established in Rourkela, Bhilai and Durgapur. 5th plan promoted the growth of core industries like power, coal, petroleum products which was planned to increase our exports. Integrated Industrial Development became a major objective of the 7th plan to achieve self reliance and eradicating unemployment. Capital goods and improved technologies were imported to catalyse industrial performance. Since the 8th plan, industries were privatised and the production was no more oriented for domestic consumption rather it targeted consumers across the globe.

Industry and Agriculture in the Era of Globalisation

The New Economic Reforms of 1991 targeted at restructuring of the Indian economy and removing the bottlenecks in the balance of payments. The policy of liberalization, privatization and globalization gave a new direction and shape to Indian trade that merged itself with the world market. Greater emphasis was led on diversification of agriculture and promotion of agro-based industries as it would generate employment. All these had far reaching impacts on agricultural imports and exports, agrarian technologies, agricultural income and employment, commodity prices and food security. Panda (1996) [1] argued that these reforms impaired agricultural growth and forced the small and marginal farmers for distress sale. Corporatization of Indian agriculture and casualisation of work force led to marginalisation of the farmers and increased the vulnerability of Indian agriculture. Productivity was affected and many of the small farmers were rendered landless (Rao and Hanumappa, 1999) [2]. Industrialisation generated a host of non-agricultural employment opportunities for the rural mass and led to the transfer of these rural mass to the towns. This led to the genesis of a new urban capitalist class and a residuary rural peasantry consisting of the small and marginal farmers, casual agricultural workers and landless labourers. Financial liberalisation reduced the flow of credit to the farmers and raised the cost of farm inputs. The regulated seed markets were now handed over to the private sectors. Attempts to commercialise and corporatize agriculture raised the issue of food security for the poor and pushed the farmers to the death door. Industrial policies adopted till 1990 had been successful in creating a vast and diversified industrial structure. But it could not generate enough employment and or curb the regional disparities. Lack of competition in domestic market resulted in inadequate emphasis on upgradation of technology and improvement of quality of the produce. However, these industrial policies had been successful in creating a fertile ground for rapid industrialisation in the country. Industrial sector was freed from governmental control and stress was given on technological and managerial upgradation of the country. Our planners had by now realised that real development can only take place when we integrate ourselves with the world economy. With this objective of improving quality and productivity to achieve international competitiveness, the Industrial Policy 1991 was announced. A shift was made from state regulated economy to market-driven economy. Industries were freed from unnecessary licensing and MRTP restrictions were waived off. Major thrust was laid on the flow of foreign direct investment and domestic investment along with import of foreign technology. The backward and underdeveloped areas were brought into the ambit of industrialisation process with the free flow infrastructural incentives and private investments. This made industrialisation reach each and every region of the country and helped in raising the level of employability.

Industrialisation Propelling Farmer Suicide

It becomes quite clear from the above discussion that industrialisation has had been a major focus of our policy planners since the pre-independence phase. It has gradually gained momentum through various industrial policies framed in different phases of Indian history. However, as it can be seen, the process of industrialisation in the country has not been very smooth. The major criticism that is cited against industrialisation is its negative effect on the agrarian sector which got reflected through various peasant struggles throughout the country and the rising number of suicides among the small and marginal farmers.

As already discussed, Indian agriculture was severely affected with the industrial approach adopted by the Britishers. There was a change in technology, capital investment, land use pattern and market. Peasants were forced to make a shift to capitalistic mode of production and produce cash crops that would feed the British industries. Again, Britishers also implemented a number of land reform measures under which zamindars were appointed to collect taxes from the peasants.

This exploitative approach created much resentment among the peasants which reflected itself in the form of peasant struggles. Table no. 2 gives a list of the peasant struggles that took place due to the industrialisation process and land reform measures enforced by the Britishers.

Table 2: Peasant Struggles in Pre-Independent India

Name of the Revolt	Year	Cause
Sanyasi Rebellion in Bengal	1763-1800	Due to the displacement of peasants by the Zamindars
Movement of Pagal Panthis in Sherpur (East Bengal)	1825-33	Resentment against the oppression of the zamindars
Indigo Revolt in Bengal	1859-60	Forced cultivation of indigo without any proper remuneration
Pabna Movement in Bengal	1873	Enhancing the rent beyond the legal limit and prevention of tenants from acquiring the occupancy rights
Deccan Riots in Poona and Ahmednagar	1874	Riots against the moneylenders
Peasants unrest in Punjab	1901	Against acquisition of land by the moneylenders
Mopplah Rebellion in Malabar, Kerala	1922	Targeted the moneylenders and Zamindars against the lack of secured tenure, exorbitant rent and renewal fees
Bardoli Satyagraha in Gujarat	1927	Enhancement of the land revenue by 22% even though cotton prices had declined
Tebhaga Movement in Bengal	1946	By the sharecroppers against the jotedars

In the post-independence period, the five-year plans emphasised on industrialisation. Green Revolution was introduced to increase productivity of crops through the use of fertilisers, pesticides and HYV seeds. It tried to drag agriculture from a subsistence economy to a surplus economy. Production was market oriented and was targeted to feed the requirement of raw materials of the newly established industries. However, this created much regional disparity and a polarisation was seen among the rich farmers and the poor farmers. Many of these poor peasants were degraded to of marginal farmers and landless labourers. This also brought some dissension and protests amongst the farming community which is listed in table no. 3. However, this never created death wave amongst them.

Table 3: Peasant Movements in Independent India

Name of the Movement	Year	Cause
Peasant Movements in Bihar	1978	To secure land rights
Kisan Sabha and Khet Mazdoor Sabha in Uttar Pradesh	1959	Centered around problems of tenants
Telengana Movement in Hyderabad	1946-48	Land Grabbing and redistribution among the tenants
Naxalbari Movement in West Bengal	1967	To secure rights for the marginalized sections of the agricultural community

Indian agriculture took a different direction and dimension and so also the fate of the poor farmers with the introduction of new economic reforms. International organisations like the World Bank, International Monetary Fund and the World Trade Organisation dictated the Indian economic scenario. The policy of shifting from traditional crops to capital intensive crops made the Indian farmers vulnerable to various forms of agrarian distress. Again, as a result of the free trade policies adopted by the WTO, there was a fall in price of the farm produce in the domestic and global market leading to mass dumping of agricultural produce.

However, Chindarkar (2007) [3] argues that globalisation had some positive impact on the agrarian sector. It promoted the increased use of fertilisers, pesticides, irrigation facilities and HYV seeds. This helped in increasing production and raising the share of agriculture in the GDP. It also opened up new agricultural markets for the indigenous agricultural products and increased its export. But, the biggest threat posed by the process of globalisation was increasing debt of the small and marginal farmers which compelled them to commit suicide (Posani, 2009 [4]; Ramachandran and Swaminathan, 2006) [5]. With liberalisation, the domestic seed market was opened to the corporate houses like Monsanto, Cargill and Syn Genta. This unregulated market led to the soaring prices of seeds and fake seeds made an appearance in the market. The farmers invested heavily in these seeds but did not get as expected. Again, the policy of liberalisation and globalisation led to the flooding of markets with cheap imports which led to the fall in the price of the agrarian products. This reduced the real income of the farmers and affected their standard of living badly. They lost their land and livelihood in due course and compelled to commit suicide (Mishra, 2007) [6].

Farmer Suicides in India and Odisha

Farmer suicides account for 11.2% all suicides in India (NCRB, 2012) [7]. The highest number of farmer suicides was recorded in 2004 when 18,241 farmers committed suicide. The farmers' suicide in India ranged between 1.4 to1.8 per 100,000 population, over a 10 year period from 1995 to 2005. In 2012, the National Crime Records Bureau of India reported 13,754 farmer suicides. From 1995 to 2013, a total of 296,438 farmers have killed themselves in India making an average of 16,469 suicides per year. Again, the magnitude is felt more strongly in some states of the country which includes Maharashtra, Andhra Pradesh, Karnataka, Madhya Pradesh and Chhatishgarh. Maharashtra still tops the chart recording the highest number of farmer suicides over the decade.

Odisha came into the grip of farmer suicide in the last few years. 60 percent of the people in Odisha are dependent on agriculture.

Irregularity of monsoon and inavailability of timely irrgation facilities lead to crop loss among the farmers. Occurrence of drought has become a phenomenon in the state. At present, all most all the districts are considered as drought prone. In such situation, the water policy in favour of industries are too creating extreme situation for the farmers. In spite of the large population relying upon agriculture, the growth rate in this sector has been consistently low during the last four decades, hovering around 1 percent per annum. There has been a steady decline in the new investment plan made by the state government for agriculture and rural development since the official liberalization and opening up of markets began in 1991-92.

About 1397 famers committed suicide between 1996-2000. The rate of suicides continues to grow during 2001-2005 where it reached 1599. However, there is a fall in the rate of suicides among the farmers during 2006-2010. The rate almost fell to 1099 and further slides down to 440 since 2011. Even though the rate of suicide of suicide seems to be decreasing, its occurrence in regular intervals in the districts of Bargarh, Sambalpur, Bolangir, Nuapada etc. are quite disturbing and this has posed as a greatest threat and challenge for the state government.

Conclusion

From all the above discussions, it becomes quite evident that though agriculture sustains the maximum number of population of our country and state, it gets the least priority in the developmental planning process. According to the policy planners, real development is hard core industrialisation. This process of industrialisation necessitates the setting up of heavy and key industries and uprooting of rural small scale and cottage industries. This has pushed agriculture for adopting capital intensive technologies and made it more oriented towards the production of cash crops that is required to sustain the industries in the cities and other industrial areas. This results in large scale diversion of farmers and farm lands for the industries. Farming has become more dependent on the expensive inputs that cannot be bought by the small and marginal farmers. Lack of institutional credit has created a debt trap for the farmers that get converted to a death trap in due course because of non-repayment. Thus, we can conclude that mere industrialisation will make the economy lop-sided because industries cannot sustain if agriculture dies out. Agrarian crisis has and will create a dearth of raw material supply for the industries and lead to rising food insecurity in the country. Sustainable economy requires a balanced growth of both the sectors where one complements the other. Industrial growth is not the sole indicator for development if peasants in rural areas are committing suicide due to its ill effects.

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