

## **FARMERS SUICIDE IN INDIA: LOAN WEAVERS AS CURSE OR BLESSINGS ON ECONOMY**

*Dr. Parveen Mann*

*Assistant Professor (History)*

*Hindu Girls College, Sonipat, Haryana, India*

### **ABSTRACT**

India is an agrarian nation with around 70% of its kin specifically or by implication relying on horticulture inspite of agribusiness being primary giver in Indian economy India has seen Farmers submitting suicide for either reason. Frontier run has additionally debilitated the agrarian economy as of now portrayed by serious medieval abuse When India accomplished political freedom, the province of Indian farming was greatly in reverse . There was huge nearness of pre-entrepreneur relations of generation, with non-attendant landlordism, zamindari, the most exploitative types of tenure, fortified work et cetera. There were restricted land changes in the 1960s, similar to enactments on abrogation of truant landlordism and zamindari and so on. Be that as it may, the part of administrative changes identifying with arrive possession and operation, the land roof enactments, were generally ineffectual in winding up arrive syndication and grouping of land proprietorship in few hands. Ranchers suicide has expanded in recurrence since 1995. Information demonstrates that in 2017 itself, one rancher confers suicide at regular intervals, because of different reasons including deficient costs at the market, absence of government bolster, a to a great degree low government Minimum help cost and grasps of private cash banks and credits that the agriculturist can't pay . This come about into common war conditions in India with the administration requesting to shooting its own needy individuals. Despite the fact that the Swaminathan commission in 2006 recommended the legislature with

strategies to handle this, however nothing has been done as such far by the focal or any of the state government. As of late the UP government's waiver of rancher advances, significant dissents by Tamil Nadu agriculturists in Delhi and a notice from the RBI Governor against credit waivers — have by and by brought cultivate advance benefits under open glare governments.

*Keywords: MSP, NATURAL CALAMITIES, LOAN WAIVERS*

## **REQUIREMENT OF LOAN WEAVERS**

Homestead advances are of two sort i.e edit credits or speculation advances taken to purchase gear. The two ranchers and banks procure decidedly returns when edit yield is sufficient. Be that as it may, when yield is influenced because of poor rainstorm or regular catastrophe, ranchers might be not able reimburse advances. The provincial misery in such circumstances regularly propels States or the Center to offer alleviation as diminishment or finish waiver of advances. For this the Center or States assume control over the risk of ranchers and reimburse the banks. These Waivers are not finished weavers but rather are generally specific as just certain advance sorts, classes of ranchers or advance sources may fit the bill to get weavers. These weavers assumes an imperative part in Indian farming economy. Horticulture in India has been confronting many issues of concern like divided land holding, exhausting water table levels, breaking down soil quality, rising info costs, low profitability. Ideas of the storm adds to these issue. Yield costs may not be profitable. Ranchers are regularly compelled to obtain to oversee costs. Likewise, numerous little ranchers not qualified for bank credit obtain at extreme financing costs from private sources. When nature rides roughshod over obligation ridden agriculturists as sporadic rainstorm and yield disappointments, they confront dismal alternatives. Thusly Indebtedness is a key purpose behind the numerous agriculturist suicides in the nation.

## **CONCERNS ASSOCIATED WITH SUCH MOVES:**

Loan waivers provide some relief to farmers in such situations, but there are debates about the long-term effectiveness of the measure. Critics demand making agriculture sustainable by reducing inefficiencies, increasing income, reducing costs and providing protection through insurance schemes. They point out that farm loan waivers are at best a temporary solution and entail a moral hazard — even those who can afford to pay may not, in the expectation of a waiver. Such measures can erode credit discipline and may make banks wary of lending to farmers in the future. It also makes a sharp dent in the finances of the government that finances the write-off.

- A blanket waiver scheme is detrimental to the development of credit markets. Repeated debt-waiver programmes distort households' incentive structures, away from productive investments and towards unproductive consumption and wilful defaults. These wilful defaults, in turn, are likely to disrupt the functioning of the entire credit system.

### **HAVE SUCH MOVES HELPED FARMERS IN THE PAST?**

Studies done by the Kolkata based Indian Statistical Institute and the World Bank have showed that loan waiver is not a solution to Indian agriculture mess. The institute's 2013 study showed increase in loan repayment default after the Central government announced farm loan waiver of Rs 60,000 crore in 2008, a year before general election. Honest farmers repaying the loan also turned defaulters after the waiver.

- A study — The Economic Effects Of A Borrower Bailout: Evidence From An Emerging Market — by Xavier Giné and Martin Kanz of the World Bank said such move can affect agriculture output in medium to long term as banks may get more selective in extending credit.
- A 2015 ICRIER paper said the massive write-off of loans in 2008 took its toll on the banks, increasing the non-performing assets of commercial banks threefold between 2009-10 and 2012-13.

- Arundhati Bhattacharya, State Bank of India chairperson, said recently that the farm loan waiver leads to credit indiscipline for which a privilege motion was moved against her in the Maharashtra assembly.

### **PRESENT BOTTLENECKS**

The real crisis for Indian farmer is that he or she is not in control of the produce, unlike other businesses, and is dependent on cartel of traders to fetch a decent price. The cartel makes money in case of good or bad crop season as their margins remain intact . In fact, in case of a crop failure the trader profit margin rises whereas the farmer is in distress without remunerative price.

- The governments – Centre and states – have repeatedly failed to break the cartelization and their effort to create farm infrastructure through cold stores has helped the corporate sector more than the farmers.
- Except some farmers in Maharashtra and Punjab, most of the cold stores built with help of the government subsidy are owned by corporates. So, now these corporates are buying produce in farms at cheap rates, keep them in cold stores, repackage them and sell them in malls in cities at thrice the purchase price. Neither the farmer gains nor the consumer.

### **SUGGESTIONS**

To be sure, the agriculture sector needs government support but loan waivers are not the solution. On the contrary, expenditure on loan waivers will eventually leave less fiscal space for public expenditure in agriculture. India needs massive investment in areas such as irrigation, water conservation, better storage facilities, market connectivity and agricultural research. The problems in Indian agriculture are structural. They need long-term solutions. Loan waivers will only end up complicating the problem. The Indian economy has suffered a lot due to competitive populism in the past. It's time parties and governments addressed the real issues.

## **CONCLUSION**

The enchantment wand of a waiver can offer transitory alleviation, yet long haul arrangements are expected to explain agriculturist misfortunes. There are many measurements of the present agrarian emergency in India. The scan for an answer in this way should be thorough by contemplating every one of the components that add to the emergency. Moreover, both short-and long haul measures are required to address the various issues related with the agrarian emergency. In India where yearly agribusiness squander is about Rs 96,000 crore, cultivate credit waiver is only a survey sop with no long haul monetary pick up for agriculturists in trouble. The cash postponed could be contributed for making framework that makes agriculturists free of cartel of brokers and help them to receive most extreme monetary reward of their deliver.

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