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FARMER SUICIDES:
TRANSITIONAL COSTS FOR INDIAN SOCIETY , AS A RESULT OF POLICY
CHANGES OF 1990.

- Nitin chowdary Pavuluri

Abstract

Today the country is growing at a double digit GDP. But the same time there are thousands of farmers who are committing suicides every single year. This is at such a rate that, a popular newspaper in south India (Eenadu – Telugu daily) maintains a count of how many farmers commit suicide every day. Ironically this column exists along with the Sensex rate. This is sad state of affairs which is existing in the country . I feel that, for every farmer who commits suicide, the country is falling one step down.

This paper aims at looking into the various causes for these suicides and the structural change which has taken place during the 1990 that has created such a sad state of affairs . And the deaths of every such farmer are the transitional cost which the country is paying.

Introduction-

A peculiar feature of Indian farmers is that they are the price-takers both from the input and from the output market side. Because of this reason, the farmers are pushed to such a state that, the input costs & the cost of credit are so high, while the output prices are very low, as result there is a decline in profitability and returns from cultivation. As a known fact, agriculture in India is referred to as “gamble of the monsoon”, which means it’s too much dependent on nature i.e the irrigation facilities are under developed.

Broadly the problems in Indian agriculture can be scaled down to the following:

- 1) An excessive dependence of a large section of the population on agriculture i.e nearly two thirds of the population¹
- 2) Consistent decline in the size-class of holding and an increasing preponderance of marginal holdings along with poor returns from cultivation indicates that income for farm households is very low.
- 3) Green revolution had a greater focus on rice and wheat under irrigated condition bypassing crops and regions under rainfed or dry land conditions There has been a failure to capitalize on the vast network of institutes to provide and regulate new technology (including the usage of biotechnology), and a virtual absence of extension service.

¹ Agriculture census., government of India , ([Http://Agcensus.Nic.In/](http://Agcensus.Nic.In/))

- 4) The neglect of agriculture in plan resource allocation has led to a decline of public investments in irrigation and other related infrastructure.
- 5) Supply of credit from formal sources to the agricultural sector is inadequate leading to greater reliance on informal sources at higher interest burden.
- 6) Changing technology and market conditions are exposing the farmer to the uncertainties of the product as well as factor markets.²

In short the risks involved in Indian agriculture are income, yield, price, input, technology and credit³.

These factors push the farmers into various economic, social, political, individual and environmental crises which are forcing the farmers to commit suicides. This number has recently been skyrocketing post 1990, i.e. the period when the economy has been opened for the global markets. This has been majority in the Big five states of Karnataka, Andhra Pradesh and Maharashtra Madhya Pradesh & Chhattisgarh.

There has been a huge transactional step taken up by the state, which is the opening up of domestic markets for the global competition. And further in the paper we would see the cost the society and the economy is paying as result of the transactional step towards globalisation. Especially for a country which is not ready to cope up with the global markets.

Effects of Liberalization on Farmers' Life.

Suicides of farmers which are complex and manifold, are caused by various reasons which can be traced back to economic and policy changes during 1990's

Indebtedness of farmers is one of the main issues driving them to commit suicide. Problem starts off with availability of timely credit. Banking sector is not ready to provide credit /loan to Agriculture for avoiding risk. With the Breakdown of formal credit structures will make the farmers to increased reliance on informal sectors.. Agriculture always has demanded for the last minute credit, and last minute credit comes at higher rates because of the classic demand theory the more the demand higher the price. The banks play no role in this , as it is not possible to get credit from banks informal sources of credit come only with greater interest burden .leading the farmers to a vicious circle of private debt . Farmers want credit for buying seeds, pesticides and other major inputs .huge amounts of credit is also taken by them for installing tube wells. Well we can see credit is needed by them in every aspect they work in. there is a further lack of credit availability for small farmers. Whatever available is of very high interest? This has been reported

²Srijit Mishra, "Risks, Farmers' Suicides And Agrarian Crisis In India: Is There A Way Out?", Keynote Paper For The Theme "Risk Management In Agriculture/Rural Sector" For Presentation At The 67th Annual Conference Of The Indian Society Of Agricultural Economics (Isae) To Be Held Under The Auspices Of Bankers Institute Of Rural Development, Luck Now During The First Week Of November 2007.

³Id At 2

in the New York Times that “access to formal credit has narrowed, the power of moneylenders, who charge at least 24 percent annual interest, has grown”⁴

From 1991 to 2001, the indebtedness of farmers has grown by two times. (26% of farm households in 1991 to 48.6% in 2001). In Andhra Pradesh, 82% of farm households are indebted which is highest in the country.⁵ A majority of the cotton farmers who died in Andhra Pradesh alone have left behind a family of five and an unpaid debt averaging Rs 60,000 to Rs 80,000⁶. This shows how bad the situation is in the country. Indebtedness necessarily leads to economic downfall, but when repayment is difficult and the household may resort to sale of assets (mainly involves life stock) .

K .Vasavi⁷ , recoding of a case finding in Hassan district of Karnataka, of middle-aged agriculturist, who in an effort to give up his caste occupation of toddy tapping had taken to agriculture. The declining water table and the drought in 2003 had laid his fields barren and the amounts he had borrowed to sink a well on his land had grown in compound rates. Unable to bear the periodic visits of his creditors to his village and home and their taunts and demands, he hung himself on a tree in his land .⁸ This has been the position of many other such farmers in India. Depressingly on average, there has been one farmer suicide every 30 minutes since 2002.⁹

The agriculture in the United States is highly subsidized, in India the scene is the other way around, most of the subsidies have been cut down¹⁰ and also Agriculture credit became a low priority, with some committees suggesting withdrawal of credit support to farmers. Credit for housing and buying a car is available at 9 to 11 per cent rate of interest while the crop loans to farmers fetch a hefty interest of 17 per cent.¹¹ This brings us to our end point on lack of government support. In India the government started a process of economic liberalization in 1991, which aimed at a more free-market oriented economic model. Anti-globalizers like Sainath blame economic liberalization for the agrarian crisis in India. This could be seen mainly in the cotton market where the import duties have been lifted at the cost of the domestic markets.

⁴ Debts And Drought Drive India's Farmers To Despair , World , The New York Times .Published: June 06, 2004 (Also Available At (<http://www.nytimes.com/2004/06/06/World/Debts-And-Drought-Drive-India-S-Farmers-To-Despair>))

⁵ P. Sainath, ‘Farmers Suicides and Way Forward’, Rytu Swarajya Vedhika and Tv9 on 8th January, 2011 at Jubilee Hall, Hyderabad.

⁶ Devinder Sharma , Farmer's Suicides, Saturday, January 24, 2004, <http://www.zcommunications.org/Farmers-Suicides-By-Devinder-Sharma> (Visited 13th May , 2012 At 5 Pm)

⁷ A.R. Vasavi, National Institute of Advanced Studies, IISc Campus Bangalore.

⁸ A.R. Vasavi, Suicides and the Making of India's Agrarian Distress , paper for the seminar- ‘Agrarian Distress and Farmers’ Suicides in India’ organized by the Governance and Policy Spaces Project (GAPS) of the Centre for Economic and Social Studies, Hyderabad and held at Acharya Nagarjuna University, Guntur, Andhra Pradesh (24 to 26th February 2005) .

⁹ P. Sainath, 17,060 Farm Suicides In One Year , ,Front Page, The Hindu , Thursday, Jan 31, 2008

¹⁰ K. Nagaraj , “Farmers’ Suicides In India: Magnitudes, Trends And Spatial Patterns “ ,Madras Institute Of Development Studies ,March 2008

¹¹ Id At 6

Cheap cotton is being dumped in the markets and reducing the price for the domestically produced cotton.

In Kerala, Wayanad produces a very high quality of pepper which fetched Rs. 270 a kg. A few years prior to 2005. But the price of this pepper plummeted to Rs. 60 a kg by 2005. Vanilla crashed from Rs. 4000 to Rs. 130 a kg. Cardamom price also dropped by around 75% over the same period.¹² The entire district has lost around rs.10000 cores in five years in total. Out of all spices, pepper economy has been really big. It is estimated that for pepper and coffee together, the loss in revenue due to the price crash has been about rs.6000 cores. Imports from SAARC countries are allowed at zero present duty. Consequently low grade Sri Lankan pepper has swamped the market. Imported pepper is mixed with the high grade Wayanad pepper and sold in the Indian market. The inflow of low-priced pepper has brought down the market price of pepper from Rs. 27,000 a quintal to Rs. 5000 a quintal in 2004.¹³ The massive drop in price has had an enormous adverse effect on the revenue earned by farmers. This has pushed up their debt levels. Deep in debt, farmers try to cut losses by curtailing production, which thrusts them, deeper into penury. Taking one's own life in such times appeared too many as the best choice available to escape harassment from banks and moneylenders again leading to the problem of credit.

Lack of irrigation facilities is another major cause for the suicides. As said earlier in the paper, the agriculture is call as the gamble of monsoons. There is clearly a lack of proper Irrigational facilities. Whenever there is a failure of monsoons, there is failure of crop. This is the scenario in most parts of the country. This is mainly because there is no concentration on micro irrigational projects which are more effective. Lack of irrigational facilities would lead to failure of crops. Crop loss can also happen due to excessive untimely rain, say, during the time of harvest. Further Crop failure can lead to economic downfall and make it difficult to repay existing loans.

Crop failures occur mainly due to lack of water, over utilization of pesticides & insecticides. Soil fertility is dying because of extensive use of fertilizers and pesticides; this is a major crisis for decreasing yields in Punjab.¹⁴ This mainly is because there is lack of proper education to the farming community, as the existing society dint need such a kind of technical know-how. Farmer has regularly lost crops to drought, dry wells and pests in the past seven years. The farmers has stopped farming cotton, because of pests, this drove hundreds of farmers to suicide in Warangal, another of the state's districts.¹⁵ The cash crops in the region of Andhra & Maharashtra are largely cultivated under poor agronomic conditions, with low levels of irrigation. This type of diversity,

¹²The Sanhati Collective , “ Farmer Suicides In India: A Policy-Induced Disaster Of Epic Proportions” , January 15, 2012 ([Http://Sanhati.Com/Excerpted/4504/](http://Sanhati.Com/Excerpted/4504/) , Visited On 13th May , 2012 At ,7pm)

¹³ Id

¹⁴ Id At 5

¹⁵ Id At 4

dictated by backwardness and adversity, hardly makes for any stability; if anything, it adds to instability and vulnerability¹⁶

All the above factors add on to an increase in the costs of cultivation. With the advent of Multinational Companies (MNC's), which also brought the high yield variety seeds (HYV), into the Indian seed market there has been a huge leap in the prices of the seeds and fertile. As noted by Mr. Srinath¹⁷, in 1991, local seeds in Vidarbha costed around 90Rs. / Kg. and hybrid costs around 300Rs. /Kg. Bt. Seeds in 2005 costs more than 4,000Rs. The cost of cultivation has grown disastrously¹⁸. If you look at Vidarbha region(highest suicides amongst cotton farmers), inputs for one acre of unirrigated cotton farm costs around 3,000 to 4,000 Rs in the year 2003-2004 and the cost for an irrigated farmer was 8,000 Rs. Currently, input cost for unirrigated land is around 15,000 to 18,000Rs. And irrigated costs around 40,000Rs. The official data given by Institute of Cotton Research and other advisory boards, says that per hectare yield in 2010 is around 483 kg (Bt. Cotton) the Normal hybrid yield is 463 kg (without BT). The input cost has risen by 500% but the production has increased only by 20 kg.¹⁹ This shows how much the costs have risen. And this an unnecessary cost which the society is paying a result of the liberalization.

High cost of credit should not be omitted; the cost of borrowing from both informal & formal institutions also is high, as a reason cost of cultivation is also going up. As mentioned earlier, by a substantial cut in the subsidized in the fertilizers and other inputs, the cost of cultivation again has gone up over the past 2. Lack of information regarding the usage of pesticides and fertilisers also increases the cost of cultivation as in view for more harvest the farmers use fertilisers unnecessarily. This is nothing but a national waste and also an environmental degradation, and Environmental pollution. By Exploitation of natural resources (water, forest) the flora and the fauna of the local area is also getting disturbed. Best example for this is vanishing of certain species of insects which help for the pollination of seeds.

With the change from the traditional ways of farming to capital-intensive and modern ways the of farming the society and the environment are not being able to cope up with the changes. Monocultures, which is planting the same kind of crop year after year, degrades the quality of the soil which increase the risk of crop failure, as diverse seeds adapted to diverse to eco-system are replaced by the rushed introduction of uniformity and often untested seeds into the market.

¹⁶ K. Nagaraj, "Farmers' Suicides in India: Magnitudes, Trends and Spatial Patterns", Madras Institute of Development Studies, March 2008.

¹⁷ Id At5

¹⁸ In 1991, one could buy a Kilogram of Local Seed for As Little As Rs.7 or Rs.9 in Today's Worst Affected Region of Vidarbha. By 2003, One Would Pay Rs.350 — (\$7) — For A Bag with 450 Grams of Hybrid Seed. By 2004, Monsanto's Partners in India Were Marketing A Bag of 450 Grams of Bt Cotton Seed For Between Rs.1,650 And Rs.1,800 (\$33 To \$36). Source By P. Sainath, Neo-Liberal Terrorism In India: The Largest Wave Of Suicides In History, (<http://Agrariancrisis.in/2009/02/13/Neo-Liberal-Terrorism-In-India-The-Largest-Wave-Of-Suicides-In-History/>)

¹⁹ Id At 5

Adding to the above is the Lack of increasing in the prices of agricultural products compare to agricultural inputs. With the prices being so low the farmers from different regions of the country are dumping their harvest on the roads a sign of protest. Very often we come across articles in the newspapers saying “Potato going for Re 1 a kilo, farmers dump crop on roads”²⁰, “Chili farmer sets fire to produce Was offered Rs.400 per quintal”²¹, “Farmers dump load of tomatoes on the road -Tomato growers were not getting their investment back due to lack of remunerative price”²². These news bits show the divested situation of farmers in India. Even for products like cotton, by opening up the domestic markets, the price of cotton has gone down. This led to such a state that the farmers would be well off if they did not harvest the crop at all.

The society has changed its course. From what it was since the historic times, due to the latest neo liberal policies of the government as an effect of the Green Revolution and commercial forms of agriculture, the caste-based social bases of production have been largely retained while the support and sustenance that could have been provided during times of crisis under the patron-client systems have disintegrated²³. Further new entrants into agriculture, are the members of low ranked communities are marginalized and face hostility from the dominant landed castes. Not only is knowledge not shared by the upper castes with the new entrants but there is also intense competition between agriculturists. This competition among themselves and the lack of adequate understanding of the new knowledge gleaned from marketing agencies has led to disastrous consequences. The details about agriculturists using excess fertilisers and pesticides in their fields and of not knowing how to deal with outbreaks of pests are indicative of this²⁴

Another major change in the society is the Breaking down of joint families into nuclear households. Because of which a single person bears the risk that arise from debts, growing new crops, or ensuring good sale prices are all burdens on a single individual. By the individualizing in the of new agriculture scenario (without adequate State support, with new commercialized inputs, fluctuating markets and fluctuating weather conditions) one has to bear a higher risk of any imminent breakdowns. Withdrawn into their individualized households and families, farmers are often unable to gauge the risk involved in engaging with an unpredictable market, varying and unreliable climatic conditions, unreliable quality of seeds, fertilizers and pesticides, and unsure and untested forms of new agricultural practices. Loss of production, especially in the context of the risks or burdens of debts, means that it becomes a deeply personalized loss of self.. Agriculturists with marginal landholdings had borrowed large sums at exorbitant interest rates to purchase pump sets, seeds, fertilizers and pesticides or to have wells dug. In the face of loss of crops from either pests or diseases or the lack of remunerative prices and the subsequent inability to repay the debts compounded their conditions of desperation. And in many cases, the

²⁰ Indian Express, Jalandhar, Fri Dec 02 2011

²¹ The Hindu , Kurnool, May 15, 2012

²² The Hindu , Kadapa, Tuesday, Mar 17, 2009

²³ Id At 7

²⁴ Mohanty, B.B and Sangeetha Shroff (2004), “Farmers’ Suicides in Maharashtra”, *Economic and Political Weekly*, 32(54), Pps 5591-5598.

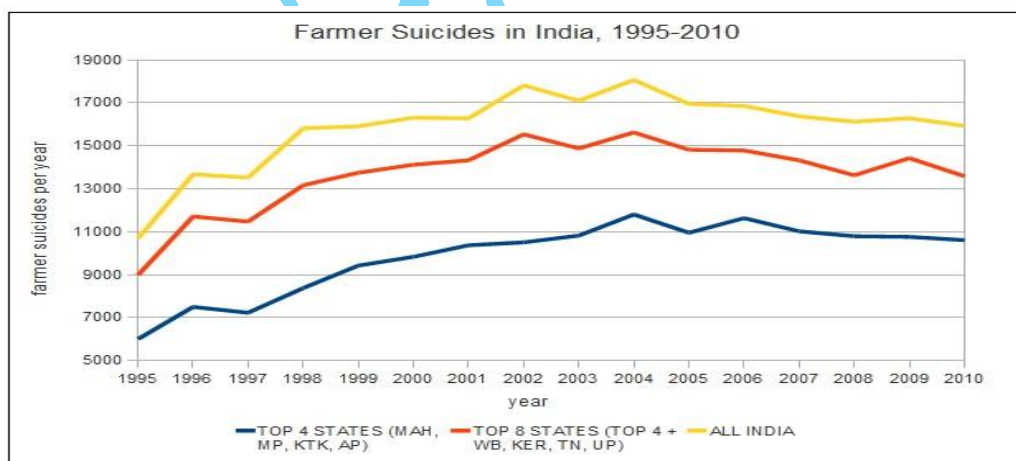
humiliation in front of others when they were unable to repay the loans was the last straw that subsequently led to the act of committing suicide.²⁵

Conclusion

As we seen from the above, the major causes are all related to the changes which took place in the agricultural sector during the 1990. Even though these economic, social, political, individual and environmental problems were existing before 1990, they weren't present at this level. Though the wave of farmer suicides have taken place mostly in the states of Karnataka, Andhra Pradesh and Maharashtra Madhya Pradesh & Chhattisgarh , these were the most affected states, even the other states were effected but at not this level. Also these five states weren't the beneficiaries of the green revolution as, the green revolution helped only certain crops such as wheat and these are the crops that are now grown in these five states. The economies of Andhra and Karnataka were the first states to liberalize. For instance microfinance systems were introduced first in the state of Andhra. Other states such as Gujarat have adopted this system but after learning form the back draws. We can also relate the failure of government policies to these suicides.

On a whole the trade liberalization policies of the government , regarding opening up the domestic agriculture markets , is a transition from the traditional structures of the Indian agriculture , which can be referred to as a path breaking step. But the cost which the society is paying is, the life of hundreds of thousands of the farmers . And the development which took place is at the cost of farmers and the degradation of their lives.

The graph-1 shows the huge increase in the change in the suicide rate among the farmers in the major states of India.



²⁶ **FIGURE 1: Farmer Suicides in India, 1995-2010 (All-India, Top 4 States and Top 8 States)**

²⁵ It at 7.

²⁶ Source (<http://www.downtoearth.org.in/content/45-farmers-commit-suicide-each-day-india>)

Farmers suicide: no end to despair

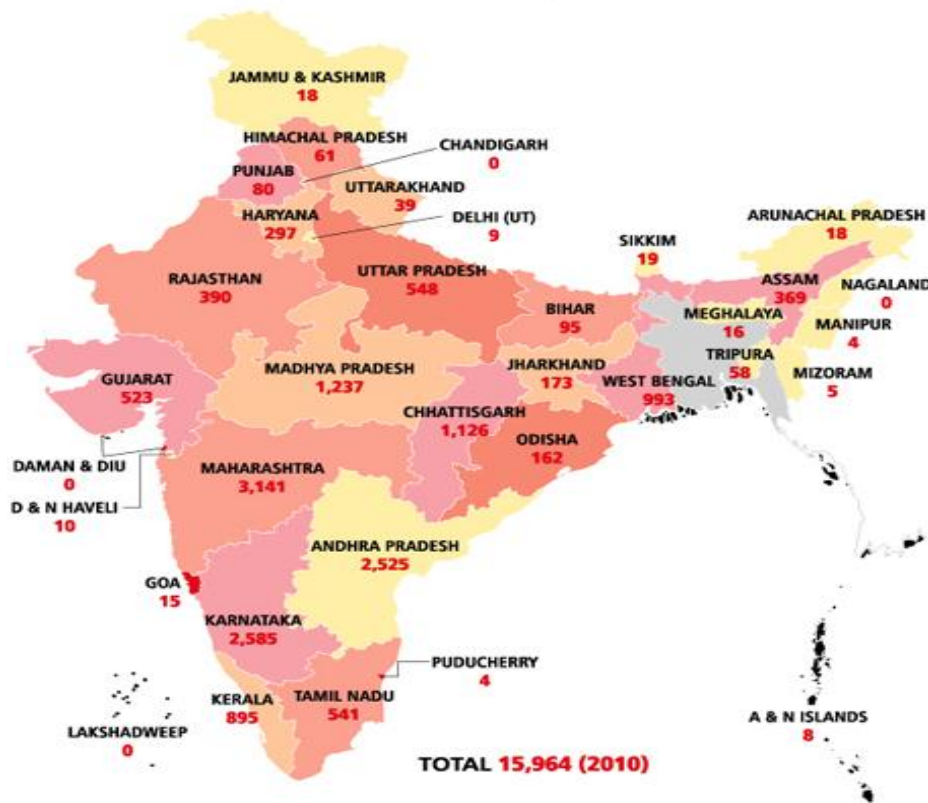


Figure -2 show the suicides in in various states of India.

(Source – values from, accidental deaths & suicides in India 2010, national crime records bureau ministry of home affairs government)