

Agrarian Crisis, Farmers' Suicides and Rural Livelihood Security in India



Economics

KEYWORDS :

S. RAVIKUMAR

ICSSR-Doctoral Fellow, Research Scholar (UGC-NET), DEPARTMENT OF ECONOMICS, OSMANIA UNIVERSITY, HYDERABAD-500007

INTRODUCTION:

India is an agrarian country with around 60% of its people depending directly or indirectly upon agriculture. Agriculture is the India's culture since time immemorial. Even today, Agriculture is a way of life and the principle source of livelihood for more than 52% of its population (Economic Survey 2009-10). Hence agriculture plays a key role in the overall economic and social well being of the country. The sector is still plagued by several challenges related to widespread rural poverty, natural resource degradation and attaining competitiveness in the increasingly globalized economy. The secondary and tertiary sectors in India are growing at rapid rates, still a vast majority of Indians continue to depend on agriculture for their livelihood. Neglect of agriculture in plan resource allocation has led to a decline of public investment in irrigation and other related infrastructure. Supply of credit from formal sources to the agriculture sector is inadequate leading to greater reliance on informal sources at higher interest burden. Low level of income it would be difficult to meet day to day consumption requirement. . Rapid increase indebtedness is at the root of farmers taking their lives. Debt is a reflection of negative economy. Constant financial pressure related to the form crisis and ongoing drought and flood which add to the high costs and unreliable output make for a debt trap and a suicide economy in the globalization. Delay rainfall, subsequent crop failure and unfriendly government policies have forced farmers to kill themselves. Poor agricultural income and absence of non-farm avenues of income is indicative of the larger malaise in the rural economy of India.

Significant reporting on suicides among farmers in India began in the 1990s In the 1990s India woke up to a spate of farmers suicides. One of the major reporters of these suicides was the Rural Affairs Editor of *The Hindu*, P.Sainath. Overuse of chemical fertilizers caused the soil to become infertile, crop failure can lead to low returns in the agriculture and lack of non-form opportunities take place the socio-economic inequalities, loss of livelihood for poor sections and absence of alternate livelihood opportunities. The first state where suicides were reported was Maharashtra. Soon newspapers began to report similar occurrences from Andhra Pradesh. In the beginning it was believed that most of the suicides were happening among the cotton growers. the weather related uncertainties, the farmer is also faced with market, spurious inputs, technology and credit related vulnerabilities among others. Production or yield loss is an important risk. Weather, pests and disease of plants, spurious quality of inputs could be the possible reasons. The risk is real because even today crop loss can adversely affect the consumption requirements of many farmer households. Price shocks are also matter of concern. The conventional argument was that such incidents happened during a good year and the increase in production should compensate the farmer. An implicit assumption in this is that prices are based on local supply and demand. All this resulted in loss of livelihood for a large section of farmers. What added to the crisis was the almost total absence of alternate livelihood opportunities that they could have fallen back on in a time of crisis like this.

OBJECTIVES:

1. To study the reasons behind the continuing farmer suicides and livelihood issues.

2. To study the root causes of agrarian crisis and their impact.
3. To understand the social aspects of agrarian crisis in the area.
4. To suggest suitable policy changes and programmes to tide over the crisis;
5. To study how improvements in agriculture might help to achieve greater food security

METHODOLOGY:

Research Design –On the basis of fundamental Objectives of research our study is a type of Descriptive Research :-Descriptive research also known as statistical research, Method of data collection –Secondary Data:-Large amount of secondary data is available in the forms of articles, manuals and previously conducted researchers on the similar topic. Also the data the gathered will help in identifying key parameters to examine through further exploration and thus will help in defining the Objectives.

Causes and Consequences of agrarian crisis:

Stagnation in agricultural production

The average annual growth rate of food grains production in the last 12 years (from 1994-95 to 2006-07) works out to a meager 1.49 per cent. The growth rate of non-food grains works out to 1.46 per cent per annum in this period. There is no need to stress the implication of the fact that this is lesser than the growth rate of the population. Interestingly, this entire period is, by strange coincidence, supposed to be the greatest and unprecedented boom period for the overall economy and the total GDP of the country.

According to the *Economic Survey* 2001-02, the average annual growth rate of crop production in the 1990s was a meager 1.73% only. If we take the primary sector as a whole, the average annual growth rate of primary sector between 1991-92 and 2001-02 was just 2.7%. And if we look at agricultural production alone, the *Economic Survey* 2003-04 puts it at an annual average of 0.58% between 1992-93 and 2002-03. Even after excluding the extreme distress year of 2002-03, which witnessed an unprecedented negative growth of -15.6%, the average growth rate for the ten years from 1992-93 to 2001-02 works out to 2.2%.

These low agricultural growth rates still conceal the more severe crisis on the food grain crops front as certain non-food crops like horticulture and oilseeds have shown a relatively higher growth rate. If the overall agricultural growth could not register an average of 2 per cent growth in recent years, food grains production recorded barely half a per cent growth per annum in the last six years. In absolute terms, compared to 1999-2000 when the total food grains production in the country was 209.8 million tonnes, by 2006-07 the food grains production could be increased barely by about 6 million tonnes in as many years as the figure stood at 216.13 million tonnes in 2006-07. Food self-sufficiency, leave alone food security, is already under threat.

Another manifestation of the crisis, as well as a factor contributing to it, is the petering out of the rural non-farm success story by the late 1990s. Compared to around 1% annual growth rate in agricultural employment, the rural non-farm employment was growing at the rate of 4.3% per annum in the 1980s and it fell to just 2% during 1998-2000. Several studies have established the

mutual inter-dependence between the farm and the non-farm growth, one acting as a stimulant for the other. And now both are reinforcing each other's stagnation. Many studies have confirmed that the decline in rural non-farm activities by the end of 1990s was mainly due to a sharp decline in public investment over the years.

Growing Indebtedness and the Resurgence of Usury

Heavy indebtedness has been the immediate reason for most suicides by farmers. The NSSO survey on farmers' indebtedness conducted in 2002-2003 but published in 2005 July had the following findings: the shares of indebted farmers in some states are – Andhra Pradesh (82 per cent), Tamil Nadu (74.5 per cent), Punjab (65.4 per cent), Kerala (64.4 per cent), Karnataka (61.6 per cent), Maharashtra (54.8 per cent, but very high in Vidarbha and north Maharashtra), Haryana (53 per cent), Rajasthan (53 per cent), Gujarat (53 per cent), Madhya Pradesh (53 per cent) and West Bengal (53 per cent) and the share of indebted farmers' households is low only in states like Uttar Pradesh, Bihar, Orissa, MP, Chhattisgarh, Jharkhand etc., where incidentally agriculture is very backward and incidence of suicides among farmers is also low.

According to a recent report of the National Sample Survey Organization (NSSO), each Punjab farmer has a debt of Rs.41,576, against the national average of Rs.12,505. If the total debt is more than the gross annual earnings from agriculture and if the average debt per farmer is Rs. 41,576, that means already many small and marginal farmers must have irretrievably fallen into the debt trap. Their interest commitment per year would work out to more than their earnings/profits from agriculture. As it is, many of them have been forced out of farming, losing their land and a good number even resorting to the extreme step. Punjab is a clear example to show that under conditions of the present Indian agrarian crisis, high indebtedness is also associated with high-income but high-risk, high-investment and high-cost farming which precisely is being advocated as the solution for the crisis. Institutional credit hardly accounts for 40 per cent of the total agricultural credit and farmers depend on private moneylenders who charge exorbitant rates of interest – up to 60 per cent and even more. Whatever institutional credit is available is cornered mostly by big farmers. Several case studies have shown that bulk of the institutional credit goes to farmers owning more than 10 acres.

Declining Public Investment in Agriculture

Rural expenditure has fallen to less than six per cent of GDP during the last five years, a fall of around 30,000 crores of rupees annually. In absolute terms, public investment in agriculture have been stagnating or falling over years, and stand at around Rs.20,000 crore today. The Gross Capital Formation in agriculture is shockingly low. The share of agriculture in total gross capital formation (GCF) had progressively come down from 15.4 per cent in 1980-81 to about 8 per cent by the end of the Ninth Plan (2001-02), and that as a percentage of GDP it has declined from 3.5 in 1980-81 to 1.3 in 2001-02.

Presently, bulk of the capital formation comes from farmers. According to the *Economic Survey 2002-03* [p.172], during 1993-94 to 1995-96, the share of public sector had already declined to 32.3% in Gross Capital Formation (GCF) in Agriculture and it further declined to 26.6% during 1996-97 to 1998-99 and to 24.8% during 1999-2000 to 2001-02.

But the decline in public sector investment and capital formation has not been made good by the limited increase in private investment and capital formation. All India Debt and Investment Surveys (AIDIS) reveal a decline in the gross capital formation of rural households from 9.6 per cent in 1962 to 6.5 per cent in 1982, and further to 3.7 per cent in 1992. These

surveys show a decline in the number of cultivator households reporting investment in farm business from 19.3 per cent in 1972 to 11.89 per cent in 1991-92, suggesting a vicious circle of low income, low investment and low output.

Growing Indebtedness and Farmers' Suicides

A direct outcome of the squeeze in farm incomes and dwindling employment opportunities has been a phenomenal rise in the level of indebtedness within the peasantry. The NSS 59th round Survey on Indebtedness of Farmer Households conducted in 2003 reported that 48.6% of farmer households were indebted. A similar survey in 1991 found only 26% of farmer households to be indebted. The incidence indebtedness was the highest in Andhra Pradesh where four out of five surveyed farmers were in debt followed by Tamilnadu with nearly three-fourths of farm households reporting indebtedness. In Punjab, Kerala and Karnataka, the proportion was nearly two-thirds and in Maharashtra, Haryana, Rajasthan, Gujarat, Madhya Pradesh and West Bengal more than half of the farmers surveyed were in debt. The Survey further showed that moneylenders had emerged as the most significant source of credit for the indebted farmers, with 29% of farmers sourcing their credit from them. 12% of the farmers sourced their credit from trade of inputs and output. Only 56% of the farmers had taken loans from institutional sources like banks, cooperatives or the Government.

The continuing trend of farmers' suicides, currently being witnessed in the Vidharbha region of Maharashtra, is a sign of extreme despair and hopelessness of the peasantry plagued by repeated crop failures, inability to meet the rising cost of cultivation and rising indebtedness. According to unofficial figures, the number of suicides by peasants has gone up to more than 2 lakhs across the country since the mid- 1990s. The proximate cause of such suicides is the inability to cope with the burden of debt, which peasants are unable to repay. In most cases, the debts are contracted to private moneylenders, as the massive decline in agricultural credit from banks and cooperatives has reduced access especially of small cultivators to institutional credit. Further, large numbers of farmers have no access at all to formal credit and are forced to rely entirely on private lenders.

Group of States	State	General Suicide Rate (per 100,000 population) GSR	Farmers' Suicide Rate (per 100,000 farmers) FSR	Ratio of FSR to GSR	
Group I States (States with very high General Suicide Rates)	Kerala	30.1	142.9	4.7	
	Tamil Nadu	18.1	19.3	1.1	
	Puducherry	54.3	834.9	15.4	
	West Bengal	17.1	22.0	1.3	
	Tripura	26.7	13.1	0.5	
	Group I States		20.1	28.8	1.4
Group II States (States with High General Suicide Rates and large numbers of Farmers' Suicides)	Karnataka	22.5	36.4	1.6	
	Maharashtra	15.1	29.9	2.0	
	Goa	19.0	35.7	1.9	
	M.P. (Including Chhattisgarh)	13.4	18.4	1.4	
	Andhra Pradesh	13.8	19.2	1.4	
	Group II States		15.6	25.8	1.7
Group III States (States with moderate general and farm suicide rates)	Assam	9.9	4.5	0.5	
	Gujarat	9.5	10.2	1.1	
	Haryana	9.5	4.8	0.5	
	Orissa	11.0	6.0	0.5	
	Group III States		10.0	6.9	0.7
	Group IV States (States with low general and farm suicide rates)	Bihar (Including Jharkhand)	0.8	0.7	0.9
Himachal)		5.1	1.1	0.2	
J & K		1.5	0.9	0.6	
Punjab		2.7	2.2	0.8	
Rajasthan		5.7	3.8	0.7	
U.P. (including Uttaranchal)		2.2	3.0	1.4	
Group IV States			2.3	2.6	1.1
All India		10.6	12.9	1.2	

Source: Table formulated by Dr. K. Nagaraj; MIDS drawing from various issues of the NCRB publication *Accidental Deaths and Suicides in India* (Ministry of Home Affairs, Government of India) and the Census of 2001.

From above table farmers suicide rate is higher than general suicide rate. National Crime Records Bureau (NCRB) data confirm an appalling 1.5 lakh farm suicides between 1997 and 2005, the figure is probably much higher. Worse, the farmers' suicide

rate (FSR) — number of suicides per 100,000 farmers — is also likely to be much higher than the disturbing 12.9 thrown up in the 2001 Census.

In the five years from 1997 to 2001, there were 78,737 farm suicides recorded in the country. On average, around 15,747 each year. But in just the next four years 2002-05, there were 70,507. Or a yearly average of 17,627 farm suicides. That is a rise of nearly 1,900 in the yearly averages of the two periods. Simply put, farm suicides have shot up after 2001 with the agrarian crisis biting deeper.

One manifestation of this has been the increasing incidence of farmers' suicides. The suicide mortality rate (SMR, suicide death for 100,000 persons) for male farmers in India increased from 12.3 in 1996 to 19.2 in 2004 and then reduced to 18.2 in 2005 whereas SMR for male non-farmers increased from 11.9 in 1996 to a peak of 14.2 in 2000 and thereafter declined to 13.4 in 2005 (Figure 2). During 2001-05, there were 86,922 farmers' suicides, of which, 86 per cent were males. In the five years from 1997 to 2001, there were 78,737 farm suicides recorded in the country. On average, around 15,747 each year. But in just the next four years 2002-05, there were 70,507. Or a yearly average of 17,627 farm suicides. That is a rise of nearly 1,900 in the yearly averages of the two periods. Simply put, farm suicides have shot up after 2001 with the agrarian crisis biting deeper.

Suicides by farmers went up 27 per cent during the 1997-2005 period. But non-farm suicides went up by 18 per cent. Indeed, the general suicide rate declined after 2001 — from 10.6 in 2001 to 10.3 in 2005. Which means the increase in general suicides has not kept pace with the increase in the general population. So by all accounts, while the number of farm suicides kept increasing, the number of farmers has fallen since 2001, with countless thousands abandoning agriculture in distress. Which would mean that farm suicides are mounting even as the farm population slowly declines.

Andhra Pradesh is one of the five states in the country that has been witnessing a large number of farm suicides for the past one decade. The state along with Maharashtra, Karnataka, Madhya Pradesh and Chhattisgarh contribute to 66 per cent of the total farm suicides in India. The National Crime Records Bureau (NCRB) estimates 2,525 farmers committed suicide in Andhra Pradesh in 2010. increasing costs of cultivation of all crops; non-remunerative prices (both in the markets and in government procurement system); unsustainable cropping patterns and production practices; dependence of mono-cropping of cotton and other commercial crops in rain-fed areas; lack of support systems for farmers such as institutional credit; lack of recognition of tenant farmers; and no provision for access to credit, insurance and crop compensation in rain-fed farms which constitute more than 60 per cent of the crop area. The suicide economy of industrialized, globalised agriculture is suicidal at 3 levels - it is suicidal for farmers, it is suicidal for the poor who are derived food, and it is suicidal at the level of the human species as we destroy the natural capital of seed, biodiversity, soil and water on which our biological survival depends.

Dwindling Opportunities of Livelihood

While growth in agriculture, which employs bulk of the workforce, has experienced a deceleration, the growth in the services and industrial sectors have been 'jobless'. Far from absorbing

surplus labour from agriculture, this pattern of growth has accentuated the dualism that has always existed in India. Inequalities and disparities have widened between social classes, urban and rural areas as well as different regions of the country.

The share of agriculture and allied activities to GDP had fallen from around 28% in 1993-94 to 20.8% in 2004-05 according to the Annual Reports of the RBI. In this backdrop of a declining share of agriculture in GDP, however, the proportion of the workforce employed in agriculture continues to remain very high. The NSS 61st Round on Employment and Unemployment Situation in India, 2004-05 estimates the proportion of the workforce employed in agriculture and allied activities to be around 58.5%. This was around 62% in 1993-94. This implies that economic growth experienced over a decade, has not translated into real per capita income growth for the bulk of the workforce employed in agriculture. This pattern of growth is clearly skewed against the rural population.

Aggregate employment growth in the rural areas had fallen from 2.03% during 1987- 88 to 1993-94 to 0.66% during 1993-94 to 1999-00.3 The 61st Round of NSS shows some increase in the rural employment growth rate to 1.97% during 1999-00 to 2004-05. However, this increase has been accompanied by a decline in the labour force participation rate (LFPR) among the youth (15-29 age-group) and an increase in the LFPR among older age groups. Moreover, there has also been a sharp decline in wage employment and a concomitant increase in the share of self-employment. While agricultural self-employment growth was 2.89% during 1999-00 to 2004-05, agricultural wage employment experienced a negative growth rate of 3.89%.

Conclusion:

The agricultural crisis is affecting a majority of the people in India. The farmers who produce food materials for the country are in deep distress. The marginalized people like the Dalits and tribals, who depend on agriculture, are getting unemployed and struggling for their livelihood. The ordinary people, especially the poor, have lost their food security. The crisis in agriculture is a crisis of the country as a whole and so needs urgent attention.

long term strategies requires more stable income from agriculture, technological development provide innovative product that reduce costs while increasing returns. Small farmers should be encouraged to develop alternative sources of income and the government should take up the responsibility of providing training to the farmers to acquire new skills. In drought affected areas, the Government could start alternative employment generation programmes to reduce the dependency on agriculture as the sole source of income. Through the alternatives, timely available of finance with subsidiary rate of interest, increase their productions, high returns from their production. Welfare services should be provided by government and to develop self confidence among farmers.

The state governments should identify all farmers who have suffered crop failure in the past three years and provide them proper compensation, ensuring that tenant farmers are included. Government should assess crop failure immediately and disburse compensation without any delay so that farmers are reassured that they will not get into further debt. This would prevent thousands of more suicide deaths.

REFERENCE

- 1). Ahlawat, S.R. 2003. "Sociology of Agrarian Crises: Peasant Suicide and Emerging Challenges". *Man and Development* , Volume XXV (3). pp. 97-110. | | 2). Ahluwalia, M.S (1996), "New economic policy and agriculture: some reflections", | *Indian Journal of Agricultural Economics*, vol. 51, No. 3, pp. 412-426. | | 3). Banaji, Jairus. 1996. "The Farmers' Movement: A Critique of Conservative Rural Coalitions". *Journal of Peasant Studies* , Volume 21, (3 and 4). pp. 228-245. | | 4). Bardhan P. K. and Ashok Rudra (1978) 'Interlinkage of Land, Labour and Credit Relations: An Analysis of Survey Data in East India' *Economic and Political Weekly*. Volume XIII (Number 6 and 7) Annual Number. pp. 367-84. | | 5). Chand Ramesh(2001), "Emerging Trends and Issues in Public and Private Investments in Indian Agriculture: a State wise Analysis", *Indian Journal of Agricultural Economics*, 56 (2), 161-184. | | 6). Deshpande, R.S. and Prabhu, Nagesh (2005), "Farmers' Distress: Proof Beyond Question", | *Economic and Political Weekly*, Vol. XL, No. 44-45, October 29, pp. 4663-65. | | 7). "Farm suicides worse after 2001 — study". *The Hindu*. Nov 13, 2007. | | 8). GOK. 2002. *Farmers' Suicide in Karnataka -A Scientific Study*. Bangalore: Government of Karnataka. | | 9). Gough, Kathleen (1980), "Modes of Production in South India", *Economic and Political Weekly* , February, pp. 337-45. | | 10). Gyanmudra (2005), "Farmers' Suicide: Dynamics and Strategies for Prevention", Paper presented in the National Seminar on Farmers' Suicide: Dynamics and Strategies for Prevention organized by National Institute of Rural Development, November 28-29, Hyderabad. | | 11). K.P.M. Sundaram, *Indian Economy -2007-08*, Himalaya Publication, New Delhi. | | 12). Misra, S.K and Puri, V.K (2011), *Indian Economy*, Himalaya Publishing House, New Delhi, Pg.No.225-256. | | 13). Srijit Mishra(2007), "Risks, Farmers' Suicides and Agrarian Crisis in India: Is There A Way Out?", *Indira Gandhi Institute of Development Research*, Mumbai. | | 14). Shiva, Vandana. "Why Are Indian Farmers Committing Suicide and How Can We Stop This Tragedy?". *Voltaire Network*. Retrieved 14 April 2013. | | 15). Utsa Patnaik (2003), "Agrarian Crisis and Distress in Rural India", *Macro Scan An Alternative Economic Web Centre*. |