

Dear Shri Narendra Modi,

We are farmers: women and men, landowner, sharecropper, tenant, forest gatherers and landless cultivators. We are primary producers: we grow crops, we collect forest produce, we rear animals and poultry and we fish. We use our labour to sustain life on this planet; yet we find it hard to sustain our own lives. We are told we are 'annadatas'; yet we cannot feed our families. We are a majority in this democracy; yet our voice is not heard. More than half of us are women; yet we remain invisible. Our Constitution gives us Right to Life; yet we are forced to commit suicide.

Why? What is it that causes this tragedy?

It is not that we are lazy. We work very hard. We keep producing more and more. In the last ten years, we have raised the nation's production of food one and half times. We have done our bit for the nation but why has the nation not done its bit for us?

It is not just the nature. Over the years, nature is more capricious. We suffer more droughts, more floods, more unpredictable climate than ever before. But why should we pay the price for changes in climate? Why don't we get protection against natural calamities like farmers elsewhere do? And, why don't we earn well even in a year when the nature is kind?

And it is not just the market. Everyone else seems to be doing well. Companies, businessmen, and salaried employees – everyone is earning better. Fertilizer, pesticide and seed companies are making big profits. Food industry and big retail are thriving. But a farmers' family earns only Rs. 3,884 per month from farming, less than the minimum wages for unskilled workers! Why do we, who actually produce and feed others, lose out continuously?

After years and years of suffering, waiting and hoping, we realize that it's about state policies, governmental action and political will. Governmental policies are driving the agrarian crisis and farmers' suicides. Instead of helping us in this hour of need, we are still being made to subsidize other sectors of the economy. Successive central and state governments have withdrawn whatever little support we used to get and have left us at the mercy of market forces and vagaries of nature. What you call 'development' is nothing but our systematic loot.

Mr. Prime Minister, we trusted you in 2014. We believed your promises, but you reneged. We thought you would protect our land, but you tried to snatch it. We faced droughts, floods and other calamities, but adequate relief never arrived. We endured crash in crop price without the minimum support. This is when we needed your helping hand, but you cut down spending on agriculture. And we suffered demonetization without any gains. We feel abandoned and betrayed.

Hence this final appeal, this two-point Charter of Demands. We do not ask you for anything except that you make good your own promises. We do not claim more than what everyone else in this country can enjoy. We do not demand what we do not desperately need. And deserve. We, the *annadatas*, wish to start afresh on a clean slate. We wish to contribute to the making of future India.

We are,

Farmers of India

(through the All India Kisan Sangharsh Coordination Committee)

## Our Two-point Charter of Demands

We, the farmers of India have been pushed into an economic, ecological and existential crisis that is not of our making. In the last ten years, we have raised the production of food one and half times (from 365 million tons to 534 million tons, including grains, vegetables and fruits), but during this period, >1.5 lakh farmers have committed suicide. We work harder than before and yet we find ourselves in a debt-trap. We deserve a new deal from our democratically elected governments. We need better governmental policies, effective execution and a political will to back it up.

This would require a whole gamut of new laws, policies, institutions and initiatives. For the time being, we focus on just two points that are essential and urgent to address the crisis that we face today: fair and remunerative prices, and comprehensive freedom from debt. These are not two separate demands: freedom from debt is not possible without regular and assured returns, and remunerative prices will not help if we have accumulated debt. Both these are required immediately and simultaneously if Indian farming and farmer has to have a future.

### A. Fair and remunerative prices

We must get fair and remunerative returns on our hard work. The government must ensure that we realise at least 50% over and above the total cost of production for all crops and other produce as recommended by the National Farmers' Commission and promised by the BJP before the elections. This would require remunerative prices and affordable input costs, to be supplemented by fair livelihood wages for at least 100 days per family per annum as per the MNREG Act.

#### 1. What do we demand?

- 1.1. Correct estimation of Cost of Production as per the recommendations of the Ramesh Chand Committee (March 2015) and with full calculation of labour time for each crop;
- 1.2. Declaration of Minimum Support Price for all crops and farm produce (including vegetables and fruits, minor forest produce, milk, honey, poultry and fish) to be fixed at no less than one and a half times the real Cost of Production (C2) after improvements mentioned at 1.1.
- 1.3. Ensuring that farmers actually receive this fair and remunerative price, through several measures described below, which include making MSP as a statutory right for all farmers.
- 1.4. Reduction in the cost of production for the farmers through appropriate subsidies, input price regulation, production incentives and support for low or zero cost cultivation methods.
- 1.5. Sufficient funds for effective implementation of the government's statutory obligation under MNREGA with wages not below the Minimum Wages and social audit of the implementation.

#### 2. Why is it justified?

We are subjected to an unjust system. Farm produce prices have been deliberately suppressed over the years, through numerous policy measures, while input costs and cost of living have grown exponentially. We are forced to subsidize other sectors of economy while we are pushed into a recurring debt cycle. We are denied fair returns on our labour in multiple ways:

- 2.1. The government underestimates the farmers' Cost of Production by about 25% of actual cost by suppressing the rental value of land, interest on working capital, costs of animal labour and value of family labour etc.
- 2.2. The Minimum Support Price announced by the Government does not cover all crops and farm produce, nor does it provide remunerative margin even on this suppressed cost

estimate. In the current season (Kharif 2017-18), the declared MSP offers either a very small margin of 6% to 9% or is actually less than the official Cost of Production (C2).

- 2.3. Farmers do not get even this depressed MSP announced by the government. In more than 10 major crops, the prices in the markets/mandis are lower than the MSP. The real deficit is much more because many farmers sell at even lower prices to intermediaries or dealers-cum-moneylenders.
- 2.4. The farmers are effectively losing ~Rs. 2 lakh crores every year due to the difference between what they should get and what they get. This is the reverse subsidy from the farmers to the economy.
- 2.5. Cost of inputs (seeds, fertilizers, micronutrients, insecticides, diesel, land rent) for several commercial crops is beyond the reach of small, marginal and tenant farmers/ share-croppers forcing them to take credit on usurious rates. In the interests of the peasantry as well as keeping food prices in check for the entire society, it is important to regulate and lower the prices of all agricultural inputs and promote low-external-input-agriculture, which also results in greater food safety.
- 2.6. The government has regularly defaulted on its minimum legal commitment to provide 100 days of employment under MNREG Act by not providing adequate funds, not revising the wages and not making payments on time.

It is time now to reverse all these unfair practices, not just to save the farmers but to improve purchasing power in rural areas and thus give a boost to the entire economy.

### **3. How to secure fair and remunerative returns?**

- 3.1. Government procurement should be expanded to increase quantities and commodities, to include pulses, oilseeds and millet crops, under the Food Security Act and any other legislations/food schemes.
- 3.2. Agencies such as MARKFED, NAFED, and Civil Supplies departments should be authorized to make timely and effective Market Intervention with sufficient funds provided on an ongoing basis.
- 3.3. Whenever the market prices go below the declared MSP, the difference should be paid to the farmer – through Deficiency Price Payment mechanism.
- 3.4. Legislative changes in APMC Acts to make it a punishable offence to purchase below MSPs in any notified commodity; auction at APMC markets should begin only from MSP upwards.
- 3.5. Support for farmers' collectives by establishing and expanding effective Farmer Producer Organizations (FPOs) comprising a vast majority of small farmers, with collective marketing, storage, processing and infrastructure with infusion of working and other capital.
- 3.6. Export-import policies must ensure that farmers do not get priced out by cheaper subsidized imports from other countries. No international trade agreement should be signed which harms the interests of farmers, and existing agreements should be reviewed.
- 3.7. Input costs to be reduced by subsidies, regulation of prices, and promotion of low-input sustainable methods of agriculture.
- 3.8. The government must provide adequate and timely funds to cover the entire Projected Labour Budget under the MNREGS.

## B. Freedom from Debt

We demand freedom from debt in recognition of the farmers' need for a clean slate, in recognition of the fact that such debt is often the immediate trigger for suicides, and in acknowledgment of the accumulated debt that the nation owes to the farmers. We demand that the government should write-off all outstanding agricultural loans of the farmers from all sources including institutional and non-institutional loans, and take measures to ensure that farmers do not fall back into the debt trap.

### 1. What do we demand?

- 1.1. Immediate waiver of the entire outstanding agricultural loans of all farmers as they stand now, to be implemented in a single installment – ensuring that farmers are eligible for fresh crop loans in the same season. All care to be taken to ensure that this benefits the maximum number of farmers and keeps out non-cultivators.
- 1.2. The waiver to cover all categories of banks – nationalized, cooperative and private – and should be backed by the Central as well as State governments
- 1.3. Debt freedom to be extended to settlement, swapping and waiving of private (non-institutional) agricultural loans of farmers, including sharecroppers, tenants, agricultural labour, adivasi and women farmers.
- 1.4. Loan waiver to include credit to the bank account equal to the amount of crop loan repaid in the previous season, for those farmers who somehow managed to repay.
- 1.5. Freedom from debt to include effective disaster relief, and universal and zero-premium crop insurance to protect farmers from slipping again into debt trap due to crop losses from all possible factors.
- 1.6. Freedom from debt to include transition away from high-input agriculture to low-input sustainable methods, reducing the need for debt.
- 1.7. Institutional credit facilities to be extended within two years to all farmers including marginal farmers, tenant farmers, sharecroppers, women farmers and adivasis; Interest-free loans to be provided to all small farmers up to Rs.1 lakh.
- 1.8. Reform of banking system to ensure that priority sector lending goes to small farmers and their collectives rather than agri-business companies and city-dwellers, and to ensure that the banking system does not get exploitative with penal interest rates.

### 2. Why is it justified?

- 2.1. Indebtedness is the most immediate cause of farmer suicides and farmers' distress. The proportion of indebted families has risen steeply from 25% in 1992 to 52% in 2016 (reaching as high as 89% and 93% in some states); so has the average outstanding amount per household.
- 2.2. An average farmer is in no position to pay back these loans. As many as 68% farmer families have negative income: their basic household expenditure is more than their total income. The rest have such meager savings that they cannot pay back loan for years to come. Any pressure to pay back loans would push them to the brink.
- 2.3. This indebtedness is due to reasons beyond the control of the farmers such as crop failure, price crash, high input costs, drying up of water bodies and impact of natural disasters. When industry and corporate sector fails to repay debt due to 'external' factors, such loans (which come with limited liability to begin with) are routinely written off.
- 2.4. The government must bear responsibility for causing this indebtedness and therefore, for salvaging the situation. The government has deliberately suppressed crop prices for well over

50 years. It has failed to check the high cost of inputs, to provide cheap loans to real cultivators and small/marginal farmers, to protect the farmers from exploitation by private moneylenders, to provide storage and marketing infrastructure, to provide for the best and most sustainable use of resources like water (through restoration of water bodies or shunning the 'big dams model' or inter-basin river water transfers or by re-casting policy priorities for water use in favour of domestic and farming use), to promote agro-ecological farming on a large scale, and to provide affordable public healthcare and education.

- 2.5. The government owes more 'arrears' to the farmers than they owe to the banks. Just the non-implementation of National Farmers' Commission's recommendation on MSP since 2007 has meant that the farmers have been robbed of Rs. twenty lakh crores in the last ten years, more than the total outstanding loan of all farmers to all types of banks.
- 2.6. The government has extended similar waivers and exemptions to various other sectors: Rs. Three lakh crores bailout package to industry in 2009, bank loan restructuring package, recapitalization of banks in 2017, besides annual budgetary exercise of "Revenue Foregone". It has also provided for decent remuneration for others through the OROP package, 7<sup>th</sup> Pay Commission recommendations' implementation etc.
- 2.7. Government policies in the banking sector have actually reduced the share of small/marginal farmers in bank loans and excluded tenant farmers, sharecroppers, women farmers and adivasis, thus forcing them to borrow from moneylenders and input dealers at exorbitant interest rates.
- 2.8. Previous and ongoing government schemes of loan waivers have not succeeded in achieving freedom from debt as these were half-hearted and highly inadequate. They kept most farmers and most of their loan out of the purview of such debt relief, were often not backed by the central government, did not ensure fresh access to credit and were not coupled with measures to ensure regular income.

### **3. How to implement this?**

- 3.1. It should not be an executive order but a parliamentary legislation, placing statutory obligations on the Union of India and Reserve Bank. The fiscal burden of this waiver should be outside the statutory limit of permissible fiscal deficit.
- 3.2. A Farmers Debt Relief Commission should be established under a new statute as an institutional mechanism to implement comprehensive debt relief program including loan waiver, debt settlement, debt swapping and restructuring, on similar lines as Kerala's Farmers' Debt Relief Commission Act, 2006.
- 3.3. Reform of the agricultural credit system to ensure that the 18% priority lending credit flows to the real cultivators including women farmers, small/marginal farmers in villages rather than big agri-businesses and cities, along with an effective system of ensuring adequate bank credit to tenant farmers and sharecroppers.
- 3.4. Existing schemes on disaster relief and crop insurance should be made adequate and effective, with universal coverage and with hassle- and corruption-free processing of claims. A basic minimum coverage with zero premium should be provided to every farmer for every crop to cover every form of risk, as a statutory right.