International Journal of Research in IT and Management (IJRIM)
Available online at : http://euroasiapub.org
Vol. 6, Issue 11, November - 2016, pp. 150~155
ISSN(o): 2231-4334 | ISSN(p): 2349-6517,| Impact Factor: 5.96 | Thomson Reuters ID: L-5236-2015

An Economic Analysis of Farmer Suicides in India

Dr. Surender Ahlawat

Assistant Professor,
Department of Economics,
Ch. Devi Lal University, Sirsa-125055 Haryana, India

Abstract: Suicides among the farmer community in the recent years show the agrarian distress in India which is a result of the less importance of agrarian economy in national economy since the economic reforms of 90s. In fact, it looks very contradictory if we see the rise of the political power of the rural people at the end of the 80s. It seems as a paradox. So it is very important to investigate this paradox of agrarian distress. A micro analysis of arguments reveals that the there are some political and economic constraints such as political manipulation of farmers, interests of a specific class of farmers within group, government policy change, fiscal infeasible of agriculture sector, heterogeneity among the farmers, etc. These constraints have further created this paradox. The present study is based on empirical data verification which is taken from secondary sources of world renowned institutions. Tabulation and graphics method have been used for analyzing the data.

Key Words: Agrarian Economy, Political Economy, Farmer, Suicides.

Introduction

Suicides among the farmer community in the recent years are a particularly dark chapter in the history of rural India. According to National Crime Records Bureau of India report, over 250,000 farmer suicides were reported in India in the period of 1995 to 2014 and the number continues to grow at a disturbing average of more than 10,000. The farmers suicide rate in India has ranged between 1.4 to 1.8 per 100,000 total populations and it account for 11.2% of all suicides in India. One farmer committed suicide every 32 minutes between 1997 and 2005 in India. This was an alarming time in the ongoing spate of suicides among farmers. Indebtedness was found to be the common problem in most of the reported suicides. Deeper analyses, however, reveal that indebtedness is not alone a factor of this problem. But, the suicides were a manifestation of growing distress in Indian agriculture. The report of the Expert Group on Agricultural Indebtedness appointed by the Ministry of Finance noted that there has been a distinct slowdown in agricultural growth over the past two decades. Stagnant technology, rising input prices, weakening support systems and declining profitability have all made cultivation a highly risky and un-remunerative enterprise, threatening the livelihoods of farmers, particularly the small and marginal ones. It concluded that agriculture in India is passing through a 'severe crisis' (Government of India (GoI) 2007).

If we look back in time, the present crisis would have seemed impossibility. Upon independence the Nehru-Mahalanobis Planning model started by treating agriculture as a bargain basement in favour of industrialization. But the death of Nehru and the subsequent 'New Agricultural Strategy' of C. Subramaniam marked the beginning of what was to be a gradual ascension of agrarian interests in the national policy agenda. The miracle technologies of the 'Green Revolution' aided by input subsidization by the government led to big increases in the wealth and political powers of the rich peasants. This 'rural lobby' with its power to mobilize and command the support of millions of farmers pressed for increasing subsidies and output prices. 'Rural power' grew so strong that no political party could afford to ignore their demands. The basic economic postulate for structural transformation of a developing country – that of transferring resources from agriculture to industry – became a political impossibility, and notwithstanding the 'urban-bias' arguments of the farmer lobbies, there was a net transfer of resources into agriculture during the first three decades after independence (Varshney 1995 citing Krishna 1987). Rallying behind the compelling rhetoric of a *Bharat*-India divide, the 80s saw the peasants 'flexing their political muscles' in the great spectacle of the 'New Farmers' Movements' when tens of thousands of farmers marched to New Delhi agitating, successfully, for higher agricultural prices and ever greater subsidies. Capturing the mood of the moment, a *Times of India* editorial in 1987 announced that 'a new spectra of peasant power' was 'likely to haunt' the country for years to come. Table 1 shows the number of suicides among the farmers in Indian since 1195. The results of this table confirm that number of suicides among the farmers has reached the maximum level in 2004 which were 18241. So it presents a very disturbing nature of farming communities.

Table 1:
Suicides among the Farmers in India since1995

Years	Subsides among Farmers in India
1995	10720
1996	13729
1997	13622
1998	16015
1999	16082
2000	16603
2001	16415
2002	17971
2003	17164
2004	18241
2005	17131
2006	17060
2007	16632
2008	16196
2009	17368
2010	15964
2011	14027
2012	13754

Sources: National Crime Bureau, Ministry of Home Affairs, GOI.

Objective and Methodology

The fundamental objective of the paper is given below:

(i) To analysis of farmers suicides in India

For achieving the objective of the paper, this study further analyzes these reasons of farmer's suicides:

- ✓ Falling Share of Agriculture in GDP and Employment
- ✓ Increasing marginalization of peasantry
- ✓ Erosion of real incomes of farmers
- ✓ Declining Gross Capital Formation and Rural Development Expenditure

The present paper is based on secondary data which has taken from various years' reports of National Crime Bureau, Ministry of Home Affairs, and Government of India. The analysis was done engaging by the statistical methods such as percentage and average.

Economic Reasons of the Farmers Suicides:

Economic reasons for explaining the Farmers Suicides are given below:

(i)Falling Share of Agriculture in GDP and Employment:

Table 2 shows that the share of Agriculture is decreasing from 1950-51 years to 2013-14 years which was 51.81% of GDP in 1950-51 and now it has decreased 13.9% GDP. Annual growth rate of Agriculture has also reduced from 6.74 to 4.71 since 1960-61 to 2013-14. Further, share of Agriculture in employment is also showing the similar treads. It has reduced from 69.4% to 51% since years 1950-51 to 2013-14. So it is evident from the data that all these trends are one of the reason for farmers suicides in India.

Table 2:
Share of Agriculture in GDP and Employment

Year	Share of Agriculture and Allied Services in GDP at 2004-05 prices (%)	GDP Annual Growth Rate	Share of Agriculture in Employment
1950-51	51.81	-	69.4
1960-61	42.56	6.74	69.5
1970-71	41.95	7.09	67.8
1980-81	35.39	12.89	60.5
1990-91	29.53	4.02	59.0
2000-01	22.26	-0.01	58.4
2010-11	14.59	0.81	51.1
2013-14	13.9	4.71	51.0

Source: CSO and NSSO various rounds, GOI.

(ii) Increasing marginalization of peasantry:

Table 3 shows the increasing marginalization of farmers. The high burden of labour force has been falling slowly on a contracting cultivable land area. Between 1960 to 2011, the numbers of operational holdings have been more than doubled from 50.77 million to 125.1 million while the area operated declined from 162.1 million hectares in 1970 to 156.2 million hectares in 2011. Further average area operated has also reduced from 2.63 hectares to 1021 hectares in 2011. This has led to a sharp decline in the average size of the holding leading to increase number of small and marginal farmers.

Table 3:
Some Characteristics of operational Holdings

Years	Number of operational holdings (million)	Area operated (million hectares)	Average area operated in hectares
1960-61	50.77	133.48	2.63
1970-71	71.0	162.1	2.28
1980-81	88.9	163.8	1.84
1990-91	106.6	165.5	1.55
2000-01	119.9	159.4	1.33
2010-11	125.1	156.2	1.21

Source: NSSO various rounds, GOI.

Table 4 also shows the increasing marginalization of farmers in India accordingly the share of operational land holding. The proportion of marginal landholders has increased from 40.69% in 1960-61 to 65% in 20011 and among them they only operate 20.70% of the land in the 2010-11.This continuing skewed pattern of land ownership reflects the lack of earnest land reforms. Increasing marginalization forces the farmers into sharecropping and renting additional land. This leads to difficulties like insecurity of lease, increasing costs and inadequate returns from production, and difficulties in accessing credit.

Table 4:
Some Characteristics on share of operational Holdings

Category of Holdings	Share of number of Holding (in percentage)						Share in Operated Area(in percentage)					
	1960-61	1970-71	1980-81	1990-91	2000-01	2010-11	1960-61	1970-71	1980-81	1990-91	2000-01	2010-11
Marginal	40.69	50.6	56.4	59.4	63.0	65.0	6.6	9.0	12.0	15.1	18.82	20.70
Small	22.29	19.1	18.1	18.8	18.80	18.79	12.17	11.9	14.1	17.4	20.18	22.30
Semi-Medium	18.8	15.2	14.0	13.1	11.7	10.21	19.93	18.4	21.2	23.2	23.96	24.0
Medium	13.4	11.3	9.1	7.1	5.4	5.0	30.51	29.8	19.6	27.0	23.84	23.0
Large	4.9	3.9	2.4	1.6	1.02	1.0	30.74	30.9	23.0	17.3	13.21	11.0

Source: NSSO various rounds, GOI.

(iii) Erosion of real incomes of farmers:

Table 5 shows the erosion of rural income and consumption of farmers. It is observed that farmers are facing an erosion of real incomes because the growth in aggregate price index for consumer goods has been higher than the growth in price index for agricultural commodities. Here it can also observe from the table that the average monthly per capita income and consumption are less that possessed less than 2 hectares. They are marginal and small farmers. This has resulted in declining relative living standards of farmers particularly for small and marginal farmers whose incomes are clearly inadequate to meet consumption expenditure.

Table 5:
Average Monthly per capita income and Consumption by Size Class of Land possessed in 2013 (Amount in Indian Rupee)

Size Class (Hectares)	Income (Rs.)	Consumption (Rs)
< 0.01	4561	5108
0.01-0.40	4152	5401
0.41-1.00	5247	6020
1.01-2.00	7348	6457
2.01-4.00	10730	7786
4.01-10.00	19637	10104
>10.00	41388	14447
All Size	6426	6223

Source: Key Indicators of Situation of Agriculture Households in India, NSS 70th Round (Jan- Dec 2013), NSSO, Dec. 2014

(iv) Declining Gross Capital Formation and Rural Development Expenditure:

Table 6 shows that declining Gross capital formation and rural development. It is a well known thing that capital formation is important for the growth of any sector. In agriculture, this takes the form of irrigation, rural infrastructure etc. The share of agricultural Gross Capital Formation (GCF) in total GCF fell from 4.8 %in 1980-81 to 3.3% in 2010-11. This was due to a decline in the share of public sector GCF from 2.4% in 1980-81 to 0.5% in 2010-11 where private investment failed to compensate. Simultaneously, there was a big fall in the rural share of total development expenditure. This indicates a less state support in agriculture.

Table 6:
All-India Gross Capital Formation (GCF) in Agriculture and Allied Activities by Type of Institution (at 2004–05 prices) (Rs crores) and Its Share in Agricultural GDP and Total GDP (Per Cent)

Years	GDP from agriculture and allied activities (at 2004–05 prices) (Rs crores)	GDP (at 2004–05 prices) (Rs crores)	GCF in agriculture and allied activities (at 2004–05 prices) (Rs crores)			GCF in agriculture as % of agricultural GDP			GCF in agriculture as % of total GDP		
			Public	Private	Total	Public	Private	Total	Public	Private	Total
1970–71	245,699	512,959	6,848	14,319	21,167	2.8	5.8	8.6	1.3	2.8	4.1
1980–81	285,015	688,824	16,240	16,757	32,998	5.7	5.9	11.6	2.4	2.4	4.8
1990–91	397,971	1,163,231	10,546	40,568	51,114	2.6	10.2	12.8	0.9	3.5	4.4
2000–01	522,755	1,998,811	9,457	52,652	62,109	1.8	10.1	11.9	0.5	2.6	3.1
2010–11	709,103	4,248,279	21,500	120,754	142,254	3.0	17.0	20.1	0.5	2.8	3.3

Conclusion

This paper concludes that number of suicides among the farmers has reached the maximum level in 2004. The share of Agriculture in GDP is decreasing from 1950-51 years to 2013-14. It has been resulted a sharp decline in the average size of the holding leading to increase number of small and marginal farmers in the country. The proportion of marginal landholders has increased from 40.69% in 1960-61 to 65% in 20011. This continuing skewed pattern of land ownership reflects the lack of earnest land reforms. Farmers are also facing an erosion of real incomes because the growth in aggregate price index for consumer goods has been higher than the growth in price index for agricultural commodities. Here it can also conclude from the results that the average monthly per capita income and consumption are less that possessed less than 2 hectares. They are marginal and small farmers. This has resulted in declining relative living standards of farmers particularly for small and marginal farmers whose incomes are clearly inadequate to meet consumption expenditure. Further, the share of agricultural Gross Capital Formation (GCF) in total GCF fell from 4.8 %in 1980-81 to 3.3% in 2010-11. This was due to a decline in the share of public sector GCF from 2.4% in 1980-81 to 0.5% in 2010-11 where private investment failed to compensate. Simultaneously, there was a big fall in the rural share of total development expenditure. This indicates a less state support in agriculture. In last, it may be concluded that all these economic factors are responsible for the suicides among the farmers in India.

Reference

1. Assadi, M., 1998, 'Farmers' Suicides: Signs of Distress in the Rural Economy', *Economic and*

Political Weekly 33(14): 1562-1571.
2. Brass, T., ed., 1995, *New Farmers' Movements in India*, London: Frank Cass.
3. Chatterjee, P., 2004, *The Politics of the Governed: Reflections on Political Society in Most of the World*, New York: Columbia University Press.
4. Chatterjee, P., 2008, 'Democracy and Economic Transformation in India', *Economic and Political Weekly* 43(16): 53-62.
5. Das, R., 2001, 'The Political Economy of India', *New Political Economy* 6(1): 103-117.
6. Das, R., 2007, 'Introduction: Peasant, State and Class', *Journal of Peasant Studies*, 34(3): 351-370.
7. Dhanagare, D., 1995, 'The Class Character and Politics of the Farmers' Movements in Maharashtra during the 1980s' in Brass, T., ed. *New Farmers' Movements in India*, London: Frank Cass.
8. Gill, A. and Singh, L., 2006, 'Farmers' Suicides an d Response of Public Policy: Evidence, Diagnosis and Alternatives from Punjab', *Economic and Political Weekly* 41(26): 2762-2768.
9. Gupta, D., 2005, 'Whither the Indian Village: Culture and Agriculture in Rural India', *Economic and Political Weekly* 40(8): 751-758.
10. Lindberg, S., 1995, 'New Farmers' Movements in India as Structural Response and Collective Identity Formation: The Cases of Shetkari Sanghatana and the BKU' in Brass, T., ed. *New Farmers' Movements in India* , London: Frank Cass.
11. Mishra, S, 2007a, 'Agrarian Crisis in Post-Reform India: A Story of Distress, Despair and Death', *Indira Gandhi Institute of Development Research (IGIDR) Working Paper No. 1*, Mumbai: IGIDR.
12. Shiva, V., Jafri, A., Emani, A. and Pandey, M., 2002, *Seeds of Suicide: The Ecological and Human Costs of Globalisation of Agriculture*, New Delhi: Research Foundation for Science, Technology and Ecology.
13. Subramaniam, S., 2003, 'Agricultural Growth: Pattern and Prospects' in Rao, H. and Dev, M., *Andhra Pradesh Development: Economic Reforms and Challenges Ahead*, Hyderabad: Centre for Economic and Social Studies.
14. Suri, K., 2006, 'Political Economy of Agrarian Distress', *Economic and Political Weekly* 41(16): 1523-1529.