© INNOVATIVE RESEARCH THOUGHTS | REFEREED | PEER REVIEWED
ISSN : 2458 – 308X | Volume : 03 , Issue : 02 | April - June 2017

Risks, Farmers' Suicides and Agrarian Crisis in India: An Evolution

Vipin Kumar Bagria, Research Scholar, Department of EAFM,
University of Rajasthan, jaipur

Abstract: Poor returns to cultivation and absence of non-farm opportunities are indicative of the larger socio-economic malaise in rural India. This is accentuated by the multiple risks that the farmer faces – yield, price, input, technology and credit among others. The increasing incidence of farmers' suicides is symptomatic of a larger crisis, which is much more widespread. Risk mitigation strategies should go beyond credit. Long term strategies requires more stable income from agriculture, and more importantly, from non-farm sources. Private credit and input markets need to be regulated. A challenge for the technological and financial gurus is to provide innovative products that reduce costs while increasing returns. The institutional vacuum of organizing farmers needs to be addressed through a federation of self-help groups (SHGs) or alternative structures.

Key words: Credit burden, Crop loss/yield uncertainty, Market vulnerabilities, Returns to cultivation, Suicide Mortality Rate.

Introduction: A popular peasant saying that "abundance of water destroys life; paucity of water destroys life" signifies agriculture's link with monsoon. The vagaries of nature have been associated with ups and downs in cultivation. In addition, disease and pests can also affect crops. When the produce is good, a glut in the market can through low prices lead to poor returns from cultivation. Increasing cost can also adversely affect returns. Spurious inputs could also leave the farmer in a quandary. The increasing dependence on inputs from the market has also brought about greater demand for credit, which adds another important dimension to the difficulties. There are multiple risks in agriculture – income, yield, price, input, technology and credit among others.

In recent years, one observes an increasing incidence of farmers' suicides. Suicide being a multifaceted and complex phenomenon, the risks are identified either in the neurobiological or socio-economic domain. The former are predisposing in nature and are internal to the individual whereas the latter are the precipitating ones and are external to the individual. A relatively higher suicide among a particular sub-group is indicative of a larger socioeconomic malaise.

Poor Returns to Cultivation: On an average, returns to cultivation per farmer household is Rs.11,259/- in 2002-03 To account for the drought in the said year even if one increases the returns by one-third then also it would be less than Rs.15,000/-, which given a family size of 5.5 turns out to be less than eight rupees per capita per day. This means that other sources of income would become necessary if the farmer household has to stay above the poverty line. About 60 per cent and 10 per cent of farmer households obtain some returns from farm animals and nonfarm business respectively and per farmer household monthly returns from these are Rs.85/- and Rs.236/- respectively. In addition, farmer households will also get income from wages and salaries. As expected, returns per household increases with land size. Average family size also increases with land size indicating that the increase in per capita returns would not be as large. Across caste groups, scheduled castes (SCs, who generally own the marginal lands) have the least returns and above them are scheduled tribes (STs) and from both these groups, the other backward classes (OBCs) fare better, but the returns for all these three groups is lower than the total average. Almost two-fifths of the farmers indicated that they do not like farming as a profession. This group, on an average, fares worse than those who like farming as a profession.

Farmers' Suicides: Poor agricultural income and absence of non-farm avenues of income is indicative of the larger malaise in the rural economy of India. 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 During 2001-05, there were 86,922 farmers' suicides, of which, 86 per cent were males. Across major states, the states where SMR for male farmers is higher that of the national average of 17.5 and SMR for male non-farmers in that state are Kerala, Maharashtra, Chhattishgarh, Karnataka, Tamil Nadu and Andhra Pradesh .

Among smaller states/union territories the incidences are high in Pondicherry, Dadra & Nagar Haveli, Delhi, Goa and Sikkim.

Public policy and media attention have already highlighted the farmers' suicides in parts of Kerala, Maharashtra, Karnataka and Andhra Pradesh. In selected districts of these states, the central government and the respective state governments have announced measures to deal with distress. What is intriguing is that the relatively higher incidence of farmers' suicides in Chhattishgarh and Tamil Nadu seems to have gone unnoticed. Chattishgarh scenario is worrying because cultivators form nearly 45 per cent of its workers, as per 2001 census. Tamil Nadu situation is serious because some recent studies based on verbal autopsies point out that suicides as per police records are underestimates (Gajalakshmi and Peto 2007; Joseph et al 2003). Further probing is required in these states. Studies in the other four states have identified multiple risk factors that co-exist and reinforce each other.

The most common thing was indebtedness (96 out of 111 cases, 87 per cent). From all those indebted, 44 per cent were harassed for repayment of loan and in 33 per cent of cases the creditor insisted on immediate repayment. Next in importance is fall in economic position (74 per cent). Indebtedness per se need not lead to economic downfall, but when repayment is difficult and the household may resort to sale of assets. Similarly, a fall in economic position can also lead greater reliance on credit, and thereby increasing the debt burden. Not discussing one's problem with others (55 per cent) leads to closing an avenue for letting out ones pent up feelings and frustration.

Issues in Agrarian Crisis: In addition to the weather related uncertainties, the farmer is also faced with market, spurious inputs, technology and credit related vulnerabilities among others. Some of these are summarized. 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. Integration with the global market has led to greater price volatility.

The farmers are price-takers in the product as well as in the input markets. Such a situation could lead to increase in input costs and decrease in output prices, and hence, decline in profitability and returns from cultivation. As indicated earlier, returns from cultivation per farmer household in 2002-03, as per SAS, was Rs.11,259/- only and the paid out expenses was more than two-fifths of the total value of output. With such low levels of income, it would be difficult to meet day-to-day consumption requirements. The farmer cannot use his own resources for carrying out next year's cultivation or be in a position to use saved resources to tide over any crisis. Saving from these for bad years is impossible. What is more, normal social obligations such as education, marriage and healthcare expenses on account of family members turn out to be burdensome.

Aspects of Risk Management: To address yield risk, crop insurance is considered to be an answer. In India, a major public sector initiative from Rabi 1999-2000 is the National Agricultural Insurance Scheme (NAIS), which is currently implemented by the Agricultural Insurance Company of India Limited (AICIL). Food grains and some other major crops are covered under this. From the gross area under major crops, about 17 per cent would be under crop insurance as of 2005-06. The assessments are based on homogenous area aggregated at taluka or higher levels rather than individual approach. The reason given for this is the high covariate risk for agriculture and the difficulty to operate with large number of individuals. Further, shortfall from a threshold level is based on crop cutting experiment that could be an overestimate if the selection of plots would be biased to those with standing crops. The threshold level is defined on a moving average of the recent three-to-five years and this could be low if the productivity has been declining. Indemnity levels could be as low as 60 per cent if there have been wide fluctuations in the yield of the region in the last ten years. This means the regions that have a greater need, the rained regions, would have lesser chance of being compensated. At times, a farmer is not aware that he is insured because the premiums are directly deducted from his crop loans. Other matters of concern are charges of uniform premium across all states, delay in claim settlement, high premium rates (eight per cent for cotton and 10 per cent for banana in

Andhra Pradesh) and collusion between implementing agencies and farmers in wrongful claims. For 13 seasons (from Rabi 1999-2000 to Rabi 2005-06), the premium collected was Rs.2,333 crore and the total claim was Rs.7,507 crore. For the entire period, the overall claim-premium ratio was 3.22. Across the 13 seasons, it varied from a minimum of 1.42 during Rabi 1999-2000 to a maximum of 7.66 during Rabi 2003-04. Moreover, there are significant disparities in insurance coverage across states and across crops. Up to Kharif 2005, state-wise analysis indicate that Gujarat alone accounts for 26 per cent and the three states of Andhra Pradesh, Karnataka and Maharashtra account for another 41 per cent of the total claims. Analysis of crop-wise claims till Rabi 2002-03 by Sinha (2003) indicates that groundnut accounted for 36 per cent of claims whereas crops such as maize and jowar accounted for less than two per cent of claims each.

Concluding Remarks: The policy implication from the above-discussion calls for an emphasis on the larger crisis; that of low returns and declining profitability from agriculture and that of poor non-farm opportunities. Risk management in agriculture should address yield, price, credit, income or weather related uncertainties among others. Improving water availability will facilitate diversification of cropping pattern, but this should go hand in hand with policies that increase non-farm employment. Improving agricultural extension that addresses deskilling because of technological changes and also facilitates appropriate technical know-how for alternative forms of cultivation such as organic farming will be of help. Availability of affordable credit requires revitalisation of the rural credit market. There is also a strong case for regulating private credit and input markets. A challenge for the technological and financial gurus is to provide innovative products that reduce costs while increasing returns. Organising farmers through a federation of self-help groups (SHGs) with government, banks and other stakeholders playing a pro-active role would be welcome. Besides, public institutions, there is need for a greater involvement from the civil society.

References:

- Gajalakshmi, V. and R. Peto (2007) Suicide rates in rural Tamil Nadu, South India: Verbal autopsy of 39 000 deaths in 1997–98, International Journal of Epidemiology, Vol. 36, No.1, pp. 203-207.
- Government of India (2007) Report of the Expert Group on Agricultural Indebtedness, Ministry of Finance (Chairperson: R. Radhakrishna).
- Jodha, N. (1978) Effectiveness of Farmers' Adjustment to Risk, Economic and Political Weekly, Vol. 13, No. 25, pp. A38-A48.
- Joseph, A, S. Abraham, J. Muliyil, K. George, J. Prasad, S. Minz, V. J. Abraham and K. S. Jacob (2003) Evaluation of Suicide Rates in Rural India, British Medical Journal, Vol. 326, pp.1121-1122.
- Manuamoron, O. P. (2007) Scaling up Microinsurance: The Case of Weather Insurance for Smallholders in India, Agriculture and Rural Development Discussion Paper 36, The World Bank.
- Mishra, S. (2006a) Suicide of Farmers in Maharashtra, Indira Gandhi Institute of Development Research, Mumbai.
- Mishra, S. (2006b) Farmers' Suicides in Maharashtra, Economic and Political Weekly, Vol. 41, No. 16, pp. 1538-1545.