

Study of Indian Agricultural Crisis and Its Impact of Farmer's Plights: Causes and Consequences

DR. PRAKASH G. PATEL

Assistant Professor of Economics

Shri H.K. Arts College, Ahmedabad, Gujarat, India.

Abstract

Agricultural sector is the main income for the rural people in India. It plays a significant role in their life. In India, small and marginal farmers account for 70%, according to the 2011 census of the Government of India. These small and marginal farmers took credit from banks and private money lenders. The non-repayment of credit led to an agricultural crisis and farmers' suicide. This study focused on the reasons that caused such a disaster. The study rests on a review of the literature which was extracted from journals, reports, and newspapers from 2004 to 2019. The review identified the following reasons for the agricultural crisis and farmer's suicides- poverty, indebtedness, crop failures, distress, lack of awareness on new technologies, inadequate debt, marketing of produce, the high interest of non-institutional credit, and depletion of water levels. The article concluded noting that - the government had to shift its focus from industries to agriculture and shift its agricultural policies from short-term to long-term ones.

Keywords

Agricultural crisis, Distress, Economic conditions, Farmer's suicides

[1] Introduction

According to the 2011 census of the Government of India, seventy percent of the Indian farmers are small and marginal. Livestock farming gives these farmers a secondary income, apart from agriculture. But even this is insufficient to satisfy their daily necessities. Due to this, farmers are forced to borrow money, not only for agriculture purpose but also for day to day consumption. The amount so borrowed, have not been used for the purchase of new technological equipment or for asset building which could have generated incremental income. Moreover, these farmers do not repay the loans on time. Thus, farmers' indebtedness grows. According to the National Crime Records Bureau report of 2015, 38.5% farmers committed suicide due to bankruptcy or indebtedness, 19.5% due to agricultural problems, 11.7% due to family problems, 10.5% due to illness, 2% due to marriage problems and 1.15% due to property disputes. The report further stated that in 2015, 45.2% small farmers and 27.4% marginal farmers committed suicide. In the same year, a total of 12,602 people committed suicide in the agricultural sector in India, out of which 8,007 were farmers and 4,595 of them were agricultural laborers. This data clearly showed that indebtedness (38.5%) was the major cause of farmers' suicide.

The first officially recorded farmer suicide in Maharashtra was that of Sahebrao Karpe on March 19, 1986. Even after 32 years, farmers are committing suicides in large numbers in Maharashtra (Jadhav, 2019). Maharashtra is currently the highest farmers' suicide-prone area in India (National Crime Records Bureau, 2015). There was no significant change in the financial aspects of Indian farmers. Manjunath and Ramappa (2017) conducted an all India survey on farmers' suicides. They found that on the one side traders are cheating the small and the marginal farmers and on the other side financiers have charged excessive loan interest rates due to which farmers were hardly able to repay. Majority of the survey respondents (58%) belonged to the BPL (Below Poverty Line) category. Chandrasekhar and Ghosh (2004) specifically investigated the agricultural crisis in Andhra Pradesh. They found that there was a lack of yield, reduction in bank credit, inadequate marketing facilities, seed supply problems, increased fertilizers cost and the lack of alternative non-agricultural income opportunities. Due to the increased cost of production, small and marginal farmers

were committing suicides in the state of Andhra Pradesh. The first officially recorded farmer suicide in Maharashtra was that of Sahebrao Karpe on March 19, 1986. Even after 32 years, farmers are committing suicides in large numbers in Maharashtra (Jadhav, 2019). Maharashtra is currently the highest farmers' suicide-prone area in India (National Crime Records Bureau, 2015). There was no significant change in the financial aspects of Indian farmers. Manjunath and Ramappa (2017b) conducted an all India survey on farmers' suicides. They found that on the one side traders are cheating the small and the marginal farmers and on the other side financiers have charged excessive loan interest rates due to which farmers were hardly able to repay. Majority of the survey respondents (58%) belonged to the BPL (Below Poverty Line) category. Chandrasekhar and Ghosh (2004) specifically investigated the agricultural crisis in Andhra Pradesh. They found that there was a lack of yield, reduction in bank credit, inadequate marketing facilities, seed supply problems, increased fertilizers cost and the lack of alternative non-agricultural income opportunities. Due to the increased cost of production, small and marginal farmers were committing suicides in the state of Andhra Pradesh. In 2014, the Government of India had promised a minimum support price and 50% profit to the farmers. But this promise was unfulfilled. It was only by 12th September 2018 that the said scheme was launched as 'Pradhan Mantri Annadata Aay Samrakshan Abhiyan' (PM AASHA). But in the 2018 Kharif season, only 25% of the yield was The state government delayed the payment to the farmers by two to three months. Due to this reason, farmers approached the middlemen and sold their produce at a low price (Srinivas, 2019). NDTV (2017) reported that Akil Bharathiya Kisan Mahasabha General Secretary Leader Hannan Mollah said that all of the farmers in India were in distress. Farmers committed suicide since they could not recover the cost incurred. The government was not ensuring instant reliefs for the farmers. All the farmers had united and asked the government to waive bank loans and implement long term policies for avoiding the farmers' suicides. Former Reserve Bank of India Governor Raghuram Rajan said that 'First we need to worry about why people are so distressed and angry. There is a lot of agriculture distress. I personally believe that farm loan waivers are not the answers. But there are other answers' (Press Trust of India, 2019). Unnikrishnan (2019) observed that loan waiver was not a permanent solution for farmer's problems. Moreover, the government had announced to double the farm income by 2022. But, there

was no blueprint on this scheme as to how it would be implemented. Based on these premises, the discussion section of this study was formulated.

[2] Research Methodology

The study was based on a review of the literature. The past literature was taken from the year 2004 to 2019. The study had taken past literature review from the year 2004 because. As per NCRB reports in 2004, 18,241 farmers suicides happened as compared to other years. This was the highest number of suicides in a decade (Nagaraj et al., 2014). The main objective of the study is knowing the causes and solutions to the agrarian crisis especially from the viewpoint of 'farmers' suicide' using past literature. The study would aid future researchers in filling the research gap. The data was extracted from journals, reports, and newspapers. The article was divided into two. The first section discussed the reasons for the agriculture crisis, poverty and farmers' suicides. The later section suggested solutions for avoiding the agriculture crisis, poverty and farmers' suicides.

[3] Discussion

Political parties used agriculture loan waiver as a political strategy. During the time of elections, politicians proclaim 'farmer first' policy for political mileage (Banik, 2018). The past experience of loan waivers by the government under the Agricultural Debt Waiver and Debt Relief Scheme of 2008 show that there was redemption in the household debt. But there was no evidence in the increase of investment and productivity of loan waiver beneficiaries because institutional credit facilities were not available to them. Hence, farmers depended on non-institutional credit (RBI, 2018). Through such credit, farmers become debt trapped and driven to poverty.

Agriculture became a burden for farmers because of poverty. The government had liberalized the economy and thereby the focus shifted from agricultural development to industrial development. Moreover, the government increased agricultural imports, reduced the rural credit, and did not provide the subsidies which led to poverty (Siddiqui, 2015). Press Trust of India (2019) stated that the subsidies given to the farmers were very less as

compared to western countries. In India, only 250 dollars per annum of subsidies were provided to farmers. Saritha (2015) mentioned that state and the central government had failed to provide water management and employment opportunities for the agricultural sector. Agricultural growth and GDP (Gross Domestic Product) were gradually decreasing because of the agricultural crisis. When compared to other sectors, agricultural was not profitable. It means that the purchasing power of the farmers had reduced. The government took short-term measure instead of long-term ones for avoiding the agricultural crisis. Moreover, social schemes like providing midday meals for school children's, rural health insurance and Mahatma Gandhi National Rural Employment Guarantee Scheme would not help in increasing the purchasing power of the farmers (Dhas, 2009).

From the last two decades, cotton farmers' suicides are increasing in Andhra Pradesh and Maharashtra. The reasons are- increasing input and labour cost and on the other hand due to decreasing market demand, yield and price (Kranthi, 2015). In Andhra Pradesh and Maharashtra, BT cotton cultivation was highly expensive and technology-intensive. But these states are under the drought-prone area. In these areas, there were fewer irrigation facilities, low marketing facilities, unprofitable product prices and the absence of proper credit system. Due to these reasons, farmers are committing suicides (Gruere, 2011). According to the Indo-Global, Social Service Society report (2017) farmers who are committing suicide were small, marginal, and tenants (landholding wise). Poverty was identified as the main cause of farmer's suicide. socio-economic conditions of farmers, and the decreasing tendency in farming and overall inadequate support in Odisha. A farmer leader, Sri Lingaraj Pradhan had said in the IGSS report that input cost had increased but the selling price of paddy was low. Moreover, the government failed to purchase paddy from farmers which resulted in farmers' distress. Apart from that, the commercial and co-operative banks were not extending loans. Instead, they had forced the farmers into a debt trap. The Sanhati Collective (2012) looked at some cases of farmer suicides in the cotton farming in Maharashtra and coffee and spice farming in Kerala. They found that the state governments had taken neo-liberal policies. Such policies had decreased the institutional credit, reduced the agricultural public investment, neglected irrigation facilities, commercialized agricultural inputs and increased the non- institutional credit. The

emergence of nuclear families led to lesser emotional support for farmers. It pushed them into distress (Sangalad,2012). Jan Sunwai (2014) reported that 70% of the farmers who cultivated BT (*Bacillus Thuringiensis*) cotton had committed suicides because of crop failure. The agricultural crisis also led to farmer's suicides and this promoted migration from rural to urban areas. Thus, migration led to a fall in realty prices of agricultural lands. Rural poverty and rural inequalities are playing a significant role in increasing farmers' suicides. The poor were becoming poorer and the rich were becoming richer (Banerjee, 2016). From 1995 to 2011, it was found that farmers committed more suicides during the flood and drought periods. The government had spent less public expenditure on floods and drought control (Parida et al., 2018). RGICS Policy Watch (2017) pointed out that policymakers had not given preference to the agricultural sector. The causes of farmers' suicides are social, medical, and economic issues. The government had to take some sustainable and desirable growth measures for avoiding the farmer's suicides. The policymakers were avoiding the agriculture sector. In the policy-making committee, farmers are absent. Without farmers, it gives only partial success (Raman, 2017). Vinaya et al., (2016) asserted that in 2015, farmers had committed suicides in Karnataka due to the low prices of agricultural produces and the absence of adequate debt in a timely manner. There are other factors apart from indebtedness which caused farmers' suicides such as diminishing overall agricultural growth, very low productivity and loss of income. In Yavatmal district of Maharashtra, the main reason for suicides was indebtedness. These farmers had borrowed Rs.70 lakh, out of which 40.79% of the money was borrowed from the private lenders and the rest through institutional credit. 96.2% of the borrowed money was utilized for the agricultural purpose. Even if the amount borrowed was utilized for the right reason, repeated crop failure and lack of water facilities pushed the farmers into a debt trap (Talule, 2013). Chindarkar (2007) stated that the agricultural crisis was the micro-level cause for small and marginal farmer's suicides. The comparative analysis brought different causes behind the male and female farmers' suicides. Especially in Andhra Pradesh, female farmers died due to increasing distress and family problems. But the male farmers died because of the financial crisis. Further, psychological and emotional causes led to farmer's distress. Singh and Tripathi (2016) analyzed and found that there was a link between the low yield of crops and bankruptcy. Revealing the causes of farmers' suicides, Thatai (2015) stated that there was no

way to come out from debt because poverty had deeply affected the families of small and marginal farmers. These farmers had no money to educate their children. 'They saw no future for their children, except to be born into debt and die in greater debt.' It is a depressing scenario for Punjab farmers. They went into mental stress when they were unable to take care of their family and themselves. They felt guilty and committed suicide. Physical, mental illness and economic difficulties are the reasons for farmer's suicides (Vijayakumar,2010). Crop failure and income collapse were the root cause of farmers ' suicides. Apart from that, poor awareness of new technologies, lack of awareness about innovative methods of cultivation and lack of insurance knowledge were the reasons (Manjunath and Ramappa, 2017a). Jeromi (2007) analyzed that trade liberalization, deficit rainfall, low production, and decreasing prices were the reasons for indebtedness and suicides. The farmers who committed suicide had less than one hectare.

They borrowed from banks, friends, and relatives. These farmers had poor repayment capacity. This was the reason for suicides. Sadashiv (2015) pointed out that in the last 15 years, agriculturalists' suicides continued to grow because the government had ignored the farming sector and allied activities. It also failed to take effective measures against globalization, political reasons, illiteracy, inadequate health facilities during the period of 2006-2007. Based on caste wise suicides it was found that the majority of them were from Other Backward Classes. The reasons for suicides in Andhra Pradesh were due to heavy borrowing for bore well, increased bank credit, private borrowing with high-interest rates and increased cultivation cost, which yielded low returns. Tenant farmers cultivated non-food crops. These crops depended on groundwater. When groundwater depleted, they resorted to suicide (Galab et al., 2009). Citing the roots of farmer's suicides Kumar (2005) said that farmers' suicide due to economic, ecological and sociological reasons in rural Andhra Pradesh. The economic reasons were because farmers brought bogus seeds, pesticides, and fertilizers at a high cost. It led to low yield and decreased income. Institutional credit was impossible for farmers when the yield was low. This forced the small and marginal farmers to opt for non-institutional creditors and private money lenders for credit. The ecological reasons for the fluctuation of agricultural yield are floods, short rainfall, and drought. Increasing desertification is a cause for dropping groundwater

altitudes and creation of hydrological disasters. The sociological reasons were because Indian society was divided into many communities and sub-castes. The small and marginal farmers who belong to low caste community are not supported socially, economically and psychologically. Bouton (2018) stated that the green revolution had decreased farm income and instead increased environment distress.

According to IFPRI's 2018 Global Food Policy Report predicted that India's agricultural growth will reduce because of climate changes. The study focused on the agricultural crisis and farmers' suicides. Most of the farmer's suicide was due to the distress, crop failure, indebtedness, poverty, lack of institutional credit, poor irrigation, lack of awareness on new technologies, a high-interest rate of non-institutional agencies and lack of government policies. The review shed light on the fact that there was a lack of research done specifically on the plight of tenant farmers' suicides in India. Previous studies had also focused on the time period when suicide may occur. They also noted that reasons for suicide changed as per the gender of the farming community. Caste also played a role in the case of farmers' suicide. Thus, one can say that demographic factors played a major role with regard to farmers' suicide. The government was providing subsidies, short-term bank loans, and crop insurance benefits to the farmers. In India, many state governments had waived farmer's bank debt but even then, farmers were committing suicides. Such sort of short-term government measures was not enough to stop the farmer's suicides and agricultural crisis. Therefore, the government should provide irrigation facilities, minimum support price for their products and increase the long-term institutional credit.

[4] Solutions

The corporate and NGOs (Non- Governmental Organisations) had adopted the drought-affected villages to help them to rehabilitate. Debt waiver was not a solution for avoiding suicides. The government had to take proactive measures for avoiding farmers' suicides (Sangalad and Huddar, 2011). suggestions on overcoming the crisis. In addition, they must help farmers in avoiding commission agents, traders, and middlemen. Thereby, the government can change its policy from 'corporate first to farmers first' (Rao, 2015). Surbhi et al., (2017) analyzed the farmers' suicides and recommended some suggestion to the

government such as cropped diversification, improved marketing facilities, proper irrigation facilities, assurance of sale of agricultural produces and price stability. Anneshi (2018) stated that the farmers' suicides could be avoided by taking short term measures like organic farming, avoiding the private institutional credit, and organizing farmers into Self -Help Groups (SHGs). The government had to focus on long term measures for controlling of farmers' suicides. They could provide irrigation facilities, cold storages, weather forecast information, and crop insurance (Thakur, 2018). Parvathamma (2016) stated that the adoption of new technologies would reduce pests and diseases from agricultural lands. The national commission had conducted a survey on farmers in 2004 constituted under the chairmanship of Professor M.S. Swami Nathan. The National Commission on Farmers (NCF) prepared four different reports. The final report was submitted in the year 2006. The report suggested for elder support through social security and health insurance in rural areas. It also suggested to ensure availability of quality seeds and other inputs on time and at right place, introduction of low-risk and low-cost technologies which can provide maximum income to farmers, to protect the farmers from price fluctuations by using price stabilisation fund and to promote public awareness campaigns on suicides in villages (Swaminathan Committee on Farmers, 2006). These were the solutions that were suggested for mitigating farmers' suicides and agricultural crisis.

[5] Conclusion

The study focused on the agricultural crisis and farmers' suicides. Most of the farmer's suicide was due to the distress, crop failure, indebtedness, poverty, lack of institutional credit, poor irrigation, lack of awareness on new technologies, a high-interest rate of non-institutional agencies and lack of government policies. The review shed light on the fact that there was a lack of research done specifically on the plight of tenant farmers' suicides in India. Previous studies had also focused on the time period when suicide may occur. They also noted that reasons for suicide changed as per the gender of the farming community. Caste also played a role in the case of farmers' suicide. Thus, one can say that demographic factors played a major role with regard to farmers' suicide.

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