

Suicide of Farmers in Maharashtra –Causes & Remedies

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Abstract

For last few years every other day we read the news of farmers committing suicides. The number of farmers who have committed suicides since 1997 has crossed 1 lakhs. In this context the actual problems being faced are to be understood and analysed. Innovative remedies have to be thought of which are to be implemented with sincerity by the Government and the implementing agencies, alongwith putting in place ways to rehabilitate the affected farmers. An attempt has been made in this article to address the issue of farmers plight leading to suicide and measures to address the issue have been suggested.

Several studies have been conducted by the Government and social science organizations to analyse the agrarian crisis and farmers suicides. Based on my experience as District Development Manager (DDM) in District Betul of Madhya Pradesh, which incidentally is adjacent to, identified distress districts in Maharashtra. I have tried to summarise causes of suicides and suggested remedies in the paper.

Central and State Government have announced the relief packages to the suicide affected families in Maharashtra. NABARD is the implementing agency of the package provided by Central Government. In the budget of 2008-09 Honourable Finance Minister has also announced massive write off to the tune of Rs.60000 crore of the outstanding loan of small & marginal farmers and OTS for other farmers.

1. Introduction

Agriculture provides the principal means of livelihood for over 60% of India's population. Despite a steady decline in its share to the gross Domestic Product (GDP) agriculture remains the largest economic sector in the country. Low and volatile growth rates under the sector and the recent escalation of an agrarian crisis in several parts of the country pose a threat not only to national food security but also to the economic well being of the nation as a whole.

In 1947 the share of Agriculture in total GDP was 50%. Gradually it declined and has now come down to about 20%. Still however 60% population depend on agriculture for the survival. In 1988-89 i.e. prior to introduction of Financial Sector Reforms, growth rate in Agriculture in India was 15.4%, which has come down to 9.4%(2006-07). Due to rapid

growth of rural population and division of families the farmland has undergone rapid fragmentation. Presently 80% of the farmland holding are with the small and marginal farmers owning land up to 5 acres. For these category of farmers cost of production by way of farm inputs has increased manifold over the years while the productivity of the land remained at the same level and sale price of farm produce has not commensurately increased. These factors have driven farmers to the debt trap and have caused distress leading to suicide. My experience in the field has shown that smaller the landholding higher is the cost of production. The distressed economy of small scale crop cultivation is further accentuated by lack of knowledge, scientific application of crop management, diversification practices, inappropriate system such as non availability of quality input material in time, inadequate irrigation facility, non-remunerative prices, dominance of middlemen in Agricultural Marketing Structure. It is encouraging to see that our country is one of the fastest growing economies in the world. Reform process in most of the economic sectors is in place. There is healthy competition in almost all the sectors leading to cost reduction. GOI has planned to achieve 10% growth by 2012, but all this cannot be achieved unless the targetted growth is ensured for Agriculture sector.

2. Studies on agrarian crisis

Case study on farmer's suicides by Prof. K.Nagraj (Madras Institute of Development Studies)

According to the Report of Prof. K. Nagraj of Madras Institute of Dev. Studies, the General Suicide Rate (GSR) (overall suicides per 1 lakh population) in the country between the period 1997 to 2005 was 10.6, where as the Farmers Suicide Rate (FSR) was 12.9 and the Ratio of FSR to GSR was 1: 1.2. In Maharashtra the position was alarming with GSR at 15.1 and FSR at 29.9.

According to Prof. Nagraj Annual Compound Growth Rate (ACGR) for all suicides at 2.18% is lower than the Population Growth Rate. The data reveals that the worst position of the farmers in Maharashtra is in Vidarbha region. The Study also shows the alacrity of the problem, so much so that on an average one farmer took his/her life every 53 minutes between 1997 and 2005. State wise position of suicides in other States in critical group was Andhra Pradesh-16770, Karnataka-20093 & Madhya Pradesh (including Chattisgarh) – 23588.

(ii) Study of Agricultural Indebtedness by Expert Group – Prof. Radhakrishna

According to the study Agricultural indebtedness is not the main cause of farmers suicides but stagnation in agriculture, marketing risks, collapse of extension system, growing institutional vacuum and lack of livelihood opportunities are the primary causes. According to the Report the decline in returns from agriculture has resulted in inability of farmers to repay debt and this has triggered Farmers suicide. Important measures suggested by the study group to address the issue includes following:

- Design and delivery system of credit should be strengthened.
- Rescheduling of loans and waiving of interest up to two years where farmers are affected by natural calamities in rain fed areas.
- Creation of `Moneylenders Debt Redemption Fund`.
- Timely and hassle free delivery of credit by reducing transaction costs.
- Increase in deployment of Rural Infrastructure Development Fund. (RIDF)
- Government should make efforts to facilitate the Formation of Federation of SHGs of small and marginal farmers.
- Allocation for expenditure on health of distress farmers and their family members. Health Insurance Scheme `for the benefit of farmer`s livelihood.
- Better monitoring and implementation of the existing package of relief.

The committee also recommended that the Banks should introduce the positive repayment culture by rewarding prompt repayments.

(iii) Tata Institute of Social Science (TISS) Report- (submitted in March 2005 study on sample of 36 (5%) of 644 suicide cases)

As per the direction of Mumbai High Court on a Public Interest Litigation, Tata Institute of Social Science (TISS) conducted a study on an agrarian crisis and the report was submitted in the year 2005. The salient features of the report are as under:

- Suicides occurred among large landholders & down to the landless
- Cycles of debt and destitution led to suicide of the head of the family. The survivors were reduced to landlessness due to debt. Among those committed included medium and large landowners who were also affected by a high level of un-payable debt.

- Farmers did not have access to extension machinery of the government in giving sound information on how to deal with pests and declining productivity of land.
- Farmers are dependent on agents of fertiliser and pesticide companies for advice on seeds and crop care. The information base of the farmers is, thus, limited to the data provided by the agents and their products. A false perception of prosperity is being created in the minds of the cultivators that prompt them to take serious risks in terms of fertiliser-based cropping pattern.
- Minimum Support Price has not been available to all farmers, particularly the small and marginal farmers.

Causes common across categories were:

- ✓ Repeated crop failure,
- ✓ Inability to meet the rising cost of production (farmers have been spending more on fertilisers even while crop performance has been showing a declining trend), and
- ✓ Indebtedness due to a host of reasons ranging from a daughter's marriage to digging a well which eventually bore no water,
- ✓ These causes arose out of a larger picture of globalisation & the resultant neglect of agricultural community in India

Short-term suggestions/ Recommendations for immediate relief and rehabilitations:

- Immediate (adequate) compensation given on a priority basis to families of victims;
- Ex-gratia payment of Rs.2.5 lakh for families to meet loan repayments and live with some level of dignity;
- Comprehensive insurance safety net;
- Revamping of extension services in lines with e-choupals; and ,
- Dissemination of information such as agricultural prices and methods of low-cost organic farming.

Long-term recommendations :

- Fundamental policy changes to factor in the fluctuating production cost in the Minimum Support Price mechanism;
- To integrate surface and groundwater irrigation schemes and integrate the line departments in order that the schemes are implemented efficiently;

- Policy changes to focus on farmers rather than seed and fertilizer corporations; and
- Set up of a commission with statutory powers that takes decisions on issues such as genetic modification technology and its impact on Indian agriculture, agriculture pricing policy and cropping pattern.

Indira Gandhi Institute of Development Research (IGIDR) Report on Suicide of Farmers in Maharashtra (Jan 2006):

For the study, interview of 116 suicide case households spread across 109 villages was conducted covering mainly Wardha, Washim and Yavatmal.

Major findings of the study are indicated in the following paragraph :

Farmers in the selected districts were exposed to both yield as well as price shocks for their cotton crops. In 2004, the selected districts experienced acute water problems due to deficit rainfall. However, there was record production in the state and rest of the country. Increased supply of cotton in 2004 was worldwide leading to a fall in its prices. Price risk in cotton got further compounded due to large subsidy provided in USA, low import tariff of only 5% in India and failure of Monopoly Cotton Procurement Scheme (MCPS) in providing a fair price to farmers in Maharashtra. In the absence of government extension service, farmers were advised by input traders leading to an increase in input costs through supplier-induced-demand. Share of input costs for seed, pesticide and fertilizer in cotton is higher than that for their crops. 90% of the total insecticide/pesticide usage in the five major crop groups in Maharashtra was in cotton.

- Cotton's share of gross value addition in Maharashtra 's agriculture is much lower than its share of gross area under cultivation. Estimated cost of cotton cultivation in 2004-05 would at best break-even with the price under Monopoly Cotton Procurement Scheme.
- Expenditure under public intervention programmes like the Maharashtra Employment Guarantee Scheme (MEGS) is not commensurate to the regions share of poor.

- Suicide/ mortality rate among male farmers in Maharashtra trebled from 17 in 1995 to 53 in 2004. This is much more intensive in the selected districts of Vidarbha region.
- Farmers' suicides was neutral to education and social groups.
- The most important reason was found to be heavy indebtedness to both institutional and non-institutional sources. Reliance on the non-institutional sources has been increasing in the recent past.
- Agricultural credit as a proportion of total credit disbursed by the CBs has been declining.
- Credit lines of co-operative societies are choked.
- Data on credit flow through PACS indicate that loan per hectare gross cropped area is the lowest in the Vidarbha region.
- Breakdown of formal credit structures has led to increased reliance on informal private sources of credit with greater interest burden.
- Interest charged by private moneylenders was around Rs.25 or Rs.50 for a loan of Rs.100 that is to be repaid in 4-6 months time.

3. Major Factors contributing to suicides in Maharashtra

There is an old saying in Marathi "इथे शेतकरी कर्जातच जन्मतो आणि कर्जातच मरण पावतो" which means "Farmer takes the birth in debt and die in the same condition". This was the position of farmers before independence and it still continue after 60 years of independence. If we analyse the suicides by farmers in Maharashtra it is revealed that it is higher in Vidarbha region of the State where farmers preferred cultivation of "white gold" i.e. cotton - a risky venture that suffered due to non-availability of quality seeds coupled with the farmers or incapacity to buy costly Bt. cotton seeds. They could also not get remunerative price for their produce.

According to Dr. M.S. Swaminathan, although 60% people in India depend on agriculture and Agriculture Sector contributes 25% of National Income over the period investment and production in agriculture has declined. In developed world the percentage of dependence of population on agriculture is much less e.g. in USA it is only 2% and income from agriculture is just 4%.

There are related issues of quality for export and competition in global market.

The answer to the question as to why the farmers are committing suicides? lies in a combination of factors such as crop failure, shifting to more profitable but risky (in terms of output, quality and prices) cash crops like cotton/ sugarcane/ soyabean, exorbitant rate of interest and other terms and conditions of loans availed from money lenders, lack of non farm opportunities, unwillingness to adopt to scientific practices, non availability of timely credit from formal channel, absence of proper climate/ incentive for timely repayment of bank loan, etc. At some places even though water is available but can't be exploited fully due to insufficient power supply. Huge expenditure on children's education and sudden demand of money for health considerations and marriage, etc. in the family are also major contributors for stress in farming community. Inconsistency of rainfall during monsoon, absence of support mechanism for marketing of agriculture produce also contributed to uncertainty and financial risk of the farmers.

To commit suicide is not normal but generally occurred for farmers due to fear of pressure of moneylenders e.g. if they fail to repay the loan their land will be forcibly taken away. Their economic condition in many cases changes to such an extent that the farmers are unable to face the society. In this situation of loneliness and in absence of any institutional or social mechanism to fall back upon, farmers were forced to commit suicide. For farmers to come out of the stressful situation a system to address the various issues discussed in the earlier paragraphs have to be evolved through an institutional mechanism with necessary arrangement for review and follow up. A rehabilitation programme which addresses repayment of overdue interest, supply of quality inputs for next crop, insurance against natural calamity, opportunity of supplementary income through non farm activities, provision of forward linkage such as marketing and storage, extension services, etc. has to be devised and implemented.

4. Rehabilitation Package

For rehabilitation of distress farmers and their family members Central as well as State Government has announced the special packages in the State of Maharashtra.

i) Package of Central Government

Prime Minister visited the Vidarbha region in July 2006 and announced a package of Rs.3750 crores to the families of the farmers in Maharashtra. Under the package, an

additional credit of Rs.1275 was earmarked for disbursement in the identified region. Entire interest on overdue loan was waived and principal rescheduled for 3 to 5 years.

The other important components of the package are as under:

PM's Package – goal & means

- Establishment of sustainable and viable farming, livelihood support system through :
 - a. Complete credit cover through institutional credit sources
 - b. Debt relief by restructuring overdue loans and interest waiver
 - c. Assured irrigation facilities
 - d. Effective watershed management
 - e. Seed replacement program
 - f. Subsidiary income opportunities through horticulture, livestock, dairying, fisheries, etc.
 - g. Better extension and farming support services and improved marketing facilities
- **Components & targets**
 - a. Ex-gratia assistance from PMNRF – Rs. 50 lakh per district
 - b. Debt relief to farmers – Re-scheduling of OD loan as on June 30, 2006
 - c. Fresh credit to farmers.
 - d. Interest waiver – Entire OD interest as on July 1, 2006, to be shared equally by Center and State
 - e. Assured irrigation facilities –
Completion of all major, medium and minor irrigation projects sanctioned under AIBP and RIDF in 3 years time.
- Seed replacement program –
- 50% subsidy for quality seed over 3 years (entitlement 1 ha / farmer)
- Watershed Development –
 - a. construction of check dams – 500 per district per year for 3 years
 - b. area treatment under watershed development - 15000 ha per district per year for 3 years
 - c. construction of rain water harvesting structures by SC/ST/SF/MF beneficiaries

with 50% bank loan and 50% back ended subsidy - 1000 beneficiaries per district per year for 3 years

- Horticulture Development –
 - a. All districts to be covered under National Horticulture Mission
 - b. Launching of a Technology Mission on Citrus
- Micro Irrigation – All districts to be covered under Scheme of Micro Irrigation for propagation of Drip and Sprinkler Irrigation
- Extension Services – All districts to be covered under ATMA (Agriculture Technology Management Agencies) to ensure extension support and convergence at district level

ii) **Package of the State Government**

Government of Maharashtra announced the special package of Rs.1075 crores for the affected families as under :-

- Immediate relief to the family members of the farmers who committed suicide (Rs. 1 lakh to each family)
- Rescheduling of the outstanding crop loan and subsidy on interest to the indebted farmers (Rs.225 crores).
- Ban on illegal private lending and legalizing of licensed moneylenders.
- Limiting the interest payable to the original principal amount.
- Disbursing crop loan through Farmers Self Help Groups.
- Enhanced subsidy on crop insurance premium (Rs. 30 crores).
- Financial assistance (for land development) to acquire farm equipment, inputs like seeds/ pest control measures & bio-fertilisers (Rs.150 crores)
- Promotion of agro based subsidiary livelihood options (Loans to farmers for Dairy, Goatery and Poultry) (Rs.30 crores).
- Promotion of agro-processing industries through cooperative system (Govt. share 1:5)
- Promotion of Joint cotton farming.

- Financial assistance for mass community marriages (Rs.6 crores)
- Repayment of amount of Capital Operation Fund (Rs.370 crores)
- Financial assistance to cotton growers (Rs.134 crores)
- Organic Farming Technology Mission (Rs.30 crores)
- Vidarbha Watershed Mission (Rs.100 crores)
- Establishment of Helpline for farmers

iii) Loan waiver proposed in Budget 2008-09

Highlights

- All agricultural loans disbursed by scheduled commercial banks, regional rural banks and cooperative credit institutions up to March 31, 2007 and overdue as on December 31, 2007 will be written off in respect of small and marginal farmers.
- In respect of other farmers, there will be a one time settlement (OTS) scheme for all loans that were overdue on December 31, 2007 and which remained unpaid until February 29,2008. Under the OTS, a rebate of 25 percent will be given against payment of the balance of 75 per cent.
- Agricultural loans were restructured and rescheduled by banks in 2004 and 2006 through special packages. These rescheduled loans, and other loans rescheduled in the normal course as per RBI guidelines, will also be eligible either for a waiver or an OTS on the same pattern.
- The implementation of the debt waiver and debt relief scheme will be completed by June 30, 2008. Upon being granted debt waiver or signing an agreement for debt relief under the OTS, the farmer would be entitled to fresh agricultural loans from the banks in accordance with normal rules.
- Government estimates that about three crore small and marginal farmers and about one crore other farmers will benefit from the scheme. The total value of overdue loans being waived is estimated at Rs.50,000 crore and the OTS relief on the overdue loans is estimated at Rs.10,000 crore.
- It is proposed to create a fund of Rs.5,000/- crore in NABARD to enhance its refinance operations to short term cooperative credit institutions.

5. Conclusion

For upliftment of the farmers there is need for a joint initiative by State Government, Central Government and Financial Institutions. There is need of,

- i) Timely and adequate support by way of credit to farmers with focusing small and marginal farmers to have them modern equipment for improved agricultural productivity.
- ii) To issue Kisan Credit Cards to all the eligible farmers to have them access to get ST, MT and LT loan from all the banks.
- iii) To form the SHGs of Tenant farmers/ share croppers & agricultural workers and give them micro-credit through banks.
- iv) Encourage the farmers to adopt allied activities like dairy, fishery, poultry etc. with farming activities.
- v) Diversification/crop rotation in agricultural production in changed scenario.
- vi) Adoption of upgraded technology inputs alongwith provision of infrastructure inputs like power at subsidized cost, supply of inputs like seeds, fertilizers, tractors and credit provision through all nationalized banks.
- vii) Adoption of Non-Farm activities with allied agricultural activities.
- viii) Arrangements of marketing /forward linkages /contract farming to sell their produce at remunerative prices.

If these facilities are given to farmers they may achieve self-sufficiency in agricultural production. There is need for major review of agricultural policy to meet the changing needs of both producers and consumers.

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