

## ANNEXURE – 2 TO THE MINUTES OF THE MEETING HELD ON 18/04/2007

**The Kerala State Farmers' Debt Relief Commission  
Trivandrum**

## Present

1. Justice K.A.Abdul Gafoor, Chairman
2. M.K. Bhaskaran, Member
3. Prof. M.J. Jacob, Member and
4. Prof. N, Chandrasekharan Nair Member

**Decision Taken to Initiate *suomotu* Proceedings  
in respect of Idukki District in terms of section 5(1) (b) of  
the Kerala Farmers' Debt Relief Commission Act 2006 (Act 1 of 2007)**  
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Idukki is the second largest district in the State with an area of 4476 sq. km. The economy of Idukki is predominantly agricultural. Cardamom, tea, tapioca, rice, pepper, rubber, coconut, sugarcane, coffee, arecanut, ginger, lemon grass and vegetables are the most important agricultural produces of the district. Crop husbandry and animal husbandry are thus the main occupation of the people. Agriculturists and agricultural labourers constitute the bulk of the population. About ten per cent of the total population are estate labourers. Idukki district is pointed out as one among the five districts affected seriously by the crisis in the agrarian sector in the State by the State planning Board in its *Economic Review 2006*.

Cardamom is cultivated in about 56,376 hectares in Kerala of which 70 per cent is in the Idukki district. On an average Kerala contributes around 70 per cent of the national production of the 'Queen of Spices' in which also Idukki contributes the maximum share. The average auction price during 2000-01 was Rs.570 per kg which improved to Rs.622.96 in 2001-02 and declined to Rs. 561.13 in 2002-03 and further declined to Rs. 215.56 in 2005-06. The Indian export of cardamom has increased from early nineties and reached a peak level of 1545 MT in 2000-01 and then declined by 43 percent in 2005-06 to reach 875 MT. The unit price of exported Cardamom declined steadily to Rs. 308.69 per kg. in 2005-06 from Rs.367.54 per kg in 2004-05. But the present local price is only around Rs.300.00 per Kg. Added to this is the heavy escalation in cost, which is estimated at Rs.1,78,300.

Tea is a plantation crop cultivated in very large holdings. A declining trend in production in the State was observed for the last six years from 68.9 m. kg. in 2000 to 67 m. kg in 2005. The average auction price for 1999 at Kochi was Rs. 62 per kg, which declined to Rs.52.14 per kg in 2004. The price of tea in south India during January-April 2006 has slightly improved to Rs. 49.57 per kg from Rs.49.44 during the corresponding period during 2005. One of the major threats faced by the tea industry is the increased import of inferior quality teas into India particularly from Indonesia resulting in further depression in prices. Imports increased from 13.4 M. kg. in 2000 to 16.6 M. kg. in 2001 but only slightly declined to 16.48 M kg in 2005.

Coffee is grown in 9389 hectares. Coffee is a highly export dependent crop and more than 80 per cent of domestic production is exported. The unit value realization has declined drastically from Rs. 95.37 per kg in 1997-98 to Rs. 57.83 per kg in 2004-05. Though improved to Rs. 74.92 per kg in 2005-06, it did not regain even its original price recorded in 1997. The quantity of coffee exported from India declined in 2005-06 to 2.01 lakh tonnes from 2.12 lakh tonnes in 2004-05.

Rice is cultivated in an area of 4068 ha in the district. The sharp increase in the prices of fertilizers and wages and non-availability of labour in peak seasons in certain locations, the failure of the irrigation system to serve the areas to the extent desired etc. are the problems faced in many parts of the State so far as this crop is concerned. Situation is not different here.

Coconut is mainly grown in Thodupuzha taluk and in Kokkayar and Peruvanthanam panchayats of Peermade taluk. Though slight improvement was shown in the price level, it does not match with the cost of cultivation which is estimated at Rs.85,800/- per hectare for seven years when a tree is expected to bear nuts. So the farmers cannot achieve even a break even level.

So far no minimum support price is declared in respect of several of the agricultural produce in the district. Even in cases wherever it is fixed, it is not sufficient to cover up the cultivation cost and the procurement level does not cover all the producers effectively.

The heavy drought witnessed in the State during 2003-04 caused a total crop loss of Rs.1120772000 in Idukki District alone. The Commissioner of Land Revenue as per his proceedings dated 30-3-2005 published in official gazette extraordinary published on 30-3-2005 declared the entire area of Idukki district as drought affected in terms of the Kerala Famine relief Fund Rules 1965. There was also variation in rain fall during successive years, which also worsened the situation faced by the farmers.

The situation was further worsened when, over and above the pre-monsoon rain which soaked the soil, there was heavy rain during south-west monsoon in 2006. This affected an extend of 28391 ha of cultivated area and 103341 farmers causing an estimated loss of Rs.643394985.

The terrane in district is grossly uneven. There is no road network in several places. Thus the cultivators are not in a position to move their produce to the markets of their choice to get better price. Consequently they have to concede to the offer of the traders who approach them at their farm. This is yet another adversity experienced by the farmers in Idukki district.

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Yet another widely accepted fact so far as many of the farmers in Idukki district is that they do not have proper or perfect title in respect of their holdings. So the Commercial banks and cooperative societies will be reluctant to grant loans to them. This will necessarily drive those farmers to the mercy of private money traders, who are charging very high rate of interest. As they will not be able to fully repay the liability, they will always be in debt trap.

Necessarily the indebted farmers faced with the aforesaid adverse factors will not be able to repay in time the loans availed by them resulting in further liability towards interest as well as other penal levies. They will also have to face recovery proceedings at the threat of loss of their holdings.

It is in this back ground the large scale suicides by debt trapped farmers in the District have to be viewed. The available statistics from the Director of Agriculture reveals 89 of such suicides from 2000 to 2006. Another statistics reveal that there were 19 such suicides between February 2006 and March 2007. The fact of recurrent

suicides was noticed by the State legislature also. Even recent news paper reports reveal that such unfortunate incidents recurring again in the district.

The aforesaid aspects are sufficient, prima facie, to indicate that the entire area of Idukki Revenue district is facing severe crisis and is distress affected.

Based on the aforesaid reasons and aspects, the Commission feels it just and necessary to conduct an enquiry, exercising the powers vested in and the functions enjoined on it in terms of section 5(1) (a) of the **Kerala Farmers' Debt Relief Commission Act 2006** (Act 1 of 2007) *suomotu* to recommend to the Government of Kerala **to declare the entire area of the revenue district of Idukki as distress affected area.** It is therefore decided accordingly.

It also decided to publish notice to the creditors in Idukki district requesting them to submit their reply or objections, if any, in writing, in triplicate, to the said proposal, to the Commission, within two weeks from the date of publication of the notice and to appear before the Commission, in its sitting to be held **at 10.30 am on 23<sup>rd</sup> May 2007 at PWD Rest House, Thodupuzha**, either in person or through authorized agent, in case they wish to be heard in person. They also have to be informed that in the absence of their reply or objection, the Commission will proceed further with the matter, as per law, as if they have no objection to the aforesaid proposal.

Dated this the 18<sup>th</sup> day of April 2007

1. Justice K.A.Abdul Gafoor,  
Chairman
2. Sri. M.K. Bhaskaran, Member
3. Prof. M.J. Jacob, Member
4. Prof. N, Chandrasekharan Nair  
Member.