

Comment

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# There's a crisis brewing in the rural pockets

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Rising restlessness in the Singurs and Nandigram is a worrying sign

The market meltdown is there on everyone's lips. Agitations by rural folk - like the one in Singur and Nandigram in West Bengal - worry market watchers as these could slow down the pace of reforms so urgently needed. And reports in some newspapers - that there is more unemployment in India's cities than ever before - has not been lost on the politicians.

All these point to the inevitable crisis in the villages on one hand and cities on the other. The rural sector is likely to become increasingly restless because (a) people believe that the setting up of factories and SEZ's will uproot them from rural lands; and (b) common rural folk are pained by the erosion of their purchasing power, thanks to a landless labour system that many zamindars have exploited for decades. To top it all, the advent of new technology - television in the 'eighties' and mobile phones in this century - has helped bring into sharp focus the increasing urban-rural divide.

Leftists would like to reduce this gap by taxing the rich even more. But, that could drive capital underground and leave the country poorer. The other way would be to increase the incomes of rural folk. However, this would require rural folk to be weaned away from agriculture, whose share in India's GDP has already shrunk from almost 40% a few decades ago to less than 20% today (see table) even though it continues to employ over 40% of the country's workforce.

Alternatively, new means would have to be found to increase rural incomes. Evidently, unless the rural areas are allowed to earn more, their incomes are bound to diminish further. Ideally, this is a tutorial the government ought to be conveying to all rural folk - that unless their wages increase, they will lose out. But, that wouldn't please the zamindars, many of whom are politicians. It could also be inflation-

ary, as foodgrain prices would most certainly increase. The other way would be to allow more factories - ideally agro-based units - to be located on agricultural lands. But, that could lead to the agitations of the type one has witnessed in many parts of the country in the past one year.

A third way would be to resettle farming communities on non-agricultural land that has been made more fertile with good irrigation systems and fertile soil. Significantly, India hasn't paid heed to the European practice of not letting any factory come up on any soil, unless the topsoil (usually the top one metre of land) which has micronutrients that have evolved over millions of years, is first taken out by the industrialist and deposited on other non-arable lands. This is the tax industrialists must pay for occupying land that suits them. This way, even barren lands can become agricultural lands, and the rural community does not get uprooted entirely.

## Country road

Rural folk have to be weaned away from agriculture whose share in GDP has fallen to less than 20%

New means have to be found to increase rural incomes, such as higher wages

Farming communities can be resettled on non-agricultural land that has been made fertile

If a solution to this crisis is not found, India could see a momentum build up against economic liberalisation. Sadly, this resistance to change will be triggered off (and exploited by self-serving politicians) by the very communities that desperately need the economic benefits that such liberalisation invariably brings to a country India. In fact, the rural agitation could also spill over to the cities, in many more violent ways. But that is something for another article.

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## ■ Dwindling farm fortunes

Sectorwise share of GDP (at 1993-94 prices)

Sector	1980-81	1993-94	2001-02	2003-04	2005-06
Agriculture (rural)	39.71	30.97	24.23	21.71	19.66
Industry (urban)	23.70	26.26	26.67	26.86	26.22
Services (urban)	36.59	42.77	49.3	51.43	54.11

