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Farmers' Suicides in India – Challenges & Solutions

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Introduction

India is an agrarian country with around 70% of its people depending directly or indirectly upon agriculture. But farmers' suicides in India is a worrying issue. As per the Central Government, despite a multi-pronged approach to improving income and social security of farmers, over 12,000 suicides were reported in the agricultural sector every year since 2013. Farmer suicides account for approximately 10% of all suicides in India. According to the data published by GoI, seven states account for 87.5% of total suicides in the farming sector in the country. The states are Maharashtra, Karnataka, Telangana, Madhya Pradesh, Chhattisgarh, Andhra Pradesh and Tamil Nadu. Maharashtra is the worst affected state. Ironically, Punjab, which benefited most from the Green Revolution, also presents a depressing picture of farmer's suicides in India. Between 1995-2015, 4687 farmers' suicides have been reported from the state of Punjab of which 1334 from one Mansa district alone. When compared to other developing economies, Indian agriculture heavily depend on monsoon, limiting crop diversification to a great extent. Thus, risks including weather, a week monsoon or even a delayed monsoon, poor soil fertility, pests, and plant diseases, perish ability of crops etc. are the major causes for the agrarian distress in India. Further, climate change and global warming cause frequent events of drought and flood which further add to their woes. The main objective of this article is to highlight the reasons behind farmers' suicide in India and to provide solutions for the same. The reasons for farmers' suicide are multi-faceted. These are as following.

Land fragmentation

There is a huge pressure of population on land led to a low land-man ratio in rural areas. The landlessness and the existence of marginal farming households are the results of decades of land fragmentation initiated after independence. Fragmented land holdings result in low productivity and hinder infusion of technology and new farming techniques. The landless or marginal farmerslack the resources to either buy or lease more land or invest in farm infrastructure to compensate for the scarcity of land. And they also lack adequate access to institutional finance.

Rising agricultural costs

Despite subsidies on power, fertilizers etc. input costs have been rising faster than sale prices, squeezing the meager income of the small farmers and driving them into debt. In addition to this, hiring laborers and animals has become expensive and the fixed costs associated with agricultural equipment like tractors and submersible pumps has also been on the rise. Also, smallfarmers do not have enough profit to justify the cost of transporting the crop to government corporations in towns. Most farmers prefer cash crops such as cotton. However, they don't realize that the input costs of such crops are very high. If the crop fails, it causes a huge distress. Moreover, as agricultural prices rising, the rural wages are depressed resulted in rural distress causing migration towards cities.

Lack of institutional credit

The National Crime Records Bureau (NCCB) report clearly underlines that indebtedness is the single largest cause of farmers' suicide. NCRB data points out that in 2474 suicides out of the studied 3000 farmer suicides in 2015 the victims had unpaid loans from local banks. As the farmers don't get access to institutional credit, they move towards informal moneylenders who demand exorbitant interest rates and consequently the farmers end up with huge debt. Expenditure on costly social ceremonies and health expenses, which are not part of regular household expenditure, also force the farmers to borrow especially from informal sources.

Problem with MSP

Government procurement at the minimum support price (MSP) is supposed to protect the farmers but it mostly benefits the large traders. Over 70% of the farmers in India seldom receive MSPs for want of official market intervention. Moreover, the Public Distribution System (PDS) does not have the capacity to undertake procurement operations for 24 crops for which MSP is announced.

Agricultural marketing

Lack of enough cold chain and storage infrastructure and processing capacity result in a huge post-harvest loss. Uncertainty with the price of the produce is a major concern. Many farmers continue to be at the mercy of the trader. Agricultural Produce Market Committees (APMCs) is also unfavorable since the farmers have to sell their produce via auctions in regulated markets controlled by cartels of licensed traders. These cartels fix low purchase prices, extract large commissions, delay payments etc. APMC is a statutory market committee established by a state government with respect to trade in certain notified agricultural or horticultural or livestock products under the APMC Act of the respective state government. Though the purpose of APMCAct is to protect farmers from the exploitation of intermediaries and traders, however, the licensing of traders results in the monopoly and prevents farmers to participate in direct and free marketing. The value chain in the agricultural sector has been exploitative i.e., only about 1/3 of the retail prices paid by final consumers reach the farmers, unlike 2/3 in case of milk.

Lack of direct integration with the market

Although initiatives like the National Agricultural Market (e-NAM) and contract farming are helping to integrate the farmers' produce directly with the market, cutting the role of intermediaries, the reality is still lagging behind.

Ineffective government response

The government's response is focused on credit and loan, rather than income, productivity, and farmer prosperity. Loan waiver or the assistance in paying off outstanding principal and interest helps the money lenders, however, failed to create reliable and good sources of income for the farmer.

Lack of awareness

The digital divide, as well as the literacy gap, has made the marginal and small farmers particularly vulnerable due to their inability to utilize the positives of government policies. Thisis reflected in the continued unsustainable cropping practices – like cultivating sugarcane in water-deficit regions.

India's urban consumer-driven economic policies

The political economy of India is driven more by urban consumers than rural producers. This is reflected in the urgency to impose price controls in case of price rise (imposing Minimum Export Prices, bringing items under Essential Commodities etc) and a lackluster withdrawal once the price is under control. Contrast this with how we have been imposing a minimum import price tosecure our steel sector. This differential treatment to primary sector also limits profit margin and thereby hinders farmers' chances of breaking free from the cycle of indebtedness.

The Solutions and way forward

Dealing with Nature:

Location-specific policy for irrigation with the identification of suitability of irrigation facilities required to protect farmers from the adverse impacts of climate change. It must be supplemented with timely completion of canal irrigation projects and timely advice on the weather. More investment is needed in agricultural R&D in order to develop more drought and pest-resistant crops, along with better irrigation technology. Technological interventions that update farmers about sowing and harvesting time and extension services can help prevent misfortunes. Sooner implementation of interlinking of rivers will help solve the water stress in agriculture. But it needs to be implemented carefully as it has ecological costs as well. Crop diversification should be implemented to reduce crop failure rates across the country. Zero Budget Natural Farming canbe implemented which involves the applications of nature's principles in farming. It is the practice of no-till, no chemical use in farming.

On land fragmentation:

Long-term leasing of farmland without withdrawing the land ownership can be implemented. This is in line with Niti Aayog's Model Land Leasing Act i.e., no change in ownership, no tenancy rights, and the land reverts back to the owner on the expiry of the lease. Long-term leasing can also facilitate the entry of the private sector into agriculture. The private sector can bring in crop diversification, the introduction of high-value crops, mechanization, new farming techniques and technologies, investment in post-harvest management and processing, and more employment opportunities.

On input costs

The government policies should encourage integrated pest management that combines biological, chemical, mechanical and physical means to combat pests with a target to eliminate/considerably reduce the need for pesticides. The local fertilizer industry requires support and the timely delivery of subsidies would improve their capital needs, allowing them to manage costs through internal sources instead of external loans. State seed policies should encourage contract farming, identification of new genotypes for treating pest and disease syndromes, as well as adverse weather conditions. Precision farming techniques such as Systematic Rice Intensification (SRI) can help increase seed production in this respect. Click here to read more about precision farming in India. Our farm equipment policy needs to be revamped with a focus on improving manufacturing equipment in the country rather than importing them which is costly. Introduce modern entrepreneurship to Indian agriculture under the start-up India scheme. This can help bring in modern technology and inputs to farmers. Cooperative farming on a national scale should be implemented to reduce input costs and improve agricultural productivity and production. The cooperation may range from collective action in accessing credit, acquiring inputs, marketing to production. It also includes land pooling, labor pooling, joint investment, joint water management, and joint production.

On institutional credit

It is advised to ensure that institutional financing is available and accessible. Village-wise lists of deeply indebted farmers must be prepared annually to identify farmers on the path to potential suicide. NABARD, along with local administration, should come up with local policy interventions and also devise timely loan restructuring initiatives, insurance claim settlements, and better counselling. Nationalized banks need to change their way of functioning in order to expand rural outreach.

On agricultural marketing

The long chain of intermediaries between the farm and the consumer should be reduced as they negatively impact farmers' income. Delisting fruits, vegetables and other perishables from the ambit of APMC can give farmers the freedom to sell directly to retailers and food processing companies. Grouping farmers into Farmer Producer Organizations (FPOs) could facilitate improved market access and better bargaining capacity. Create Agro clusters in important production zones to ensure aggregation of produce. Commodity options (rights to buy or sell) in agricultural products can protect the farmers from the vagaries of distress sale during the periods of bumper harvests. This will ensure farmers the post-harvest prices at the time of planting the crop itself. Public-Private Partnership (PPP) which worked successfully in other sectors can be implemented in agricultural marketing as well. The private sector must be allowed to procure, store and distribute grains even starting with the public distribution system which will reduce storage cost for the government and will result in the establishment of storage capacities. Increased storage and processing capacity can reduce post-harvest losses, ensure price stability and protect farmer interests.

Creation of rural job opportunities

The focus has to be shifted from farm income to farmers' income i.e., boosting farmers' earningsthrough expansion of job opportunities in and around rural areas. Promoting the lucrative allied activities of agriculture such as horticulture and floriculture also helps to boost farm incomes. Thus, a multi-featured income-generation plan, rather than MSP hikes and loan waivers, can help mitigate farmers' distress.

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