CHAPTER VII

Findings and Suggestions of the study
CHAPETR: VII

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In this chapter important findings/observations and suggestions/recommendations are highlighted which may be considerable for the development of Agricultural sector, and to mitigate the issue of indebtedness at some extent.

7.1 Major Findings

Maharashtra is the leading state which has higher farmer’s suicides cases reported during the year 2007. Other states are also facing such condition. There are other top five states in terms of the number of farmer’s suicides in 2001–viz., Maharashtra, Karnataka, Andhra Pradesh, Chhattisgarh and Madhya Pradesh accounted for nearly two-thirds (63 percent) of the suicides in India.

Farmers who committed suicides belonged to dry regions where agriculture is mainly rain fed. Farmers were growing cash crops in such regions for e.g.: cotton (particularly in Maharashtra),

Sunflower, Groundnut, and Sugarcane (especially in Karnataka) over capitalization at Punjab etc. In the recent times, farmers from the global South faced competition in the face of depleting social support and ‘Safety Net’. The National Crime Records Bureau (NCRB) statistics show that 2, 00,000 farmers have committed suicide in India since 1997.¹

Apart from the psychological factors, socio-economic factors played a key role behind such suicides. Increased cost of inputs, dependence on and fluctuations in rainfall (due to the absence of irrigation), excessive supply of and excessive demand for the crops produced, level of and fluctuation in market prices etc. have affected the profitability of cultivation. Due to fall in the
average size of the landholdings and prevalence of marginal holdings, the
profitability has come down. Availability and usage of spurious inputs have
adversely affected the production. There are other factors responsible for
farmers’ suicides that include, crop failures. Shifting towards more profitable
crops has increased the risk (in terms of output, quality and prices). Cash crops
like cotton/ sugarcane/ soybean. Exorbitant rate of interest and other terms and
conditions are associated with loans, availed from money lenders. Poor health
conditions, family disputes over property, domestic problems, and heavy social
burden of marrying daughters coupled with alcoholism have pushed farmers
towards committing suicides. The bargaining power of farmers’ associations so
as to demand for remunerative prices and subsidies on inputs declined in 1990s
as compared to the 1980s\textsuperscript{2}

As per the review of the studies, research reports of other research
institutions, individuals, research fellows and research articles, following the
major findings are pointed out. While at presently agricultural sector is facing
critical condition particularly in the Vidharbha and Marathwada region. Such
conditions also are appeared in the other state, like Punjab, Andhra Pradesh,
Karnataka, Karalla, Madhya Pradesh etc.

On the basis of above discussion, a few observations may be given as
follows.

7.1.01 **Fragmentation of landholding:**

Due to the increasing population pressure on the land, the land size of
operating holding is decreasing. However the production cost is increasing but
the output or production does not increase which bear such cost and refund the
credit regularly. Productivity depends on the land size, if the land size big, then
it has increased productivity in the irrigation farming, but Dr. Amrtya Sen had
argued that, the productivity increases if the land size is small, but it may be true in the non irrigated farming. In short due to land size the production cost it is increased. And now in India there are increasing marginal and small farmers who are facing critical economical condition and increasing the indebtedness extent to suicides. (Table-6.7)

This is the real issue having the excessive pressure of population on land, land is only means of livelihood and to fulfill the basic needs. The population of India was only 23.84 corers in the year 1901 and it was grown up to, 36.11 crore in the 1951. During 2001 the Indian population was 102.71 corers, Due to the pressure of population the per capita land decreased, increasing the production cost, decreasing the income, so ultimately increasing the use of debts for domestic purposes, this has increased the indebtedness.
At presently the per capita land in India is only 1.37 hector and operating land is only 1.6 hector, (Table 6.6.)

7.1.02, **Frequently increasing inputs cost:**

Gap between the production cost and inputs prices is increasing but not remunerative prices for agro products; it can not meet the proper income which leads to increasing indebtedness of farmers’ community from all parts of states. After advent of green revolution the use of HYV seeds, manure or fertilizers, equipments which incur most funds have been increased. Such funds can be obtained from outside institution whether from formal or informal. Due to the insufficient production and output, and even absence of remunerative prices farmers are unable to pay such loan and it has increased the indebtedness or overdue loan.
7.1.03 According to available records in India there are 31% (Table-1.2) land which is not cultivable, it’s includes the barren land, permanent grazing land, waste land and followed land. Indian topography is not much favorable to agricultural activities. The fertility of land is lower compared to other country. Where as the some part or state have the high fertile land, but due the lack of irrigation facilities such land does not give more production. However such land depends on the monsoon.

The land pattern of Maharashtra comes under rain fed belt land. Maximum land of Vidharbha and Marathwada is dependent on rainfall, however only 16% land is irrigated. It is also dependent on the storage of water from rainfall or monsoon. Since last five to six year there is absence of such regular rain fall, there is draught in each year and other three year reported the vagaries of monsoon. The monsoon reporting uncertainty drastically affected to reduce the agro production and increase the production cost extent to increasing the indebtedness. Therefore due to this critical vicious cycle farmers are turning to lose the hope of living.

7.1.04 According to WTO agreement developed countries can give 5% subsidies on agricultural prices, but America and European countries had given 31% such subsidies to their farmers. Even Japan had given 70% subsidies to rice growers, but such subsidies are not provided by the government India to the farmers. In India there is only 4% subsidies given by the government. Consequently at the international level the prices of agro products falls down and the farmers of India can not compete at international level. Even developed countries charge heavy export duty on the imported goods and to protect their farmers, besides the Indian government charge only 5% such import duty on imported goods. The developed countries are paying the production and
incentives to their farmers and increasing their income. But in India there is absence of fair marketing (MSP) condition which gives the fair and remunerative prices to the farmers. Even unorganized market is the obstacles which exploit the poor farmers.

7.1.05 Increasing the use of land for non-agricultural purpose is one of the setback to agricultural businesses, i.e. under SEZs the government had tried to occupied 1.40 lacs hectors under ‘Land Possession Act u/s 4’, to be used for SEZs, even 60 thousand acres land will be possessed by Reliance Ltd.

The urbanization is increasing. The size of cities such as Mumbai, Pune, and Nashik, Aurangabad etc. is increasing. The rural population is migrating in search of employment opportunity due to unavailability of allied business in the rural area. Like SEZs projects, the industrialists are trying to capture the agricultural land for the purpose of non agricultural activities. Hence increasing such urban cities agricultural land used to construct the houses, housing societies and drastically decreasing the agricultural land. Thousands of the acres land is used for construction in Aurangabad city.

7.1.06 There is question of regional disparity or uneven development. Vidharbha and Marathwada is lagging behind in many ways, like irrigation, credit supply, infrastructural development, education even the allocation of public outlay. Even in the loan waiver schemes these regions got very less loan relief compared to Western Maharashtra, which are backward. In the region Vidharbha and Marathwada there is lack of irrigation, all irrigated land is concentrated in Western Maharashtra. These two regions are back word in many ways, and all the development resources concentrate at Mumbai, Pune region. Which drastically affect on the economical condition of the farmers.
community, and it has increasing the indebtedness extending to their suicides. (Table-5.4 to 5.9)

7.1.07 There is lack of progress of co-operative movement in Vidharbha and Marathwada, these regions are so back than WM, almost co-operative activities concentrated at WM, like Sugar factories, credit societies. Consequently, there is undue influenced by the non-institutional credit sources which is responsible to the increased indebtedness. Government had given financial help to few suicides victim families. (Table-5.8). There is lack of institutional credit supply. This situation leads to increase the influences of private money lenders and increase the non-institutional credit source. Vidharbha and Marathwada region have been caught in the hands of moneylenders.

There is apathetic policy of Commercial Banking in this sector, the commercial banking insists to give loan to the agricultural business, even maximum branches are concentrated in urban like Mumbai and other metro cities. Consequently in Vidharbha and Marathwada loan from money lenders is increased.

Even such commercial banks do not disburse the loan according to the Annual Credit Policy which is introduced for the development of the rural area and the development of small and marginal farmers. These banks have not completed their target in the rural area. There is large number of artisans kept away from Annual Credit Plan. So there is no chance of establishment of allied sector and allied business in the rural area, that’s why such rural area is lagging behind in the various ways, which is unable to provide the employment opportunity to the rural people. (Table-1.23)
7.1.08 RBI introduced ‘Annual Credit Plan’ through the ‘Service Area Approach’ (SAA), and some target was fixed but the financial institutions have not completed this target, for the instance during 2000-01 to 2006-07 only 68% target was completed under this plan, it means 32% small and marginal farmers were kept away. During 2003-04, 2004-05, 2006-07 only 45% target was completed. It means 55% beneficiaries were neglected. It is observed that maximum suicide cases were reported from small and marginal farmers due to their poorness and even the small amount of debt. (Table-1.24)

7.1.09 Governmental policy has shown always apathetic policy for purchasing the agricultural goods, that’s why farmers could not sale, their goods at the MSP. Some times Co-operatives societies are ready to purchase the goods but there is delay to give the order or sanction the MSP for such goods.

In relation to announce the MSP the government decision is always delayed. Any decision of the government has been taken after the sale of goods by the farmers to the local traders. Merchants i.e. “Dalal”, “Adtya”, and “Savkar” are benefited.

Marketing Committee, Co-operatives have ready to purchase the goods, but due to the delayed decision or order about the prices, such societies deny the purchasing agro goods. The government is purchasing the cotton under the Oligopoly i.e. running by the cotton purchasing centers, processing mills, but due to the corruption and political influences such schemes are under the losses. There are hundreds corers accumulated losses accounted due to the frauds under this scheme. Such frauds and scans have been concealed under the accident incidences like the fire, thefts, and other suspicious activities. These types of incidences are happening in India. There are big politicians engaged in these activities which is well-known to all peoples.
7.1.10 The Co-operative credit movement in India is suffering from huge overdue, inadequacy and uneven distribution of benefits. The weaker sections of the rural community of the country are not yet properly covered by this movement, governmental employees always against such co-operative movement. (Table-3.1)

"Through the co-operation development of all", this was the maxim of development through the co-operation movement, but due to the greater influences of politicians, uneven development co-operation societies, apathetic policy of governmental employees and due to the corruption such co-operative are failed. In the every credit society there increasing overdue loan, NPA of banking and increasing the indebtedness, lack of co-operative principles, interference of political leaders this movement is from suffering the losses, even there are large number of dormant institutions remaining on the papers.

7.1.11 It is the fact that the Indian financial institutions share more interest rate, the RBI and National credit policy have suggested about the low interest to agricultural.

NARBARD charge interest rate 3%, then the State Co-operative Banks adds its charges up to 4%, District C-operative Bank charge its 3% and PACS add its cost of credit up to 4% and compound or gross interest rate goes to 14% to 15%. Commercial banking charge interest rate to 14% to 15%. And other bankers are charging such high rate which increase the indebtedness, this is the most prime cause of indebtedness.³

RBI has declared the interest rate or credit policy like ‘Annual Credit Policy’ which has introduced “Annual Credit Plan”, through the Service Area Approach (SAA), by the Commercial Banks, Regional Rural Banks. Through
this scheme, during 2000-01 to 2006-07 banking institutions has completed only 68% target. During 2000-01 and 2005-06 it had completed 99% target through this schemes, but during 2003-04, 2004-05 and 2006-07 target completed was only 40 to 45 % (Table-1.24). It means rest small and marginal farmers were neglected from this annual credit plan by the banking institutions. In average there was only 68% target completed by banking institutions. So it is very necessary to extend this annual credit plan and banking institutions should compelled be by the RBI to complete the target.4

7.1.12 The banking institutions or bank provide the loan according to the creditworthiness and some time on the influences of political pressure, not according to the needs of the cultivators.

Such as banks are not linked with the loan with needs and the purposive activities, even such loan must link with the risk factors. But in India bank has given the loan to the farmers according to their credit or creditworthiness. Indian farming business depends on the monsoons, there is a lack of irrigation, the crops are failed and the crops loans are not properly used. Therefore such credit or loan must be linked link with such risk and linked with the insurance institution. Due to the failure of crops, farmers are unable to pay the loan installment, almost farmers becomes defaulters due to such situations.

7.1.13 The banking institutions do not provide loan according to mortgage and hypothecation. Banks do not take any review after disbursement, intention and purposes of credit amount. Such fact leads to increase the indebtedness.

Such attitude leads to use of credit for the purposes of unproductive activities like domestic, religious, families expenses. Banks give the loan on
land, house property or even on the livestock, but after that there is no such systems exist which to understand the real condition of farmer. i.e. condition due to the natural calamities, like frequent draughts, rain fed, or dieses to the live stock like cows, buffaloes, bulks etc. such activities should be link with risk factors. In the Aurangabad district many such cases appeared, that due to insufficient fodder supply cows died, or/and sold in the market and there is no profit generated to repay the loan, loan amount increases, and farmer (marginal) commit suicides. In the Washim district, one poor farmer committed suicide due the indebtedness and such debts amount had grown due to construction of the house as per government norms (Gharkul). So banking institutions must take the review about utilization of loan and real fact of the beneficiaries. But the government and banking functionaries do not support to avoid the future incidences. Banks compel the farmers; places notices for repaying the loan installment, there were many suicides coming before Vidharbha.

7.1.14 Banks have provided the long term loan without taking the review and the productivity of the long term activities, which are necessary to the development of agricultural business. But such loan amount is used for other non productive activities like, marriage of daughters/sisters, or education or hospitalization purpose.

It is observed that in medium term and long term loan disbursed to big farmers to purchase the tractor, and other equipments, first few year installments were paid regularly but after that it was stopped. Banking institution has not taken the steps to find out the real causes or loan uses. After some period such loan turned to other purposes, or for the unproductive purposes which do not generate the money (income) to repay the loan, the overdue loan amount is increased to heavy indebtedness.
There were other purposes like marriage of sisters/daughter, hospital expenses to big disease like cancer, educational fees/ expenses of children, even such amount is used to fulfill the habitual needs like alcoholisms, these are the facts, and there is no way to find out the solution for such unproductive activities, such incidences are responsible for increasing farmer suicides.

7.1.15 There is shortage of banking branches in rural area and such branch do not reach to the marginal farmers. Generally the commercial banks are interested in the urban area and establishing the more and more branches in the urban area only. Ultimately the farmers are till now resorting to private money lenders, and other non-institutional credit supply. Which charge the exorbitant rate of interest, it leads to the increased indebtedness of farmers. Therefore due to this apathetic policy of banking sectors, Indian farmers become the indebtedness, and the influence of money lenders becomes strong, some time there is no way to avoid to such money lenders or 'Savkar.'

7.1.16 There are many farmers/borrowers of banking institutions who have withdrawal the loan and forget it, that it is to be refunded, they do not keep any own records about loan utilities or use. Banking institutions also once given the loan, there after dot not take care at all; these circumstances increase the attitudinal defaulters and increase the overdue amount with heavy burden on the head of farmers. Some time the functionaries of banks induce the farmers not to pay the loan, in the last period (before debt waiver scheme) there were many farmers waiting for debt waiver scheme and they had stopped to pay the loan installment.

It is also observed that due to the debt waiver schemes many farmers become habitual and they do not repay the loan amount at all.
7.1.17 In the rural area banks do not disburse the loan for purposes other than farming, the borrowers utilize it for the domestic and other family expenditures or other essential needs. Banks do not take any review about such needs, there is no such machinery to understand the other needs of the Indian farmers.

There is no any option in the rural area and not availability of such bank loan account to give the loan for the marriage of daughters or sisters, education expenses of the children’s of farmers, even the hospital charges to provide remedies of beaten dieses. But farmers are kept away from such schemes or welfare schemes by the government departments. In this way banking institutions should review about such domestic and social needs of the farmers. Government must make such welfare policies which gives the relief from such unavoidable incidences. Otherwise farmers have to turn the loan for such unproductive needs instead of productive purposes.

In the olden age such types of incidences were happened in the life of all farmers’ families, but at that time there were sufficient resources available, and if the farmers caught in debts they sell the some pieces of land, then house, then trees, now there is no option with the farmers to fulfill such needs. Such arguments were listened by us in the field survey, and they criticized about the present situation, and caught in the helplessness and hopelessness at all.

7.1.18 In the agricultural sector the commercial banking does not take more interest for disbursement of credit amount like which taking in the urban area, and the people of rural affords to the money lenders.

All branches of commercial banking institutions have been centralized in the urban cities, only few branches are working in the rural. During 1951 only 0.9% share was contributed by commercial banking, it reduced to 0.6% during
1961. During 1971 it increased to 2.6%, Such as the role of commercial banking was very poor. This is cause of increasing influence of money lenders and increasing the indebtedness.

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<tr>
<td>% of share</td>
<td>0.9</td>
<td>0.6</td>
<td>2.6</td>
<td>28.9</td>
<td>35.2</td>
<td>26.3</td>
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7.1.19 The performance of Co-operative credit institutions was increased during 1983-84 to 2001-02, and there after its progress was constant instead of improvement. The overdue loan amount increased. The members of such PACs turned towards the money lenders.

Due to the increasing losses of PACs, the dormant co-operatives increased. There are increasing defaulters and such Co-operative credit systems become handicapped. Consequently the Co-operative sector did not cover the credit needs of the farmers. Farmers turned to private money lenders.

In the Vidharbha and Marathwada the money lenders increased in the form of traders, merchants, and inputs sellers, even now the Cotton purchasers are increasing due to the delayed and apathetic policy of government. Due to such situation now thousands of quintals cotton is exported to the nearest states like Gujarat or Andhra, and cotton purchasers are emerging as money lenders.

7.1.20 During 2001-02, and thereafter the financial conditions of farmers become weakened due to the insufficient credit supplied by the banking and co-operatives. The farmers had been compelled to take the loan from private money lenders. As mentioned above due to the vagaries of monsoon, increasing the inputs cost, and due to the absence of fair and remunerative prices, indebtedness of farmers increased, created the financial distress in the family of farmers, increased the mental distress extending to farmers suicides, even in the
present days such situation is not changed, at presently the farmers suicides are continued.

7.1.21 The deposits of the RRBs had increased during 1995-96 to 2002, and there after these deposits were decreased or not increased in the high amount. There was very less credit debt ratio in the deposits and credit disbursement in the same period. So it is observed that in the same period it has increased the sources of non institutional credit sources.

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<tr>
<td>RRB Share</td>
<td>2</td>
<td>263</td>
<td>977</td>
<td>4854</td>
<td>6070</td>
<td>7581</td>
<td>12404</td>
<td>15223</td>
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<tr>
<td>Total credit Rs.</td>
<td>1675</td>
<td>5244</td>
<td>16494</td>
<td>62045</td>
<td>69560</td>
<td>86981</td>
<td>125309</td>
<td>180486</td>
</tr>
<tr>
<td>Cr re.% of RRB</td>
<td>0.12%</td>
<td>5.01%</td>
<td>5.92%</td>
<td>7.82%</td>
<td>8.73%</td>
<td>8.71%</td>
<td>9.61%</td>
<td>8.43%</td>
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RRB is one of the important bank which has the responsibilities to disburse the credit to the small and marginal farmers and to the rural artisans through the Annual Credit Plans, (SAA), RRBs have not achieved the target which was fixed by the RBI, even the total credit contribution was not more than 10%, in the period mentioned above, RRBs performance was so poor, the farmers are turned to money lenders, which never escaped.

The growth of credit supply were declined by the year, 2002-03, 2003-04 and during 2005-06, which was lower growth rate in compared to previous, and in these period cultivators turned towards to non institutional credit finance sources.

7.1.22 During 1990s the loan recovery rate was low, in this period defaulters increased which never ended, and increased the indebtedness. Consequently first time it was necessary to debt waive. It was the first attempt to waive the debts by the former Prime Minister Vishwanath Pratapsingh. There after it
became habitual to non payment of loan by some farmers which spread among the large numbers of farmers.

However increasing defaulters is one of the main obstacles in the way of Credit Systems, due to the non payment by the farmers such defaulter cases were increased from 1990, after debt waiver schemes. But after that government had not provided the proper schemes and permanent solution for stopping such attitude, besides, government is sectioning loan waivers schemes which is increasing the attitudes and encourages increasing the indebtedness. Instead of this, government should develop the rural systems which will be enabling to survival of farmers.

7.1.23 Sponsoring bank of RRBs have increased their own branches, consequently the performance of RRBs declined. It has increased the debts amounts, and RRBs have suffered by losses. There were out of 194 RRBs 150 were in losses and it had large NPAs.

Competitions now are emerging in the banking sectors, several private banks are opening their branches in the rural area. Many bankers are giving the loan on “7/12” hypothecation to purchase “Two Wheeler”, motor bike, or other articles. These banks are offering the loan to such unproductive activities charging the exorbitant interest rate, rural people are also being attracted towards such loan. Scheduled banking which was the sponsoring of RRBs, is establishing their own branches. Consequently the performance RRB comes down and increasing the NPAs (RRBs). RRBS are not completing the credit target according Annual Credit Plans, introduced by the RBI, Consequently many farmers are turning to money lenders, and paying high interest, such cases appearing in the case of small and marginal farmers, and increasing their debts overdue. (Table-3.7)
7.1.24 From the year 2001 and onwards commercial banking has increased the credit disbursement of long term, but the recovery rate was low, consequently from the year 2001, overdue credit amount increased, increased the defaulter there after, the customer from rural areas turned to money lenders which affect to increased the indebtedness, extent to economic crisis in agricultural sector. (Table-3.13)

7.1.25 Due to the non availability of institutional credit sources, or delayed credit disbursement, farmers are turned towards the private money lenders, which lead to increase the influences of the money lenders, and increased the indebtedness. Such type of almost indebted cases has appeared in the rural areas, particularly Vidharbha and Marathwada region. Such cases are reported throughout India also.

Co-op. Bank and Nationalized Banking are failed to give the credit to the farmers. Consequently farmers are again turned to money lenders. According to authorized data, in Yaatmal district near about Seven Thousand farmers have taken loan from registered and non registered moneylenders. During 2008-09, from 96 registered money lenders have given loan to cultivators Rs.2.75 crore, @15%, and above Rs. 2 crores loan given by non-registered money lenders. In this year 6920 farmers have resorted to registered money lenders,(96 reg. money lenders) while this figure is very big in the form of other unauthorized money lenders. These money lenders are charging interest rate 15% to 20%. However banking sector failed to give the loan in Yaatmal district.5

7.1.26 Banking institutions have not motivated the people to borrow the loan from banking institutions, besides it pave the cautions, problems in he flow of
disbursement of loan. And the farmers are turned to the money lenders, maximum income utilize for repaying such loan (interest and principal) encumbrances, if the banking sectors initially would have supported them then different effects would have been observed it means Indian banking institutions are failed to develop such types of attempts.

7.1.27 The government is providing the subsidies for fertilizers only, but actually the farmers are compelled to pay the more cost for purchasing the fertilizers, it means ultimately the farmers are exploited by the traders. There is the misuse of such subsidies or it had wasted such endeavor of government and benefited to fertilizers traders. It again leads to increase in the indebtedness. It is necessary to provide the subsidies given by the developed countries to their farmers to increase their income and to compete them in the international markets.

Such type’s incidences are appeared in the Vidharbha and Marathwada region, because most of the farmers are caught in the clutches in to indebted due to such practices. The lower prices at the international market is the another consequences of global market, because the government of developed countries had provided tremendous facilities to cotton growers to their farmers, besides these developed countries composed more import duty on the cotton which exported by India, consequently the prices of cotton fell down. Even the cost of production is not recovered in the Vidharbha and Marathwada region, (BT Cotton), so most of suicides cases reported during 2007, due to only such cotton policy. And the farmers are turned to and diverted to anther crop like Soybean, which frequently reported failure due to the insufficient supply of water and irrigation facilities, which did not reduce the suicides incidences, even after the PMRP, and CMPs in the region of Vidharbha.
7.1.28 The farmers are turning towards the traditional means of farming and natural compost manures to avoid the cost on chemical fertilizers and reducing the cost of production, and producing the own seeds, such practices appeared in the crop of wheat, ‘Harbaras’, maize, ‘paddy’ etc.

But such types of efforts were criticized by the other experts like the Agricultural Research and Development systems instead of supporting him, there is no way to motivate to such endeavor of farmers, all such techniques are said as outdated, but there is nothing outdated, it should be renewed or reinvention is required, such farmers are neglected by the governmental agencies.

7.1.29 After advent of green revolution and modern technology indebtedness increased for adopting such new technology, equipment, HYV seeds and other inputs. The production of agro produces increased and on other hand the heavy cost of production increased. There is absence of remunerative price to such crops and goods. The gap between the production costs increased. This situation is unable to repay the loan, which increased the indebtedness. Such incidence are appeared in the state of Punjab, most of the farmers are became indebted due to the modern technology. There were all farmers under indebts those having tractors, harvesters, “Malni Yantra” etc. (big farmers)

7.130 Farmers are borrowing the loan for digging the wells, bore wells, some times it fails and to dry as whole, and some times such wells, or bore wells become dry after some period of time due to the decreasing the water level of inside the land, the production may reduce, and even is not yielded due to the water unavailability. Cropping pattern fails and the debt amount increases. There
is no such credit were linked with the risk factors, or such natural consequences which leads to increase in the debts.

7.1.31 Due to the increasing defaulters the incidences of increasing indebtedness were appeared through out the India, and there are several farmers who have not repaid the loan installment purposely or intentionally, due to the attitudinal characters. Such cases increased after the frequently debt waiver schemes sanctioned by the government. Some times the employees or officials (banking) have to suggest not refunding the loan, and debts amount increase with compounding interest.

Because many farmers are regular payer of loan installment, but the heavy indebted farmers have been benefited by debt waiver schemes, so regular farmers think about not refunding due installment purposefully, because they also want some benefit/help from the government, thus governmental policy is encouraging to increase the indebtedness.

7.1.32 Due to the poverty and poorness of farmers the indebtedness is increasing. Because such poverty makes unable to the farmers for adopting the HYV seeds, sufficient fertilizers, sufficient doses of pesticides and consequently it effects adversely the farming activities which leads to decrease the production, so basically the poverty of farmers is the prime issue, it must be mitigated.

There are various schemes available in the rural sector, but due to the lack proper planning, high level corruption, no such schemes are properly reached to marginal beneficiaries. If such schemes are reached to the public then poverty is mitigated.
7.1.33 The absence of professional attitude of people in the rural area is a common thing. In the Vidharbha and Marathwada region, the people have not participated in the farming activities properly, they avoid the new changes, even they are not ready to adopt the new technology. Some time due to the lack of money they are unable to adopt new technology. So they can not produce more production due to the traditional technology. In some villages people waste the time at all, such incidences were appeared in the villages of Vidharbha and Marathwada region. This is the consequences of political activities and unfair influence of political leaders.

7.1.34 Absence of saving and Banking habits

There is one more thing appeared, that is absence of saving habits in the rural people. Particularly in these both regions, people are interesting to consume the surplus and excessive amount in the religious, family programs, like marriage, ‘Pujapath’, ‘Priti Bhoj’, even the after death programs. Such amount is wasted in these unproductive activities. Some people borrow the loan for ‘Tirth Yatra’ for praying before the God and Goddess, they consult with godhead, ‘Guru’s, ‘Brahmins’, there is nothing changed till explained by the, ‘Mahatma Phule’, in his book, “Setkaryacha Assud”. Farmers are in contact with to religious consultant and expend the amount unnecessarily, which invites increased burden of money and increased indebtedness.

Government had helped by giving the Rs.100000/- to the victim families, in the form of Rs.70000/- by depositing in the saving deposited account, and remaining amount by cash. It is observed that there are many families who have expended Rs.30000/- amount in to the other religious activities like, “Varsha Shrdya”, or “Pind Dan”. This is the fact, which prevailed in the Indian Cultural systems. Some amount and surplus amount or even borrowed amount utilized
in the marriage of their daughter and sister for paying the dowry for purchase the 'Bridegroom'. This is also the fact in the Indian society in the higher castes systems. There is enactment to avoid such dowry systems but the law maker itself breaks this law at every where in the Indian community, and makes the society handicapped, which extents to suicides of parents.

7.1.35 Sometimes there are unavoidable natural calamities, which affect the crop failures by once, or twice, which lead to invest more capital amount in the farming activities, and increases the indebtedness, which never mitigates extended suicides cases. Even it is observed that due to the wild life there were damaged crops, and government department has passed compensation to the farmers Rs.100/-, Rs.250-, or Rs.500/- and like this, so this is the insult of the farmers and poor farmers who are they deprived by the wild lives and by the government. Such large numbers cases appeared in the Vidharbha and Marathwada region.

7.1.36 Investigation of suicides cases was dependent on the circumstances. Such suicides cases were appeared. But it is the fact that employees and officers of government agencies depend on the evidences appeared at the event of incidence. Some time such inquiry takes place in the indoor office and the decision on the reports received by the police station or police records is taken. Such institutions give the reports which are not viable or true and not in favor of poor and victims diseased farmers.

It also observed that there are different government helps. In many cases farmers having the loan from money lenders were benefited, but in remaining cases they were rejected for this help. Even when the land was on the account (name) of father and son committed suicide, such cases were rejected in some
cases while in some cases such cases they were benefited. These different practices are pointed out in the Vidharbha region. Even in some cases due to the efforts by the leaders, they were benefited, but the valid cases of poor farmers are rejected by the government agencies, those who have not taken the proper follow up.

In the Amrawati district, in the village ‘Kurha’, one victim’s family got the government help as per collector records, but actually there is no such help or amount received to the family members of victims, after our (researcher) efforts and follow up that family was benefited. So it is clear from this incidence there is apathetic policy of government executives about the poor victim’s farmers those who end their lives.

7.1.37 Farmers in Maharashtra specifically, also had to cope with the removal of a government safety net that guaranteed them fixed cotton prices. Starting in the 1970s, the state of Maharashtra would purchase all cotton production at a price independent of world market prices. This program was called the Monopoly Cotton Procurement Scheme. This program guaranteed cotton farmers a fixed price for their entire crop.

Mismanagement and financial losses led the state to open up cotton trade to private traders in 2003 and to discontinue the monopoly scheme. The state still purchases some raw cotton from farmers, but the average prices it offers are below the average cost of production. Due to the mismanagement the new ‘Cotton Merchants’ are emerging which are purchasing the cotton and exporting to other state, the cotton of Maharashtra is exported to Gujarat and Andhra Pradesh state. Such merchants may be the money lenders, or shop keepers those sell the inputs like fertilizers, seeds, chemical pesticides on credit to the cotton
growers and purchase the cotton from such farmers, some times they exploit to the farmers to give the less prices.

7.1.38 Government support is declined. The extension centers run by the local government have not been able to provide farmers with adequate information and training regarding growing the new varieties of cotton. To choose seeds, many farmers rely on information given by private seed companies.

Such seeds companied domestic and MNCs are induced to farmers for purchasing the HYV seeds at the high price, these activities are compelling the farmers to borrow the funds to adopt it. Some false companies are also emerged to yield the seed which are poor of quality. Due to the poverty, or lack of knowledge farmers purchase such duplicate (spurious) seeds which affects the production/output. This is insufficient output which does not meet the production cost also.

7.1.39 The share of agriculture in the National income is decreasing year after year. While the 69% population depends upon this sector and 60% employment is directly involved. It is declining from i.e. it was 61% to 20%, during 1951, to 2007 (Table-6.1), it is the bad indication about that agro sector facing the critical crisis.

7.1.40 Increasing Rural Unemployment

After the advent of Green Revolution, and modern technology and equipments, like tractor, harvester, thresher these lead to increase in the agricultural unemployment in the rural area. Such types of heavy and modern equipments even affect the “Employment Guarantee Schemes” also, in the EGS and other infrastructural activities are using the bulldozer, cranes, and ‘Poklain’
which drastically decreased the utilization of manpower and increased the unemployment and created disguised employment in the rural area.

7.1.41 Agricultural sector is becoming non-affordable year after year, the people from this sector are migrating towards the urban area and it has affected the increasing urban population which is not good for economy, for the instance Aurangabad city is the first ranked city in Asia which is growing rapidly.

7.1.42 There are several schemes which are not reached to the marginal people or farmers. There is an existence of corruption in the implementation of such schemes. There are several frauds and scam, before government and society but there is no one punished rigorously. Again other executives or employees or politicians are involving in the racket of corruption, which is also responsible to increase the difficulties in the rural area and in the life of common people which are the fundamental pillars of the Indian democracy and “Sovereign India”.

7.1.43 Increasing the marginal farmers and small farmers is the features of Indian farming (Table 6.5) it is observed that most of the small and marginal farmers committed the suicides due to the indebtedness. Most of the farmers are leaving their land and farming business and turning to other business and laborious activities, and migrating to cities for employment.

7.1.44 Increasing gap of government investment in agro sector and other sectors is one of the important causes to the present agricultural crisis. As per the study of last 10, five year plans and the 11th five year plans has indicate the
differences between the expenditure investment growth in other sectors and in the farming sectors (Table 6.9)

| Total (excluding Rs.600 1st plan) | Actual inv. Rs.1393527 | Difference = Rs.85122 (orRs.92962) | Short. inv Rs.1478649 |

7.1.45 Institutional sources can accelerate the growth rate, but in the agricultural sectors such banking are taking the negative role, there is no uniformity in the policy of RBI and other banking, such banking make their own policy to relation to loan disbursement and about the overdue credits. Nationalized Banks has provided to agricultural sector around Rs.1,64,350 crore (57.2%), and Commercial Banks has provided only Rs.59, 313 crore (20.7%) so the total institutional credit were provided around 77.90%, it means that the non institutional credit is 22.10% which is influenced after taking several measures by the government like loan waiver schemes.

In short above are the main findings/observation and may be the causes to increase the influence of non banking institutions and ultimately insufficient role by the institutional credit source increasing the influence is the outcome of such credit policy of banking sectors, so following are some suggestions might be the way to find out the solution for this situation.
1.2 **Major Suggestions.**

From above studies and findings it is revealed that there is severe crisis in the agricultural sectors, faced presently in Indian agricultural sector in the various parts of country. Indebtedness is the main issue in the agricultural sector and facing by the Indian farmers from the beginning. But at presently this issue of indebtedness becomes challenging to the government, banking sectors and other related agencies. So it is suggested that there should be special attempt and policy to meet the permanent solution to the development of economic condition of the farmers. It context to above, following suggestions will be helpful to create the answerable system to decrease indebtedness and to achieve the estimated annual growth rate of agricultural sector.

7.2.01 According to previous experience and history of Indian farming business depends on the monsoon. At India level average irrigated land is only 41%, such irrigated land should be increased, by establishment of infrastructural development of irrigation. There should be proper water management, proper distribution of water, and to be stored every drop of water.

In the state of Maharashtra such irrigated land is only 16% to 17% and this irrigated land is concentrated in Western Maharashtra. In the region Vidharbha and Marathwada have only 5% to 6% irrigated land, it is essential to increase the irrigated facilities to increase the production of the farmers.

7.2.02 Basically Indian farmers are poor, poverty is the root problem, and such poverty should be mitigated. It is worldwide experience for the farmers of developing countries are poor. It is necessary to provide permanent means of
income to reduce their poverty, improve the financial situations. It should be
provide the employment through the viable schemes for affords their labour
service and increase some income sources. The State government had started
the Employment Guarantee Schemes. This scheme should be integrated with
the farming activities, and incorporate with the poor, marginal and small
farmers. Through this EGS has to provide employment to poor farmers. Such
efforts may be helpful to reduce the production cost, labour cost of such
farming activities and helps to increase the income sources. Government also
can achieve the target of welfare of the peoples.

7.2.03 Indebtedness is the chronic issue, government should find out concrete
programs, special enactment, to reduce the non institutional sources. Increase
the institutional credit sources and reduce the interest rate.

It is the feature of Indian farming business that cultivators are always under
the burden of indebtedness. In the olden days also farmers were encumbrances
by debts, and such debts transferred or carry on to next generation, such
practices carry on generation to generation. Such burden of indebtedness is
only the consequences of increasing informal credit source. There is no special
‘Act’ or ‘Regulation’. However it is necessary to pass such special Enactment
to save the farming community, and reduce the non institutional sources
increasing by easy credit supply at cheapest interest rate.

7.2.04 Influence of non institutional credit supply, should be reduced, through
timely credit supply by banking sectors, and avoiding the lengthy procedure for
obtaining loan amount, to supply adequate credit before the beginning farming
activities.
Documentary procedure should be reduced. For completing such procedures the time of farmers should not be wasted. In the time of farming activities they approach to the banking but in the almost cases poor farmers are exploited. Some time they fail to obtain such loan, and some time they take the loan from local moneylenders. Which is very easy to obtain but usurious interest rate, but there is no option before the needy farmers. It is necessary to make easy procedures to give the loan to the farmers by the banking institutions. It can reduce the influences of money lenders.

7.2.05 Government should increase the subsidies in the agricultural sector, at present which is very less compared to other developed country. Indian economy is going to become super power, if it is true, so the farmers should be protected from indebtedness and such other issues.

Some others economist, criticized the subsidies facilities. But all most other developed and even developing countries have provided tremendous subsidies and incentives to their farmers providing safety net by minimum support prices, they give the protection to their farmers. But in India there is no such situation. It is said that the India is on the path of becoming a super power, whereas the farmers of India ending their lives because they are unable to face the financial conditions these are the two controversies before the philosophers and the policy makers.

7.2.06 To develop the programs with involvement of rural peoples, and give the training necessary for rural development, such the save forest, save trees, plants new trees, provide marketing knowledge, human rights, duties and responsibilities towards state and nation.
Agricultural business is dependent on the natural support, if the natural support is good and favorable, then the agro products are yielded more. But due to the decreasing and destroying natural resources by the human being the balance of nature has also collapsed. The nature and natural resources should be protected. The public participation is must. Therefore the government should make such good programs and incorporate to the rural peoples. It is necessary to give the education and training to all youths and people. This is necessary for the development of rural activities/sectors. It is also necessary to protect the forest, develop the forest and natural resources. Plant the new trees by the little students, by the villagers and such efforts must be awarded by the government/social agencies any by the social institution, by the educational institutions like universities, agricultural universities. And punish such employees those are harming natural resources or property even though they are ministers or big political leaders or executives.

It is also necessary to give the education to the students which can help to development of agricultural business. Establish the education systems which can provide the more human resources in this field, whereas there is very negative attitude towards the farming business. This attitude should be developed by the present educational institutions and educational policy of government giving the useless education, which does not help to develop the farming, and increasing the unemployment only and running away from agricultural activities.

7.2.07 Increase the research and development programs which provide guidelines to the farmers with its fruitful result, such as soil testing, sowing the seeds as per soil pattern, water availability and irrigation.
So it is essential to do R&D activities which can give the fruitful result. In India the agricultural business is practiced according to traditional systems, it is necessary to adopt such technology which gives more result. Such as soil testing before the sowing, protection of crops in the rain fed season, water harvesting, training and support for animal breeding, like poultry farm, milk dairy, preparation of “Vermi Compost”, ‘Compost Manure’, testing of seeds. These are the activities to be supported by the government. Provide interest free loan to educated young unemployed people those are under the disguised employments. For these activities government should incorporate to the public and support to the development of agricultural business which is facing the critical crisis in India.

7.2.08 Give the training for proper use of credit funds, how it will be linked with farming activities, linked with marketing availability and prices of agricultural produces.

Due to the poorness and literacy Indian farmers are caught in clutches of indebtedness. It is true due to the poverty they can not take proper education. Due to the lack of knowledge they are being exploited, even they can’t use the credit or available funds properly. This is the vicious cycle which makes handicapped the whole systems. So find out the solution to break this cycle, farmers should become well professional knowledge, and such should cater through the proper channel by the government agencies, by the co-operatives, by the Self Help Groups, that how to use the funds? How it will be linked with productive activities? How it will give more refund of investment? How the marketing prices will be obtained to produce, about such things knowledge to
be given to the farmers which can change the rural attitude and confidence of the people.

7.2.09 Reduce the interest rate of institutional finance, presently, banks are charging the rate of interest up to 15%, to 18%, NABARD charges interest rate at 3% to the agriculture, and this rate should be available for agriculture sector, it is necessary to avoid the intermediaries of credit channel. It is necessary to link the credit system directly to the agricultural activities, give the credit directly to the farmers and avoid the unnecessary middlemen of institutions which increase the cost of credit.

Other countries have provided the cheapest credit to the agricultural business, they give more incentives to motivate the farmers, China has given loan on Zero percent loan to farmers, but in India the government policy is always against the farmers.

7.2.10 To link the customers with agro produces for giving more price, by reducing the agents, traders of agricultural marketing, such traders and agents are obtaining more profit than farmers.

The farmers are work in the whole year and get the few income, but the traders or merchants obtain the profit within few days more than which was received to the farmers. It is the fact India agriculture market is unorganized. There are many middle men and private firm existing and to live in this market they frequently exploit to the poor farmers. Almost money lenders emerge from such practices. There are co-operatives institutions, and Marketing Committees working for marketing practices, but it is on the paper only and fact is always controversy.
Agro products should be reached to customer directly to give more prices. It will be help to improve the economic condition of farmers and they can bear the cost of production. But government is giving the temporary relief to the few farmers by giving some debt waiver schemes, which increase the capital of banking only and the basic problem remained as it is. It creates the negative attitude in the farming community, because few indebted farmers can get some benefit but remaining hard workers and honest farmers have neglected.

7.2.11 To fix the remunerative prices of agricultural goods which will supported prices for maintain the profitability of agricultural producers.

There is always fluctuation in the agro prices, when such goods produced by the farmers, prices deflated enormously, but after that it’s inflated. At the merchant shop and after some processes the price become four to five times more, for the instance “Turr Dall”, “Onion”, when its yield the price Rs.10/- per kg, and when its reach at “Ramlal’s” shop prices become Rs.100/- per kg to be paid by the customers, it means traders making unlimited profit, and the agro producers deprived totally. It must be stop by reorganizing the farmers groups, to be supporting by the government.

7.2.12 Decrease the inputs cost, maintain the graded quality of seeds, ensure that there is no false or inferior (spurious) quality of seeds. Provide the seeds, fertilizers, pesticides to the small and marginal farmers as donation, and protect them from the bad economic condition, and such types of donation should be fruitful results.

There are many companies prepare spurious seeds, pesticides and sell to the farmers, due to such false seeds crops have failed, but there is no way to find out such false companies to punish them. In the Marathwada and Vidharbha BT
cotton is the example such spurious of false seeds. During 2007 maximum suicides cases were recorded from cotton belt. After that, the soybean crops also failed in the Vidharbha. So such practice can be stopped by set up the systems to punish and thrown out such duplicate companies.

7.2.13 To give the pension to the elders farmers, it will help to improve the financial condition of them, and create the better atmosphere in their family, which is necessary to motivate them for mitigate the present crisis. There are 67% small and marginal farmers are in debts.

In the rural area peoples are living under below poverty line, the standard of living of Indian rural people is very low, and some elder’s farmers are neglected by other family members, they have health problem, economic problem. Due to the partition of joint family and separation among the sons, the old parents always heated by their children’s, this is the fact appearing in the rural area, and such problem already existed in the urban, and now it is begins at rural area also.

7.2.14 Provides the compensation to the farmers, those are affected due to the natural calamities, such as floods, rain fed, failure of crop, diseases to the crops and plants, it is necessary to protect them from the financial crisis which will create due to the such calamities.

In the conditions when the crops destroyed due to natural calamities, farmers not get the proper production, even due to the unseasonable rain fall some crops damaged, some products qualities become inferior, like cotton crops caught in the diseases like “Tambora”, “Lalya”, such activities should be consider at the event of recovery of loan and link with crops insurance schemes.
7.2.15 To make the Enactment or Law to punish the individuals or institutions, companies any employees of government who deprived to the farmers which provided the false inputs, or any types of services rendered to farmers, strict action will be taken against such culprit.

7.2.16 To develop the traditional energy sources, like wind power, solar energy, Bio gas, and provides the subsidies. Initiate the role by government and mitigate the scarcity of electricity.

The agricultural ministry must think about such way which will be helpful to accelerate the growth of farming, unlike ‘Compost farming, ‘Contract farming’, ‘Question of non irrigated land’, ‘geographical study,’ ‘Biotechnological farming’, ‘Micro-irrigation’, ‘Medicines, bio-diesel plantation’ etc. must be develop and motivate by the government.

7.2.17 To set up the healthcare services and to establish the hospital well equipped, ensure the rural employees health and hospitalization needs like ESIC, on the name of “ESFIC”.

Due to the poverty, rural peoples unable to expend the big amount for the treatment of big diseases, in the some accidental cases, like bite the snakes, even the treatment after drinking the poison or pesticides attempt to suicides.

Many cases are happening, due to the Electricity load shedding, the farmers are becoming the victims at let night due to the snakes bite. Even in the attempt to suicides many farmers incurred the huge amount by family members to save the life of such diseased farmers and become again more indebted, in the some cases such victims are unable to save the lives. But those are alive they can not consider by any social group, or governmental agencies. So it is very essential to establish such “Employees States Farmers Insurance Corporation” “ESFIC”,

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and provides the security to “States farmers” like “ESIC” by the State Government, and Central Government.

7.2.18 To take strict measures against the dowry systems, and establishes the social institutions for the marriage of daughters and sisters of farmers, with the help of NGOs, and social institutions with coastwise marriage bureaus.

It is well known to everybody that “the law makers brakes the law”, for deciding marriage. In the rural area and even in urban families have offer the dowry in the name of “var dakshna”, “Shtri Dhan”, “Vivah Kharch”, “Kanya dan”, “Education expenses of bridegroom” these are the terminology called “HUNDA”, which is responsible in many case to become the Victims, (farmers suicides) Victims of parents or daughters, and such cases are called, “Hundabali” but who is responsible in theses cases, there is no answer at all. If to stops all such incidences, it is necessary, to establish the ‘Marriage Bureau’ even according to cast wise and protect such poor and helpless families. Many suicides cases are reported due to the economical condition and such economical condition destroyed due to the undue expenses in the marriages.

This is the tragedy in India “the Society is the beater of society”, and remaining society members looking after thus phenomenon with open eyes which are the probable victims. But it is necessary to create the voice in the society to eradicate such dangers systems with the help of society. Government can’t do any things. Government is providing relief or help in the few cases only.

7.2.19 Reform the land pattern and increase the land size to reduce the production cost and use of modern technology collectively, with the help of joint farming, co-operative farming, and combined farming systems.
Due to the increasing the pressure on the land, the operative landholding become small and small, such small piece of holding has to increase the production cost. It is necessary to enhance the holding size by establishing the co-operative farming, farming through the Self Help Groups, joint farming and such attempts must be helped by the government. In the rural sector such efforts can helps to establish and development of the foods processing industries. In the "France" there were 70% industries are carry on the foods processing. Now the France is going to help to India to establish such food processing industries.\(^6\)

7.2.20 Reduce the political interference in the village grievances, quarrels, and any type of issues and such types of issues to be solve at the village level with the help of their (village) own jury.

In the olden days there was village system which solves all piety matters on the local level by the elder and reliable persons. Such persons group called as "Gaon Panchayat" and the judgments taken by this jury its called "Niwada" and such "Niwada" or decision should be follow by both the parties. But now due to the political interferences in the village there is only politics attitudes existed. There is no existence of public welfare. So it is necessary to establish the committees or "group of people" on the village level "Gaon Panchayat" and some piety matters to be solve on the village levels, it will be help to create amicable relationship among the peoples.

7.2.21 On the agricultural sector there are 69% population is depending for their livelihood, for this big sector, its require make the separate budget as "Agricultural Budget" like railway and so on.

Agricultural sector is one of the neglected sectors, because there is no proper policy and interest of the government to develop it, while the 69%
population is depending on this sector. If this sector is catering to the population of whole country than it is necessary to make the separate budgetary provision i.e. "Agricultural Budget". In Such budget it should be include the activities which are related to rural and agricultural development, allied sectors, cottage industries, environmental development, rural human resources development, training and development, research and development related to agro and allied activates. And make the, endeavor to achieve the target which is decided in the budget.

7.2.22 Enhance the physical interaction between government functionaries and village peoples by arranging more tours, works shops and ‘Gram Sabhas’ by officers at all levels of the executives and employees of government.

Generally the government officers have neglect to the villagers to provides the information, helps, such government officers take the money to give the any certificate, and the poor farmers have give some money to obtain such document, it is regular practice. So it should be stop, such corrupted employees should be punished by taking severe action. Besides there are good employees also working for the nation and public, such employees should increase their interaction with the rural peoples and to development the healthy systems.

7.2.23 Constitute the action force and advisory force to avoid the incidence like suicides and any crisis appeared at village level, incorporate the youths and elders members from respective village.

Above mentioned that one "group of people" may serve in such incidences, they may take the action for provide the immediate help to diseased or victim family, to provide the help by the government which is available in such cases.
7.2.24 Improve the efficiency of various services that are delivered by the government in the name of people’s welfare at the movement, protect them from corruption, and political corruption and intervention.

There are several schemes launched by the government, by the state and central government but due to the corruption of government employees and political corruption such schemes are not reached to the poor peoples. For the instance due to the antidumping policy of traders, fertilizers are sold at extra and more prices. The “Gharkul” is reached to the relatives of leaders, “Wells” are given to MLAs activists, “Cows”, given to the members of political parties, “Farm Equipments” given to the relatives of officers, and such there is no chance to reach the schemes to the needy and poor people. Former Prime Minister of India “Mr.Rajiv Gandhi” had argued in the “Aurangabad Meeting” only “15 paisa” is reached to the common people from “One Rupee” and “85 paisa” leakage in the way by the systems, this is the fact which is well known to everybody, it must be changed.

7.2.25 The institutional credit sources do not supply the credit to the farmers at the time of their needs, so it is recommended that documentation should be reduced, and reduce the time which is delayed for supply of the credit before or at the time of farming needs.

7.2.26 Non institutional credit supply is increased, such as from money lenders. For reducing such non institutional credit sources, increase the institutional credit at the needs of farming activities.

Due to the indebtedness farmers are committing the suicides, it is partly true, because all the indebted farmers have not such problems, and those are clutched by the money lenders and due to the over burden of banking loan they
are ending their life. And due to the private loan suicides are increasing. So it is necessary to increase the institutional credit supply in any circumstances for development of marginal and small farmers and the development of agricultural sector.

7.2.27 Indian financial institutions should give the loan to the agricultural sectors at lowest rate, up 2% to 3%. Hence the farmers will bear such rate and repayment will be possible, it will be helpful the stop the defaulters by the farmers customers.

Indebtedness is chronic and old issue in India from beginning, but it is the fact that Indian financial institutions are charging the usurious rate of interest, PACS charge 18% interest rate, nationalized banks charge 15% interest rate, private commercial banking charges this more than 18%. While the NABARD has provided this credit at the 3% rate, but due to the intermediaries this rate goes to 16% to 17%. So such interest rate is the cause to increase the institutional indebtedness.

Money lenders and private credit sources charge more than 25% to 50% per annum, even this sources charge monthly interest rate 5% to 10% or 15%. And this is the fact that due to the insufficient institutional credit supply the non institutional credit supply is increasing and the suicides incidences are appeared in the farming community. So instead of frequently debt waiver schemes government must find out the way to give the cheapest rate of interest from beginning and provide remunerative cost to agro produces and provide the employment to the rural people.

7.2.28 Such banks have to provide the loans to the farmers according to their needs, and the priority of needs, not according to any types of influence of
borrowers, otherwise the defaulter will be increased and NPAs of banks will be increased.

Sometime the bankers are compelled by the big leader farmers to give more loan amount, even such banks do not review the needs of the borrowers and sanction the loan amount, such loan leads to increased defaulters. So it is suggested that the banking institution must provide the loan according to the needs and priority of the farmers.

All most Districts Central Co-op. banking had been provided the credit according to the influence and interferences of the big leaders and political pressures which led to increase in the NPAs of such banking institutions.

7.2.29 The banking institutions must link the credit with risk factors and ensure it with the crop insurance policy, because it will be helpful to decrease the defaulters and delay of installment.

In the developed counties the agricultural loan has been tied with the insurance company. If due to the natural calamities the crops have destroyed in this situation the insurance companies insure such risk factors, so it is necessary to link farming credit to the risk factor and ensure with such insurance policy.

7.2.30 The banking institutions are providing loan according to the intention and purposes, for that, it is necessary to investigate and find out the real purposes and utility of such loans, only purposeful oriented loan can become the productive and it may be refunded by the borrowers. Even in the rural area due to the Negative response of Banking to the Agricultural sector increase the influence of money lenders, for the instance, after considering the importance of agricultural sectors government having provides the budgetary provision, but
due to the negative and apathetic response of banking institutions, in the year 2008-09 only 34% credits has been disbursed by these institutions.

In the current year the target was fixed to such credit Rs.3 lacs 25 thousand crores, but by the nationalized, private and co-operative banks have not achieved this target, after end of August only Rs.01 lacs 10 thousand crores credits amounts has been given to the agricultural sectors.7

Co-op. Bank and Nationalized Banking have failed to give the credit to the farmers. Consequently farmers are again turned to money lenders. According to authorized data, in Yaotmal district near about Seven Thousand farmers have taken loan from registered and non registered moneylenders. During 2008-09, from 96 registered money lenders has given loan to cultivators Rs.2.75 crores, @15%, and above Rs. 2 crores loan given by non-registered money lenders. In this year 6920 farmers has resorted to registered money lenders,(96 reg. money lenders) while this figure is very big in the form of other unauthorized money lenders. These money lenders are charging interest rate 15% to 20%. However banking sector failed to give the loan in Yaotmal district.8

Banks are taking the interest to give the loan to the urban people for the purpose to purchase the heavy things like motor bike, four wheelers, freeze, and house property or even to gold ornaments. Banks are offering the attractive schemes to open the credit accounts in the banks, but there are not such offers in the agricultural sectors. In the rural area the banks have given the loan only for farming purposes, and for the other purposes farmers turn to money lenders, but due to the banking policy rural people kept away from loan facilities. Therefore due to the apathetic policy of banking rural indebtedness is increasing.
7.2.31 The banking institution has to give loan to the needy farmers and arrange to provide guidelines, consultation, technical services, marketing information and to help for obtaining such information and knowledge which will create a confidence in the mind of cultivators and in their family members. And also if any type of loan installment or overdue has been stopped then, it should be supported by the baking institution. Banking institutions should protect them from turning towards the others money lenders and non institutional credit supply.

7.2.32 There should be the proper policy to recover loan amount by every banking institutions. Banks should take the review the production of the agricultural activities. Link credit risk with the available marketing opportunities and remunerative price. The banking institutions should help to obtain the marketing opportunities and more and more prices in the market for the agricultural produced good, then the farmers will be able to pay the loan amount at the proper season.

7.2.33 Banks should provide the long term loan after taking the review and the productivity of the long term activities which are necessary for the development of agricultural business. Such loan amount should be used for productive activities like, water harvesting, land leveling, horticultural, and other agricultural allied businesses, increasing the production and income of the farmers ultimately hence they become able for repayment of loan amount.

7.2.34 It is necessary to enhance of banking branches in rural areas, and such branch has reach to the farmers, particularly the commercial bank only initiates in the urban area, it should establish the more and more branches in rural and
mitigate and eradicate the money lender, which have influenced on the farming business.

The banking branches and institutions should motivate the beneficiaries and provide the guideline to maintain the proper records of loan utility and its fruitful results, bank should motivate the people for saving and mobilizing of the money at the saving account.

7.2.35 In the rural branches banking institutions should set up one study group for reviewing of the real and essential domestic needs or family needs and give the separate loan, protect them from to turn towards private credit sources and money lenders, then after one to two years the economical conditions of such farmers will be improved and they turn towards the saving after proper use of loan, because loan or credit help/support to the further development, such proper effort is essential from both sides.

7.2.36 The commercial banking should initiate to cater the loan in the rural area in the agricultural activities according target as per the ‘National Credit Policy’ and as per the Service Approach Scheme under the ‘Annual credit disbursement’ to the beneficiary. There are number of beneficiaries kept away from this scheme, target which was fixed through such scheme was not achieved due to the role of nationalized and commercial banking institutions, consequently many marginal and small farmers are away from such credit plans and turn towards the money lenders.

After the period 1983-84 to 2001-02, and their after it was increased the overdue loan amount of the members of co-operatives and they turned towards the money lenders, so to avoid such situation the co-operative should reduce the
interest rate and give the loan to the farmers and their member at sufficient quantum.

7.2.37 Reduce the administration cost by the branches of banking institutions and endeavor to decrease the interest rate, with liberal policy for disbursement of credit to the farmers, and support to them for avoiding the finance from money lenders.

The commercial banking institutions should increase the agricultural credit supply, and also link the credit to crop pattern and the repaying capacity of the farmers.

It is suggested that the banking institutions should make the loan and credit available as per the agricultural requirement, it should supply the credit in time when the farmers have to require it. It helps to reduce the unfair influence of the private credit sources and money lenders.

7.2.38 Government should suggest and sometimes compel the banking institutions to render the credit services to the agricultural activities. Because of the RBIs National credit Plans, Annual credit plans can be reached to the farmers after such compelling measures. It can help to develop the banking habits in the rural population which is away from the banking credit sources and other saving facilities.

Banking institutions should motivate the farmers and artisans to borrow the loan from banking institutions only, and it has pave the way in flow of disbursement of loan.
7.2.39 The costly inputs, fertilizers, pesticides, and HYV seeds should be made available at cheapest rate. There should be easy availability of inputs. Ensure the quality of such inputs. Investigate the soil quality, water availability and advice to the farmers for sowing technology which can face the scarcity of water in the rain faded monsoons.

Stockiest and dealers should be compelled to maintain the proper viable records of the inputs or fertilizers, such records must be verified by the higher ranked officers who have the proper knowledge and care of the farmers. Government must appoint the “Action Force” incorporated with the government and representative from the farmer’s communities. Assign the responsibility on the representative of the public representatives like the M.P., or M.L.As or ‘Parental Minister’ of those districts who report to the government, about the review of the performance of such institutions, then only it will be helpful to mitigate such critical issues in the agricultural sectors. Then gradually the indebtedness will be decreased. Provide the price to the agricultural produces, make the available the marketing facilities, and give the advances against the goods. After appropriate price according to the expectation of the farmers, then sell the goods and recover the amount which is already advanced to them. For this purpose government should make available special provision in the agricultural budget which is already suggested that for Agricultural and allied sectors (Agricultural Budget). Then it will possible to sustain this agricultural business which provides more and more livelihood to the mass population of India.

7.2.40 The government must provide the subsidies for fertilizers as well as ensure to the farmers by providing the minimum support prices to the agro-produces, and link the credit with the insurance, to protect the financial
institution of farmers by providing special policies like ECGC which is practiced in the export marketing of industrial goods. Government must pay the marginal farmers for the production incurred for farming activities. Some countries are paying such expenditure to sustain the marginal and small farmers.

7.2.41 The governmental agencies and research centers like agricultural universities must support the farmers those are generating such seeds, motivate them and pay and purchase such seeds.

Subsides to the farmers to establish the compost manure in their own farm, to support for breeding the cow’s and buffaloes, even to faded the grass and grass plant without cost, it will support the farmers. Government must protect the farmers and give some schemes to increase such traditional and natural resources in the agro sector.

7.2.42 After advent of green revolution and modern technology, government had provided the credit, but high and compounding interest rate systems were practiced, which accumulated the interest amount and principal amount. Government must increase the public outlay and provide special scheme to reduce such increasing debt amount, and to make the plan for such increasing burden of loan on the head of farmers.

Such modern technology must adopt with government expenditure, such as digging the wells, farms dam, and other farming development should be helped by the government.

7.2.43 The Central government had provided such packages for sustaining development in the Vidharbha region, but such plans must be properly implemented by the government functionaries only for success. Such types of
long period development must be carried on in the other region also, particularly in Marathwada region, which is mostly affected due to the indebtedness and its impacts.

7.2.44 If the wells, tube wells failed to make water available, in such situation government and the credit institutions must protect to the farmers and ensure them with the insurance company and recover the debt amount by the insurance policy. Such insurance policy must be introduced in the rural farming activities. Government must motivate and perused to such company to develop and share the risk factor in the agricultural sectors. Such efforts can protect the economic condition of farmers. The farmers can initiate to take the risk to find out the irrigation means for increasing irrigated land and water resources.

7.2.45 Instead of the frequently debt waiver schemes, the government should make the permanent measurement to avoid such practice by providing the development of irrigation. Make available the fair marketing systems, and more price to agro products, and to minimize the inputs cost, providing the employment opportunities in the vacant time after completing farming activities.

7.2.46 Due to the poverty and poorness of farmers, the indebtedness is increasing. This is the common in the undeveloped and developing country's like India, but the other sectors of this country are achieving the satisfied rate of growth, government should make the separate efforts to mitigate the poverty by providing the special packages in the backward region like Vidharbha and Marathwada. To decrease the indebtedness and to reduce the suicides cases by farmer communities, it is necessary to reduce the poverty, because most of the farmer suicides cases are reported from the small and marginal farmers due to
the encumbrances of indebtedness and such situation is created due to the poorness.

7.2.47 So it is suggested that the government, particularly state government should appoint or set up such impartial committee to inquire to such suicide incidences and find out the real causes which were lead to suicides.

Such committee has to incorporate the members. They should be educated, well knowledge and should be aware of the agricultural business and its problems, such as the professor of Universities, Agricultural Universities (one member), one member from police administration, one member from Tahsil office (Tahsildar), one or two representative from farmers community, one or two members appointed by MP, or MLAs.

Such appointed committee has to conduct inquiry and find out the incidence and submit their report to the government, collector office, to the local administration office (Gram Panchayat) and then provide any type of help or compensation.

Such committee has to find out the solution for the such circumstances created before that family, and also take the review of such probable incidences of that families facing such problems, indebtedness problems, harassment by the money lenders and provide guidelines, consultation with the farmers villages in that Tahsil jurisdiction.

Such committee has to take out the review about the non-institutional credit sources in that village like local money lenders, their interest rate, viability, registration and other rules applied by them (money lenders). If some issue comes before such committee, it has to solve the problems by providing the guideline, settlement and has to communicate such report to the government, to
collector; such efforts must practiced impartially, independent and should positively find out the solution.

Such committee should provide the guidelines to the local action force body or committee of that village, which is suggested earlier in this report. It should provide guideline, guidance to the village farmers about the farming technologies, savings habits, and other government schemes which are introduced by the Government of State/Central, for the development of the rural area and for the development of agricultural sector.

Government should give the remuneration, allowances, such as traveling, lunch, any help required to such appointed committee. Such committee must be awarded by the government, village administration and by the institutes like universities.

**7.2.48** In relation above observation, it is suggested that the share of this sector should be increased by providing the permanent infrastructural and irrigation development to develop topography of the Indian farming activities. Because this sector is providing the employment to more than 61% directly, so it is only way to reduce the unemployment, and disguised employment of rural people, it is very essential to accelerate the development growth rate of agro sector.

Keep the growth rate of farming sector compounded with growth rate. To turn the funds from other sectors to the rural sector and agricultural development by providing the constructive plans, schemes, and avoid perishable and short life schemes.

Heavy investment is necessary in the research activity in the agricultural. In Africa Dr. Gobisa Ijenta had done research and provided the grains to the poor people, where the problems in Africa there are same problems in India, like
poverty, draughts, and problems of small farmers. So it is essential to advent
one more “Green Revolution” and research like Dr. Gobisa Ijenta.9

7.2.49. It is suggested that to stop the employees migration from rural to urban,
government should set up the new business and industries based on the
agricultural and allied sector such as food processing industries, small scale
industries, cottage industries, and such service sector which will provide the
employment opportunity and increase the income. And it will decrease the
indebtedness of rural peoples.

In relation to reduce the unemployment in the rural area government should
enhance the employment opportunity and develop such EGSs and absorb the
employees in the allied sectors.

7.2.50. The government of India, and State Government must prepare the
separate plan, 10s year plan to set up for the infrastructural development and fill
up the gap of previous bad years. Because of lack of the irrigation and due to
the vagarious of monsoon the situation of these two regions become critical,
and these region is lagging behind than other parts of the state, such as western
Maharashtra, Mumbai.

It is very urgent measure to be taken by the government to improve the
growth rate of farming in any ways. Otherwise the present situation may
become more dangerous. There must be increase in the public outlay, public
investment for development of permanent measures and increase the facilities
like, irrigation, power, improved marketing facilities, easy and cheapest credit
etc. to accelerate the growth rate.

Government should fill up the gap between the invested amounts in the
above several plans in the other sectors, such growth of investment must in the
agricultural sector, as on today there is gap or back lock is calculated Rs.93000 crores, to invest in the agricultural sector additionally.

7.2.51. In relation to increase the productivity, it is essential to reform the scattered pieces of land in to the big holding by the way of joint farming, co-operative farming, through the co-operative institutions of farmers, self help groups (SHG), and under the ‘Panchayat Raj’ at the village level. Government should support to develop farming activities in the say of subsidies, to digging the wells, prepare the farm dams, water shed, and provide the modern equipment to such farming in concession rate of by donation to increase such farming. Even now a days there are big corporate companies turning to the farming activities, such efforts are be possible with the participation of farmers if the their land and rights are kept safe.

7.2.52 RBI should take the positive role, compel the NABARD to make the credit supply in lowest rate. To change the view of commercial banking, RBI should compel them, and such apathy of banking sector representative of public should strive to give the justice to the agricultural sector, to influence RBI.

These are major recommendations which may be important for the improvement and development of the life and financial situation of the Indian farmers. But proper implementation is necessary. It will be helpful to mitigate the influence of money lenders, increase and improve the role of institutional credit finance which will be the outcome and solution to increase proper credit flow for the Agricultural development and decrease the indebtedness. This is the prime cause behind the present suicides incidences in the region of Vidharbha and Marathwada at Maharashtra state and in the several parts of the country.
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