

Farmers' Suicides in India – Reasons, Initiatives, Challenges & Solutions

Recently, farmers from various regions of the country marched to Delhi to register their protest against the government's neglect of their demands. Poor earnings of the farmers led to the never-ending distress in the agricultural sector and this resulted in the increasing number of farmer suicides. These worrying realities call for an appropriate policy response and sustainable alternatives to the current agricultural methods.

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What are the reasons for the agrarian distress?
Vagaries of nature

When compared to other developing economies, Indian agriculture heavily depend on monsoon, limiting crop diversification to a great extent. Thus risks include weather, a weak monsoon or even a delayed monsoon, poor soil fertility, pests, and plant diseases, perishability 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. ([Click here to read the article – Climate Change Vs Indian Agriculture](#))

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 farmers lack 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 labourers 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, small farmers 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 realise 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.

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 unfavourable 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 APMC Act 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.

Ineffective government response

The government's response is focussed 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.

What are the measures taken by the government?

In recent years, the Central government has taken various measures like the PM Fasal Bima Yojana (PMFBY), PM Krishi Sinchai Yojana (PMKSY), electronic National Agricultural market (e-NAM), Soil health card, Neem-coated urea etc.

Agriculture is a major component of Priority Sector Lending (PSL), and the target for bank lending to agriculture has been revised upwards every year.

In addition to food subsidy under PDS, the government also provides fertilizer subsidy year after year.

The announcement in budget 2018 for farmers Union budget has announced MSPs at 50% above the production cost.

It proposed to launch “Operation Greens” in the agriculture sector on the same lines of the milk sector’s “Operation Flood”. It will be used for the marketing of highly perishable commodities like tomato, onions, potato, and others, which undergoes severe price fluctuations.

Create parallel marketing infrastructure by upgrading the existing 22,000 rural haats into gramin agricultural markets. These mandis will be exempted from the APMC regulations to enable the direct sale to consumers and bulk purchasers. It also encourages farmer producer companies and cooperatives by fully exempting their profits from income tax.

It seeks to promote agriculture’s allied activities such as animal husbandry and fisheries, which are more profitable than crop farming. The budget also proposes to provide a Kisan credit card like facility to those engaged in these ventures.

What are the shortfalls in the government’s measures?

Ineffective Schemes

Most of the agricultural development schemes focus mainly on boosting crop productivity and production = disregards the negative impact of higher output on prices in a surplus situation.

PMKSY aims at enabling farmers to install solar water pumps to irrigate fields. It is ironic since the government seeks to install tube wells while being worried about depleting groundwater.

PMFBY gives protection against crop failure, but farmers are facing market failure for which they do not have any cover.

MSP

Government is yet to resolve the concerns of farmers who produce crops that are outside the MSP.

Procurement is restricted to major crops such as paddy/rice and wheat.

The National Commission for farmers had recommended that MSP for crops be fixed at 50% above the C2 cost. However, the government is still using a 50% margin of Cost A2 or maybe cost A2+FL, which is lower than cost C2.

The Commission for Agricultural Costs and Prices (CACP), gives 3 definitions of production costs – A2, A2+FL, and C2.

A2 costs – covers all paid-out expenses incurred on inputs.

A2+FL costs – covers Actual paid out costs (A2) + value of unpaid family labour (FL).

C2 costs – It is the comprehensive cost that covers rentals, interest forgone on owned land and fixed capital assets, in addition to A2 + FL.

Agricultural Trade

External trade policy is focussed more on managing inflation than on maintaining the price line to safeguard the farmers' interests.

An export opportunity is generally denied for agricultural products by imposing import and export limits, which makes it harder to sell the surplus produce in the country = fall in the price level.

Furthermore, frequently modifying duties and minimum export prices in the name of controlling inflation aggravate the problem.

What are the solutions?

On vagaries of 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 can be implemented which involves the applications of nature's principles in farming. It is the practise of no-till, no chemical use in farming. [Click here to read more about Zero Budget Natural 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, labour pooling, joint investment, joint water management, and joint production.

On institutional credit

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. Nationalised 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 = reduce storage cost for the government and result in the establishment of storage capacities.

Increased storage and processing capacity can reduce post-harvest losses, ensure price stability and protect farmer interests.

Creating rural job opportunities

The focus has to be shifted from farm income to farmers' income i.e., boosting farmers' earnings through expansion of job opportunities in and around rural areas.

Promoting the lucrative allied activities of agriculture such as horticulture and floriculture also helps boost farm incomes.

Gobardhan Yojana should be implemented all over the country. It aims at keeping the villages clean and also generate energy while improving the income of farmers and cattle herders. ([Click here to read more about Gobardhan Yojana](#))

Thus a multi-featured income-generation plan, rather than MSP hikes and loan waivers, can help mitigate farmers' distress.

