

**ONE DAY
WORKSHOP
ON
AGRARIAN DISTRESS AND RURAL
SUICIDES**

August 31, 2012

A RAPPORTEUR'S REPORT

Organized by:

**Centre for Development Economics and Innovation Studies &
Planning Commission Chair,
Punjabi University, Patiala**

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National Workshop on "Agrarian Distress and Rural Suicides" August 31, 2012

The Conference on "Agrarian Distress and Rural Suicides" was organized by Centre for Development Economics and Innovation Studies in collaboration with Planning Commission Chair and Centre for South West Asia Study, Punjabi University, Patiala. Professor Inderjeet Singh delivered the Welcome Address in the Inaugural Session of the Workshop. The theme of the workshop was introduced by Professor Lakhwinder Singh, Coordinator, Centre for Development Economics and Innovation Studies, Punjabi University, Patiala. He has stated that India has emerged as the epicentre of suicides in the global economy. The suicides in rural India are the result of marginalization of rural economy and the rural people of India. The Centre as well as the State governments are tackling the agrarian marginalization as a security problem rather than uneven growth of the economy. He further stated that the aim of this workshop is to bring intellectuals from all the parts of the country to discuss the issue in threadbare and suggest policy for evolving alternative strategy for peaceful economic development of the society and polity.

Farmers' suicides are the precise and most critical manifestation of the ever rising level of rural distress in the country. It is the result of long drawn neglect of the agriculture and rural sectors by the policy planners at the various levels. This was stated by Professor G.K. Chadha, President, South Asia University, New Delhi and former member Prime Minister Economic Advisory Council and former Vice Chancellor, Jawaharlal Nehru University, New Delhi while delivering the key note address at the inaugural session of the one day national workshop. He further elaborated that it is a very serious matter to examine why India is among the top countries in the world so far as farmers' suicides are concerned. When in advanced countries a suicide takes place it becomes a social issue apart from family issue. The issue of suicides can be looked at from different angles and it has many dimensions though the economic dimension is the most serious one. The economic policy has much to do with the problem of rising level of suicides. The common property resources have been grossly mismanaged and disturbed by the rising levels of commercialization and are going out of the hands of village community. The community support to needy has been drying up in the society. The practice of acquiring of agriculture land has played a crucial joke on Indian society. The acquiring of fertile land from farmers is a serious concern.

The proportion of workers in agriculture has not declined as the share of agriculture in the national income has declined. The Indian policy makers have not prepared the people to move out of agriculture in a systematic manner. The gap between the income of the people in agriculture and non-agriculture has increased too much. The deliberate attempt to promote other sectors has marginalized the agriculture sector. The lack of breakthrough in irrigation technology is a big constraint in the development of agriculture within the country. The state has failed to internalize the benefits of technological breakthrough occurred elsewhere. The research apparatus in the country could not provide the reliable alternative cropping systems. The farmers like to opt out of agriculture because of it is unviable. The loss of dynamism of agriculture sector has generated a specific type of rural distress. The agriculture labour,

marginal and small farmers have been bypassed by even the non-farming sector also. The distribution of education is highly uneven which too has not benefitted the marginalized sectors. The suicides have been the result of large number of such forces operating in the system. The issue needs to be addressed on priority basis.

The seminar was presided over by Dr. Jaspal Singh, Vice-Chancellor, Punjabi University, Patiala. Professor Romesh Kumar Bansal presented the vote of thanks.

The first technical session of the workshop was chaired by Prof. S.S. Gill from Centre for Research in Rural and Industrial Development, Chandigarh, and co-chaired by Prof. R.S. Sidhu from Punjab Agricultural University, Ludhiana. The session opened with the chairperson's observations that incidence of suicides has been high in states where farming is either commercial or dry. Rural suicides are a multidisciplinary phenomenon and there was a need to go beyond economic reasons to find a solution to the problem.

The first paper entitled 'Alleviating Agrarian Distress: Insights from Re-Survey of Three Villages in Kerala' was presented by Prof. K.N. Nair, Vice-Chairman, Santhigiri Research Foundation. Prof. Nair raised the issue of the effectiveness of policy and institutional interventions in providing relief to the farming and rural households. Insights into this issue were provided by a survey conducted in three villages in Kerala in 2004-05, and a re-survey of the same villages in 2010-11. Three aspects – the impact of (a) debt relief measures of the central and state (Kerala) governments, (b) self-help groups (SHGs), and (c) the Rural Employment Guarantee Schemes, on the farming and rural households – were covered in the paper. Prof. Nair's study found that although the debt relief schemes led to a decline in the percentage of households with debt, this decline was not uniform across size group of land holdings. He cited a number of reasons for this restricted reach of schemes. An interesting observation of the paper was the declining importance of informal credit agencies and the increasing role of SHGs. The SHG movement in Kerala, according to Prof. Nair, enhanced the flow of credit to households and had considerable impact as social capital, but failed to generate income and employment opportunities. The Mahatama Gandhi National Rural Employment Guarantee Scheme (MNREGS) also operated much below its potential and failed in terms of the number of days of employment generated. Prof. Nair concluded by stressing on the need to redesign the schemes to suit local conditions, and the role that local panchayats can play in this redesigning.

The second paper in the session was presented by Dr. Rajeshwari S. Raina from CSIR-NISTADS, New Delhi. Her paper was on 'Science and the Signs of Agrarian Distress: Putting an end to the Supply Syndrome'. She contended that the organized agricultural science and technology (S&T) establishment seemed to have a "guaranteed immunity" to agrarian distress. Agricultural science is organized in a way that it is indifferent to signs of distress. She argued that the supply syndrome that affects public and private sector S&T deprives the natural and social sciences of the capacity to understand and analyze the context of and changes in the farm sector. She lamented the fact that in sharp contrast to the massive input subsidies, investment in agricultural S&T to generate relevant knowledge and technologies for agriculture is miniscule. She took up two cases – the rainfed Anantapur tract in Andhra Pradesh, and the irrigated tracts of Punjab and Haryana – to illustrate and analyze the relationship between farming communities and S&T. She was of the view that agriculture survived on two policy planks of output price support and input subsidies, and recommended stepping out of the paradigm of supply driven centralized agricultural S&T.

Decentralized S&T organizations along with local governments could relate to and define farm level distress and provide solutions to alleviate this distress, according to her.

In the third paper 'Farmers' Suicides Amidst Prosperity: Retrospective Analysis of Punjab', Dr. Surendra Singh Mor from Chaudhary Devi Lal University, Sirsa analyzed farmers' suicides in five blocks of Mansa district in Punjab. He took up various parameters like source of income, expenditure, loans and its utilization for different categories of victim farmers and found that dependency burden, non-availability of credit, as well as litigation were the most important causes of farmers' suicides. His policy recommendations included provision of timely credit, alternative employment opportunities, fast track mechanisms to resolve disputes, and establishment of SHGs.

In the discussion that followed the presentation of papers, Prof. R.S. Sidhu pointed out that debt relief measures have been inequitable across regions and farmers. Institutional credit had not made much impact on growth, and the funds-strapped agricultural science institutes have not been able to alleviate the prevailing distress. Prof. Manjit Singh from Panjab University, Chandigarh, Dr. Baldev S. Shergill, S. Ajmer Singh Gill of Bhartiya Kisan Union, and many others, including social activists also expressed their concern regarding the agrarian distress, unsuitable policy measures, the need to understand the agrarian economy and its problems, and political apathy in resolving the agrarian crisis.

The Technical Session-II was chaired by Professor K.N. Nair, Centre for Development Studies, Trivanthipuram and co-chaired by Professor (Mrs.) Rajeshwari S Raina, NISTAD, New Delhi. Professor Sucha Singh Gill, Director General, Centre for Research in Rural and Industrial Development (CRRID), Chandigarh, in his paper, titled as 'Agrarian Distress and Farmers' Suicides' discussed the genesis of agrarian crisis and emerging suicides among farmers in India and across the states. He talked about the decreasing share of agriculture in the India's national income. Presently, just 1/6th or 1/7th share of national income has been produced in the agricultural sector, whereas more than one-half of India's labour force (53 percent) was found to be engaged in this sector. Another weak point of India's agriculture sector is the inequalities in the distribution of land holdings, followed by the income as well as consumption pattern of farmers. He also stated that the data collected by the NSSO reported underestimation of these inequalities in the consumption pattern because the rural rich classes do not give proper data on their consumption pattern. Thus, as the result of these inequalities, income levels of the rich people are very high, but people suffer from poverty at the lower level. While quoting the reasons for the distress in agriculture sector, he stated that (i) agriculture by nature is prone to distress because it is very much affected by the natural factors like the weather, floods, cyclical fluctuations, etc. On the other hand, the production in industrial sector is not affected by natural factors; (ii) the distress in agriculture is also caused by the market forces. As the agriculture has become capital intensive, farmers have to acquire inputs at higher costs because prices of these inputs are not under any regulation. And, when the farmers brought their crops in the market, the prices of most of their crops, except the wheat, paddy, etc., are often crashed leading the losses to farmers.

Professor Gill cited statistics to show that rate of suicides among farmers has increased. He also stated that, according to 55th Round of NSSO except the four states in India, in all other states, land holdings below 5 acres of land are not considered to be viable. Thus, he opined that in such a situation, nothing can be done except debt relief to the farmers. He mentioned that the debt on the farmers, crop failures and economic stress are the main causes for farmers' suicides. He briefly reviewed the some of the historical happenings to the agriculture since the 1880s. At that time, the Britishers introduced the land revenue

system which had shifted the workforce from the agricultural to nonagricultural sector. But, after that three acts: (i) Punjab's Debtors Protection Act, 1936; (ii) The Punjab Restitution of Mortgaged Lands Act, 1938; and (iii) The Punjab Registration of Money Lender's Act were enacted, but none of these acts were implemented in Punjab. With the passage of time, agrarian relations in Punjab have also changed at fast speed. Collective consciousness across village society as well as farmers is greatly reduced and there arises the differences. Farmers have been divided into two classes: the rich and the poor. And, the rich farmers become commission agents, transporters, etc. and some of them become political leaders and got seats in the State Legislative Assembly, Parliament, Boards etc., but these farmers do not support the poor farmers. He also stated that in last 20 years, large strata of such people which represent rural India do not depend on the agriculture as their income source. Thus, there is a power imbalance or there is no commonality of interest between the rural people and those who represent the rural areas.

In the end, Professor Gill suggested that suicides among farmers are avoidable. This would require preventive and remedial measures to avoid agrarian stress on one hand and relief plus rehabilitation of victim families on the other. The past experience of more than a decade and half shows that in spite of more than 2.32 lakh farmers committed suicides (during 1997-2010) in India, yet no effective measures have been initiated at national or state levels. This shows that the ruling elites pay only lip sympathy for the victims without taking effective measure to prevent this phenomenon and provide relief and rehabilitation measures for the victim families. Further, he also suggested that indebtedness of poor farmers must be reduced. There is need to pass a law for debt redemption among farmers. At the same times, identified victim families need to be provided with compensation and rehabilitation package. In fact, the poor farmers need to be given a comprehensive social security as suggested by the National Commission for Enterprises in Unorganized Sector (NCEUS) 2007. Within agriculture sector, efforts should be made for group cultivation (may be cooperative farming) for small and marginal farmers along with taking up of marketing and processing activities by these cooperatives. Rural education and health has to be put on the rails. The children from rural areas must be given quality education and make them to access skills at affordable costs enabling to take up jobs in modern sectors outside the agriculture. The country needs proper education and employment policy in a coordinated manner. This is possible only if the poor farmers unite with other struggling poor and vulnerable in the society.

Dr. Sukhpal Singh and R. S. Sidhu of Punjab Agriculture University, Ludhiana, in their jointly prepared paper titled as 'Agrarian Crisis and Farmers' Suicides in Punjab' discussed this problem specific to Punjab economy. They identified four major issues of Punjab's agricultural development: First, the agricultural employment in Punjab in last four decades has been declined consistently and there has been a positive change in the structure of workforce in the state as it is clear from the figures, i.e., the percent share of cultivators in 1971, 1981, 1991 and 2001 was 62.88 %, 58.3 %, 55.27 % and 37.81 % respectively and share of agricultural labour was 20.11 %, 22.17 %, 23.83 %, 13.55 % respectively. Second, real net farm income accrual to the farmers in Punjab is also declining. Third, the share of agriculture and allied activities in the GSDP of Punjab has also been declined. Fourth, de-peasantization in the agriculture of Punjab has come in existence after the dominance of globalization process in the state.

Quoting the facts, they opined that about 37 percent of farmers in India wanted to leave the agriculture. In Punjab, the number of operational holdings decreased from 11.17 lakh in 1990-91 to 10.03 lakh in 2004-05 and number of marginal/small farmers decreased significantly from 5 lakh in 1991 to 3.18 lakh in 2005; showing nearly two lakh

small/marginal farmers shifted from the farming activity during last 15 years. Another study of 40 villages found that many farmers have already left farming as the occupation and who left farming joined mainly low paid occupations. Interestingly, 11 percent of such farmers sold a part of their land, while 36 percent even sold their total land. After that, they stated the reasons due to which farmers left agriculture such as low income, division of land, indebtedness, land rent being more than income, etc. They also stated that after leaving the agricultural occupation, majority of the marginal/small farmers became either as the agricultural labourers or started the low paid self employed jobs. Surprisingly, none of the large farmers after leaving the agriculture has become labourer, instead of that, they become commission agents.

While discussing the debt burden, authors stated that burden of debt on Punjab's peasantry is increasing - Rs. 5,700 crores in 1997, of which 53.44 per cent was from the non-institutional sources (Shergill, 1998); Rs. 9,886 crores, of which 58.13 per cent share was of non-institutional sources (Singh and Toor, 2003); Rs. 21,064 in 2005-06, of which 38 per cent was from the non-institutional sources (Kaur and Kingra, 2007); and Rs. 30,394 crores in 2007-08, of which 43.36 per cent was of the non-institutional sources (Shergill, 2010). Overall, 88.83 percent farmers in Punjab estimated to be in indebtedness. A census survey of three districts of Punjab (Bathinda, Sangrur and Mansa) found 2489 farmers, mostly of young age 20-40 years, committed suicides during 2000-2010 - 6.25 per thousand cultivators. Around 75 percent of suicides belonged to the marginal/small farmers. And, a small proportion of suicide victims (7.3 percent) came from large size farm households (more than 10 acres land). Further, 1887 suicide cases (nearly 76 per cent) were found to happen due to indebtedness. Per acre debt was as high as Rs 1.51 lakh in such victims and average debt on suicide victim households was Rs 3.20 lakh compared to the annual income of Rs. 62610.

After discussing all these issues, authors suggested that there is a need to strengthen the socio-economic conditions of farming community. Long term policy measures should be initiated through which farm incomes can be raised on sustainable basis. Therefore, large investments should be made for the development of health, education and social sectors in the state. The government should exercise a strong check on the illegal activities of non-institutional credit agencies and enhance the flow of institutional credit among the farmers. The easy repayment facilities with low rates of simple interest will help reduce mounting debt burden on Punjab peasantry. Chinese model of employment where surplus rural labour force marginal and small farmers, instead of working full-time, do farming as part-time vocation appears to be the answer. Similarly, cooperative farming can also provide some employment to small farmers. The problem of suicides in farming community shall have to be tackled in a holistic way. Education and awareness among farmers shall have to be created so that drug addiction and unproductive expenditure can be checked. Crop insurance programme shall have to be strengthened so that remunerative compensation to the farmers can be given in case of crop failure. Government and social institutions should be made pro-active in addressing economic distress of farmers during the period of economic squeeze arising out of market uncertainties or bare necessities of life. All these measures will be helpful for solving the economic problems of agricultural workforce which, in turn, become the driving force to pull the Punjab state out of crisis.

The third paper was jointly prepared by Dr. Lakhwinder Singh, Dr. Kesar Singh Bhangoo and Mr. Rakesh Kumar of Punjabi University, Patiala. They stated that agriculture is the most important sector of the Punjab economy and the main cause of the agrarian distress in Punjab is the agrarian transitions witnessed in the state a long ago. As capitalist

agriculture transformation has taken place, agriculture has undergone the structural changes which have increased the vulnerability of farmers to the markets. Marginalization of the agriculture has also weakened the farmers. The study was based on the primary survey conducted in 3 districts of Punjab - Bathinda, Mansa and Sangrur – which are the most distressed districts of Punjab and where number of farmers committed suicides is unusually very high. The findings of the survey reiterated that mostly, the young farmers were the victims of suicides. The farmers committed suicides were found to be indebted towards the both institutional and non-institutional sources of credit. And, the deceased groups of farmers were heavily indebted towards the non-formal groups as compared to controlled groups. Moreover, small farmers are mainly the victims of the debt burden and their share in the outstanding debt was 90 percent.

The authors also have given some suggestions to decrease the agrarian distress in Punjab. They stated that there should be a cap on the interest rate on the debt taken by the farmers. If the farmer is unable to pay the debt at the committed time, the commission agents should transfer the debt to the co-operative banks. There is also a need to organize the farmers' debt relief fund. To tackle these problems they give the valuable suggestions like development of agricultural infrastructure, strengthening of social support system, institutional reforms, etc.

The fourth paper was presented by Dr. Neelima Deshmukh, Department of Public Administration & Local Govt., RTM Nagpur University, Nagpur. She has taken the perspective of public administration to study the problem of suicides among the cotton growers in the region of Vidarbha (Maharashtra State). According to her, the Vidarbha region comprises of 11 districts of the state where the maximum number of suicides among the cotton growers was reported in Maharashtra. She stated that 52 cotton growers committed suicides in 2001 and number of such suicides was 1054 in 2009 and 720 in 2010. While analyzing the causes of suicides, she stated multiple factors behind farmers' suicides like lack of institutional finance, indebtedness, natural factor, spurious deeds/chemical fertilizers, lack of good governance, mismatch between expected and actual yield of cotton crop, soil degradation, psychological stress, etc.

After stating the causes of farmers' suicides, she has discussed the problems faced by the cotton growers during the sale of cotton in the domestic market. The main problems, she quoted, were: (i) the cotton is not sold at the right time, hence not fetch good price; (ii) farmers do not get the right price of their crops due to the partial grading system; (iii) farmers have to sell their crops in local market due to lack of proper transportation; (iv) cotton seeds are expensive, many times are spurious; (v) the presence of Chukara System in this region under which the payments for production sold are made in installments; and (vi) cost of inputs used is much more than the selling of cotton. While closing her view-point, she has given some suggestions to solve the problems of cotton growers in Vidarbha region. The suggestions, she gave are: cotton procurement scheme of Maharashtra should be revamped, full proof grading system or judging the quality of cotton should be adopted, co-operative farming should be encouraged, cotton based industries should be developed, timely relief from Prime Minister Relief Fund Package should be released, non-farm employment should be encouraged, farming should be connected to the other allied activities, steps must be taken to improve the quality of soil, women empowerment through Kerala's Kutumbshree be strengthened in the region, etc.

The last technical session of wider and intensive workshop was completely devoted to round table discussions and debate with the aim to allow participation of the delegates. The session was chaired by Prof H.S. Shergill and Prof M.S. Sidhu. The floor was opened for debate by Prof Shergill with his remarks on the problem of agrarian crisis and farmers' suicide. He submitted that it is very difficult to pin point the social causes of farmers' suicide due to complexity of the problem, however, the phenomenon of indebtedness among farmers is definitely a cause of concern. In order to obviate the problem of indebtedness some practical measures need to be suggested for policy makers. In this regard, he suggested some important changes in the practices related to money lending wherein it should be ensured that interest levied on loan does not exceed the basic amount of borrowed money. Moreover, the interest imposed on the loan should be simple and not compound. He suggested moving of loan related cases out of the jurisdiction of civil courts. He also suggested that in case any farmer defaults in repaying the loan within a span of three years, his case should be transferred to the nearby rural bank. He also mooted the idea of setting up a 'farmer-debt-relief-fund' in Punjab to help farmers come out of their indebtedness.

Prof Shergill's comments were followed by Prof Toor's observations regarding the status of subsidies in Punjab agriculture. His analysis of input subsidies in agriculture in the state highlighted the highly skewed nature of their extent, distribution and impact. His analysis focused on the subsidy offered on electricity, fertilizers and diesel- the three main commodities related to agriculture. He brought to light the fact that share of Punjab in total subsidies is on decline but the subsidy policy of the state clearly favours the rich farmers while it aggravates the problem of the small and marginal farmers. The total share of subsidies reaching the marginal farmers hardly approaches 3% of the total subsidies. He emphasised the fact that the most deserving section of the farmers is the least benefitted by the current subsidy policy of the state. The already existing problems of water contamination, declining water tables, skewed access to electricity and heavy machinery compounds the problems of the poor and marginal farmers.

Prof Manjit Singh on the other hand identified declining community networks and cooperation as the main factors explaining the distress in rural India today. He ruminated the fact that when market joins people it divides them too. The massive growth of market forces has resulted in qualitative shift in social life where land, cattle and even social relationships have become increasingly commercialised. Commodification of almost every aspect of life is causing the loss of social, cultural and spiritual capital of the people. The unfortunate part is that those who are entrusted the task of formulating policies for others have their own vested interests which dominate their policy decisions.

Social activist Sukhdev Singh Kokarikalalan also participated in the discussion and shared his views based on his field experiences. He lamented the fact that the current state of affairs in the state policy is highly favourable to the big landlord and serves the interest of that segment of farmers only. He cited a recent case of special investment plan announced by the state government whereby an amount around 1 lakh crore rupees was announced by the Punjab Govt as additional agricultural loan for the growth of agriculture. However, the actual disbursement of the loan reveals that the majority of the promised money is diverted to

finance manufacturers of big agricultural machinery like tractors, tubewells etc. and for those companies which are developing infrastructure in the state. Such diversion of money for non-agricultural purposes in the name of agrarian support has disappointed the farmers who were hoping some financial support from the state to tide over their losses. He also reiterated the issue of unequal distribution of taxes and subsidies that has resulted in furthering the already widening distance between the rich and the poor farmers in rural India. He highlighted how in the name of serving the agricultural sector, the govt is basically watching the interest of the big companies and the big landlords only. He cited the case of liquor factories in the state enjoying subsidies to the tune of Rs 500 crores and of big land lords who are the actual beneficiaries of agriculture related subsidies as they alone can make use of big machineries which are subsidised by the state. He stressed the need for an egalitarian model of development where the redistribution of land should be done and the Land Ceiling Act be implemented sincerely. The employment base be widened and over mechanization be discouraged as it has massively added to distress in agrarian society where the incidence of crime has risen alarmingly in the recent past.

The last discussant was Sardar Sudarshan Singh, another activist farmer who emphasised the need to have basic land reforms in the state. He stressed upon the need to discuss the plight of agricultural labourer as well while discussing the agrarian distress as they form one of the most neglected and marginalised sections of rural society. He shared his scepticism regarding the new model of development which clearly favoured the big land lords who in fact form a miniscule share of rural population. He appealed to the academicians to adopt a critical attitude towards the state policies. He also suggested increasing the ambit of taxation in the state to generate more revenues and reduce the economic burden on the poor farmers.

The debate was finally summed up by Prof M.S.Sidhu who too shared the concern with the previous speakers regarding the marginalisation of the marginal farmers. He stressed that majority of the farmers in Punjab are small farmers and therefore the technology promoted in agriculture should be the one that is better able to safeguard the interests of these small farmers.