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## Agricultural Crisis and Farmers' Suicides in India

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### Abstract

*Agriculture is the backbone of Indian economy. This sector has played crucial role in growth of Indian economy. It is source of livelihood for nearly 50% of Indian population. Agriculture has major share in India's GDP . It accounts for 14% of GDP at present. But post liberalization has witnessed a huge crisis in agriculture sector. Growth rate of food grain production and productivity has declined in the era of globalization which has led to low farm income, rising indebtedness and subsequent farmers' suicides which is really alarming. The objective of the paper is to analyze the causes of agrarian crisis and farmers suicide in India and to find solution to come out of this crisis.*

### Introduction

Agriculture is the most important sector of Indian economy as nearly 50% of population is employed in agriculture sector in India . After green revolution there was a tremendous growth in agriculture sector in India which transformed India from food shortage country to self reliant country and then to food surplus country. But post liberalization period has witnessed agrarian crisis in India and the crisis is deepening day by day . During post reform period, growth in agriculture yield has declined. India had targeted a four percent growth rate in agriculture in both its 10th Five-Year Plan (2002-2007) and in 11th Five-Year Plan (2007-12), but the sector could achieve an approximate average of 2.6 - 3 percent growth rate. This low growth rate in agriculture correspond to a period in which Indian economy is growing at a growth rate of nearly 7.5% which mean the growth is not inclusive in India.

### Objectives of the paper

The objectives of paper is -

- 1) To study the trends in agriculture sector.
- 2) To analyze the causes of agrarian crisis in India.
- 3) To study the problem of farmers suicide.
- 4) To provide remedial measures to solve the problem of agrarian crisis .

### Research Methodology

The paper is based on secondary data available in various reports , articles , newspapers etc..

### Trends in agriculture sector

Over a period of time the % share of agriculture sector and allied activities in GDP of India has fallen from 56.7% in 1950-51 to nearly 13.9% in 2012-2013 as shown in table -1

**TABLE 1**

% SHARE OF AGRICULTURE IN GDP AT 2004-05

| Year    | % share of agriculture and allied activities in GDP |
|---------|---|
| 1950-51 | 56.7  |
| 1960-61 | 52.49   |
| 1970-71 | 46  |
| 1980-81 | 40  |
| 1991-92 | 34.04   |
| 2001-02 | 25.10   |
| 2004-05 | 19.0  |
| 2005-06 | 18.3  |
| 2006-07 | 17.4  |
| 2007-08 | 16.8  |
| 2008-09 | 15.8  |
| 2009-10 | 14.6  |
| 2010-11 | 14.6  |
| 2011-12 | 13.9  |
| 2012-13 | 13.9  |

*Source- National sample survey of various years & Agriculture at Glance-2015*

**TABLE 2**

% SHARE OF GROSS VALUE ADDED AT 2011-12

| YEAR    | AGRICULTURE | INDUSTRY | SERVICE |
|---------|-------------|----------|---------|
| 2011-12 | 18.4        | 33.1     | 48.5    |
| 2012-13 | 17.7        | 32.3     | 50.0    |
| 2013-14 | 17.2        | 31.7     | 51.1    |
| 2014-15 | 16.1        | 31.4     | 52.5    |

*Source- Agriculture At Glance -2015*

GVA in agriculture is declining constantly and in service sector it is increasing as shown in table -2. .However decline in agriculture contributions in GDP has not been accompanied by similar increase in employment in industrial and service sector as shown in table- 3

**TABLE -3**

**GVA AND EMPLOYMENT SHARE**

| SECTOR                            | GVA SHARE OF SECTOR<br>(AVERAGE 2011-13) | EMPLOYMENT SHARE |
|-----------------------------------|--|------------------|
| Agriculture and allied activities | 18.1                                     | 48.9             |
| Industry                          | 31.9                                     | 24.3             |
| Service sector                    | 50                                       | 26.9             |

*Source -Economic Survey 2014-15*

Table shows that nearly 48.9% people are employed in agriculture sector while its share in GVA is only 18.1% on the other hand 26.9% people are employed in service sector while its share in GVA is 50%. This shows labour productivity in agriculture is much lower as compared to other sectors.

Average annual growth rate in yield of many crops have declined in post reform period as shown in table-4

**TABLE-4**

**Average annual growth rate in Yield per hectare**

| Time Period                              | Wheat | Rice | Cereals | Pulses | Cotton |
|--|-------|------|---------|--------|--------|
| Pre Green Revolution(1951-52 to 1967-68) | 3.7   | 3.2  | 2.6     | 2.3    | 3.0    |
| Green Revolution(1968-69 to 1980-81)     | 3.3   | 2.7  | 1.5     | -0.2   | 2.6    |
| Wider Coverage(1981-82 to 1990-91)       | 3.6   | 3.0  | 3.1     | 2.3    | 5.3    |
| Early Liberalization(1991-92 to 1996-97) | 2.8   | 1.4  | 4.3     | 1.9    | 3.1    |
| Ninth Plan (1997-1998 to 2001-02)        | 0.7   | 2.1  | 1.3     | -0.3   | -6.2   |
| Tenth plan(2002-03 to 2006-07)           | -0.3  | 1.2  | 1.7     | 0.6    |        |
| Eleventh plan (2007-08 to 2011-12)       | 3.0   | 2.2  | 7.3     | 2.7    | 3.9    |

*Source- Twelfth Five Year Plan*

Table-4 shows that after registering impressive performance during 1980s, average annual growth rate of yield per hectare of wheat, rice, cereals pulses, cotton have declined in early liberalization period and even during ninth and tenth plan. This decline in productivity has affected the income of the farmers.

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## Causes of agrarian crisis

Number of factors are responsible for agrarian crisis in India.

### Decline in public investment

The slowing down of investment especially public investment has led to slowing down of agriculture growth. Fall in public investment has affected irrigation facilities, communication and information system and storage facilities in rural areas. The fall in rate of capital formation in agriculture has led to fall in growth rate of agriculture.

### Fall in subsidies

Following neo liberal reforms, the government focused on reducing fiscal primary deficit. So subsidies on fertilizers, pesticides, energy were reduced which led to sharp increase in input cost which made agriculture less profitable. Not only this the government subsidies which are actually meant for small farmers are availed by big and medium farmers on the other hand small farmers do not get benefit of subsidy. Even most of the welfare schemes announced by central and state government do not reach the poor farmers.

### Liberal agriculture import

Import liberalization of agricultural products and lowering import duties on such goods that has been specified in WTO led to sharp increase in agriculture imports. It has suppressed the prices of several crops especially plantation crops in India. Thus cultivation of such crops became unprofitable which led to fall in production of such crops.

### Fragmentation of land

Heavy population pressure has led to subdivision and fragmentation of land holding which has reduce the per capita availability of land as shown in table-5

**TABLE-5**

% distribution of households holding lands

| CATEGORY OF HOLDINGS     | % of households                      |                                      |
|--------------------------|--------------------------------------|--------------------------------------|
|                          | 2002-03(NSSO 59 <sup>th</sup> Round) | 2012-13(NSSO 70 <sup>th</sup> Round) |
| Landless(<0.002 ha)      | 10.04                                | 7.41                                 |
| Marginal(0.002-1.00ha)   | 69.63                                | 75.42                                |
| Small(1.00-2.00 ha)      | 10.81                                | 10.00                                |
| Semi-medium(2.00-4.00ha) | 6.03                                 | 5.01                                 |
| Medium(4.00-10.00 ha)    | 2.96                                 | 1.93                                 |
| Large(>10.00 ha)         | .53                                  | 0.24                                 |

*Source-NSSO59<sup>th</sup> Round and NSSO 70<sup>th</sup> Round*

Table-5 shows from 82.83% of agricultural households own less than 1.00 ha of land as against 79.67% of agricultural households in 2002-03. Cultivation on such small area is not economically feasible.

### Shortage of money

Fragmentation of land holdings and falling agriculture productivity has led to fall in income of the farmer as shown in table-6

**TABLE-6**

Estimated Income and Expenditure of Farmers in India

| Land holding | Category     | Total Income (Rs/Month) | Expenditure (Rs/Month) | Difference (Income-Expenditure) |
|--------------|--------------|-------------------------|------------------------|---------------------------------|
| <0.01        | Landless     | 4561                    | 5108                   | -547                            |
| 0.01-0.4     | Sub marginal | 4152                    | 5401                   | -1249                           |
| 0.4-1.0      | Marginal     | 5247                    | 6020                   | -773                            |
| 1.0-2.0      | Small        | 7348                    | 6457                   | 891                             |
| 2.0-4.0      | Semi Medium  | 10730                   | 7786                   | 2944                            |
| 4.0-10.0     | Medium       | 19637                   | 10104                  | 9533                            |
| >10.0        | Large        | 41388                   | 14447                  | 26941                           |

*Source- Compiled from NSSO 70<sup>th</sup> Round*

Table show that nearly 82.83% farmers have income less than their expenditure. So landless or marginal farmers lack resources to buy more land or invest in farm infrastructure like machinery , irrigation , power, to compensate for scarcity of land .So low income in turn affects investment in agriculture resulting once again in much lower productivity .

### Lack of finance

Poor farmers have no access to financial credit because of low banking penetration in rural areas. So farmers are mostly dependent on moneylenders for their credit needs who charge exorbitant rate of interest which has led to increase in indebtedness and debt burden of farmers .This exploitation in the hands of moneylenders discourage farmers from venturing out in the agriculture .

### Exploitation by middlemen

Farmers are being exploited at the hands of middlemen. Farmers who do vast amount of work in food production fetch less money while middlemen take away huge profits.

### Effects of green revolution

According to economic survey 2015-16 , agriculture has become victim of its own success especially the green revolution. Excessive use of chemical fertilizers led to loss in fertility of soil. HYV seeds needed more and more of water. The modern methods of irrigation drilled out the water from below the ground thus leading to depletion of underground water. Now farmers have to pull water from 300-400 feet depth which was about 40-50 feet depth which has led to increase in cost.

### Climate change

Climate change has begin to impact the monsoon . With much of agriculture still dependent on agriculture there has been great uncertainty in output. Even now nearly 54% of Indian agriculture is rain fed agriculture in India.

### Consequences of Agrarian Crisis- Farmers Suicide

Farmer suicides are the major outcome of agrarian crisis. Thousands of farmers are committing suicides every year. As farmer suicides has become a critical issue which need to be addressed, National Crime Records Bureau of India has started collecting data exclusively on farmers suicides since 2014.

**TABLE-7**

Features of Suicides in farming Sector During 2013-15

| Year | Suicides in farming sector | Total Suicides | % share |
|------|----------------------------|----------------|---------|
| 2013 | 11772                      | 134799         | 8.7     |
| 2014 | 12360                      | 131666         | 9.4     |
| 2015 | 12602                      | 133623         | 9.4     |

*Source- NCRB Report ,2015*

Table-7 show that out of total suicides in India 9.4% is the share of suicides in farming sector in the year 2014 and 2015 which is really alarming.

**TABLE -8**

Category wise suicides in farming sector in India

| Category/year        | 2014  | 2015  |
|----------------------|-------|-------|
| Farmers/cultivators  | 5650  | 8007  |
| Agricultural labours | 6710  | 4595  |
| Total persons        | 12360 | 12602 |

*Source-NCRB Report,2015*

Table-8 shows that 12602 persons committed suicide in agriculture in 2015. Out of these 8007 were farmers/ cultivators and 4595 were agricultural labours. Suicides among farmers/ cultivators has increased from 5650 persons in 2014 to 8007 persons in 2015.

State/ UT wise analysis reveals that majority of suicides were reported from Maharashtra followed by Karnataka as shown in Table-9

**TABLE-9**

Suicides by persons engaged in farming sector in 2015

| State/ UT      | Suicide by persons engaged in farming sector |
|----------------|--|
| Maharashtra    | 4291   |
| Karnataka      | 1569   |
| Telagana       | 1400   |
| Madhya Pradesh | 1290   |
| Chhattisgarh   | 954  |
| Andra pradesh  | 916  |
| Tamil Nadu     | 606  |

*Source- NCRB Report, 2015*

Table-9 reveals that these seven states together accounted for 11026 suicides i.e 87.5% of total suicides among farming sector in India.

According to NCRB Report 2015, indebtedness/ bankruptcy and farming related issues are the main causes of suicides among farmers/ cultivators in India as shown in table-10

**TABLE-10**

% share of major causes of suicides among farmers and cultivators

| Cause of Suicide                | Numbers of Suicides | % share of Suicides |
|---------------------------------|---------------------|---------------------|
| Bankruptcy/ indeptedness        | 3097                | 38.7                |
| Farming related issues          | 1562                | 19.5                |
| Family problems                 | 933                 | 11.7                |
| Illness                         | 842                 | 10.5                |
| Drug abuse/ Alcoholic addiction | 330                 | 4.1                 |
| Marriage related issues         | 160                 | 2.0                 |
| Poverty                         | 88                  | 1.1                 |
| Property dispute                | 87                  | 1.1                 |

*Source- NCRB Report , 2015*

Table-10 shows that 38.7% and 19.55 suicides among farmers and cultivators in 2015 were due to bankruptcy and farming related issues while 11.7% and 10.5% suicides were due to family problems and illness and rest due to some other issues. Bankruptcy is major cause of suicide among farmers.

### Remedies

The agricultural crisis is affecting a majority of people in India. It is high time that government should recognize the sensitivity of the issue and should take initiatives to control the agrarian crisis in India. Some of the remedial measures are listed below:-

- Adequate subsidies should be given to the farmers to outweigh the increasing cost of cultivation so that agriculture could become a profitable venture. Government must ensure that the subsidies and schemes launched should reach the farmers.
- Public investment in agriculture should be increased. More and more budgetary allocation should be allocated for agriculture and allied activities.
- There is urgent need for reform in government credit policies so that more credit should be available to farmers at low rate of interest.
- To make farming more viable, there is need to remove middlemen between the farmers and consumers so that farmers could get appropriate price of their produce.
- Special farming related training programmes should be started for farmers where farmers should be educated about crop rotation, multiple cropping and other farming related techniques.
- Government should provide training to the farmers so that they can acquire new skills that can help them to earn income from some alternate source.
- Financial literacy should be provided to farmers so that they can work out how to use credit by analysing cost benefit analysis of investment.



- Weather risk management system should be effective enough to alert farmers timely. It would help in reducing losses in Indian agriculture.
- Effective crop insurance scheme should be started to cover all crops and all farmers, so that farmers can get adequate compensation at the time of crop failure due to natural calamities or bad monsoon.
- There is need to spent more money on agriculture research to increase productivity in farms and make agriculture more profitable.
- To complete the incomplete irrigation projects should be the main priority of the government. Public investment should increasd towards modernization of irrigation work and modern methods of rain water harvesting should be developed.
- Relief package like debt relief,waiver of interest rate should be introduced by government which will provide immediate relief to farming community.

## CONCLUSION

It is unfortunate that a country like India where nearly 50% population is dependent on agriculture , is facing deep agrarian crisis where thousands of farmers are committing suicides every year.It is a great challenge for Indian economy.It is the need of the hour that government must realise that prosperous India is possible only with healthy agriculture and government should show its serious intention to solve agrarian crisis and look into the matter seriously It is high time that centre and state governments should work together and give constant attention and importance to agriculture. .In order to come out of this crisis there is need for two pronged policy. On one side government should provide relief package and on the other hand drastic changes in present economic policies are needed to address agrarain crisis.The need is to ensure that there is proper implementation of the policies being made by the government.

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