

**THE KERALA STATE FARMERS' DEBT RELIEF
COMMISSION, THIRUVANANTHAPURAM**

Suo Motu Proceedings No. 1 of 2007

Present
Justice K.A.Abdul Gafoor
Chairman
And
Prof. M.J.Jacob
Shri. M.K.Bhaskaran
Shri. Sathyan Mokeri
Prof. N.Chandrasekharan Nair
Members

**Recommendation made to Government of Kerala
to declare Wayanad District as
Distress Affected Area
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'Everything else can wait but not agriculture'. So said Pandit Nehru in 1947, when the nation was being dawned into independence. Relief measures to distressed farmers are no exception. Otherwise they will not wait to receive what ever offered. Our experience all over India testifies this fact. Realising this, the Kerala Legislative Assembly in a special session enacted the Kerala State Farmers' Debt Relief Act 2006, Act 1 of 2007, herein after referred to as the Act, to provide possible relief to the farmers distressed due to indebtedness. Conceiving this spirit in its real perspective, this Commission started its work on 11-4-2007, ie; within two days of its inauguration at Palakkad on 9-4-2007, without waiting for the setting up of office, appointment of staff or allotment of fund.



The Commission as per its order dated 18th April 2007, initiated *suo motu* proceedings, in terms of section 5(1)a of the Act, to recommend to Government to declare

the entire area of Wayanad Revenue District as distress affected area. There after enquiry was conducted holding sittings at Govt. Guest House, Sulthanbathery on 3rd, 4th, 16th and 17th May 2007 and in Govt. Guest House, Thiruvananthapuram on 23rd May, 30th May, 6th June and 13th June 2007. Sufficient publicity was given for the hearings conducted in Sulthanbathery, including by publication of notices in Revenue offices, Krishi Bhavans and Panchayat Offices in the district. Press releases were issued in the locally prevalent news papers which carried news items of the sittings in prominent pages. Apart from the revenue officials and the officials of Agricultural Department and Economics and Statistics Department, Representatives of lead bank M/s Canara Bank, District Cooperative Bank, two Agricultural Development Banks in the District, several Primary Cooperative Banks, office bearers of farmers organisations, MLAs S/Shri Shreyamskumar and Krishna Prasad and presidents or members of various panchayats at different levels and several farmers themselves were present at the time of hearings conducted at Sulthanbathery. While at Thiruvananthapuram, we could collect details from the officials of Planning Board, Kerala Agriculture Prices Board, Spices Board, Tea Board, Coffee Board, NABARD, State Cooperative Bank, State Cooperative Agricultural Development Bank, Vegetable and Fruits Promotion Council, Registrar of Cooperative Societies and the Director of Economics and Statistics. Dr. Prabhat Patnaik, Vice-chairman, Planning Board and Dr. Thomas Varghese, Chairman, Kerala Agricultural Prices Board have also come more than once for the hearings to aid and assist the Commission during the enquiry undertaken by it. Sri Sainath, Rural Affairs Editor, The Hindu, also at our request took pain to come over to Thiruvananthapuram, to apprise us of the details he had collected during his investigation on the distress of farmers in Wayanad District and its various facets. We place on record our regards to and

appreciation of the services rendered by them all.

Agriculture and allied sectors are the most crucial for the Kerala economy as they provide livelihood to approximately two-third of the population and contribute substantially to the State Domestic Produce (SDP). The rich and varied biophysical resources of the State are exploited by this sector



for the production of a wide range of agricultural produce including spices and plantation crops. This sector accounts for bulk of the export earnings of the State. The State is well known for its produces like Pepper, Coffee, Cardamom, Rubber, Coconut, Arecanut, Tapioca, and Tea. Kerala's cropping pattern is characterised by a predominance of perennial crops.

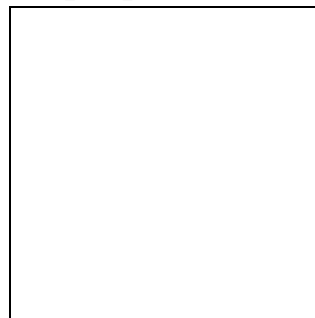
Agriculture being the primary occupation of the community, maximization of output and profit in farming is essential to meet the increased food requirement of the growing population. High yield from the cultivation depends largely on the vagaries of nature and agro-climatic conditions. The gain or loss of cultivation of a crop is also determined on the basis of the cost of various inputs used and the value of the main product and the by-products received from it. Policy on trade and commerce pursued by Government also will influence the price of the produce intended for export.

It is in this scenario, we have to consider the present farmer specific issues of Wayanad District, which was formed by amalgamating north Wayanad and south Wayanad, which were respectively the areas included in

Kannur and Kozhikode Districts, on 1st November 1980. Wayanad District comprises of three taluks viz. Vythiry, Mananthvady and Sulthanbathery. The district has an area of 2131 sq.kms with a total population of 780619 as per 2001 census. Wayanad district stands on the southern tip of the Deccan Plateau. Its magnificence is the majestic Western Ghats with lofty ridges interspersed with dense forest, tangled jungles and deep valleys, and the rugged terrain. Almost the entire Wayanad district is drained by Kabani river, one of the three east flowing rivers of Kerala and an important tributary of Cavery, and its three tributaries viz. Panamaram, Mananthavady, and Thirunelly rivers. The altitude from the mean sea level and surrounding forest creates a salubrious climate. Generally the year is divided into four seasons viz. Cold weather (December to February), hot weather (March to May) South West Monsoon (June to September) and North East Monsoon (October to November). Wayanad is also considered to be a land of forests, which account for 38% of the total area of the district.



Principal crops of the district are coffee, pepper, cardamom and tea. The other important cash crops are rubber, paddy, ginger, turmeric and arecanut. Agriculture is the principal occupation of the people. The back bone of the economy of this district is plantation crops - Tea, Coffee, Pepper, Rubber etc. This sector makes the major contribution to the state income. In addition to these crops Banana, tapioca and coconut are cultivated abundantly in different parts of the district. Though the district was known once for paddy cultivation, at present paddy growing area is remarkably decreasing. Vanilla is the latest addition to



the agrarian scene of Wayanad. There are no major industrial units except factories processing tea, timber mills and rice mills.

Wayanad District has a total geographical area of 212560 ha. Out of this an area of 78787 ha. consists of Forest. Total cropped area comes to 212736 ha. Out of this, net sown area is 117984 ha. and area sown more than once is 94752 ha. (see Table-1 of *Agricultural Statistics 2005-06*) The Area under cultivation in the forest land is not included in this as seen from table 1 of *Agricultural Statistics 2004-05* published by Department of Economics and Statistics. The table below indicates that net area sown had increased only to a marginal extend of less tha 2600 ha. during the last seven years.

Area sown and total cropped Area

Area in Hectares

Year	Geo. Area	Forest	Net Area Sown	Sown more than once	Cropped Area
1999-00	212560	78787	115393	93768	209061
2000-01	212560	78787	116065	92876	208941
2001-02	212560	78787	115753	85641	201394
2002-03	212560	78787	115827	86244	202071
2003-04	212560	78787	117384	87643	205027
2004-05	212560	78787	115892	92038	207930
2005-06	212966	78787	117984	94752	212736

The following table shows the area of cultivation of each of the main crops.

Area in Hectares

Year	Pepper	Coffee	C'do mom	Paddy	Rubber
2001-02	40088	67510	4106	12855	6450
2002-03	40839	66973	4107	12988	6451
2003-04	42287	67429	4106	12343	6636
2004-05	41573	67389	4110	11331	6820

2005-06	41464	67389	4106	11503	7777
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Year	Tea	Banana	Ginger	C'nut	Tapioca
2001-02	6049	10174	4192	11383	1692
2002-03	6049	11466	3450	10947	1915
2003-04	6492	11819	4392	11098	1964
2004-05	5503	12278	5731	11337	2139
2005-06	5506	12842	7269	11517	2348

These details are from Agricultural Statistics for the respective years

Coffee and Pepper are the chief crops in the District. These two crops are cultivated in all the three taluks of the district and by every one, who holds a piece of land, whether he is a very marginal holder of 5 or 10 cents or whether he is holding larger extend like a planter. In one or the other area, either of the two is the main crop and the other is an intercrop. When totally taken Coffee is cultivated in more area than pepper; but, from the financial point of view for some point of time pepper held equally important position.



Area, Production and Productivity of Pepper (State wise) in the last three years of the last decade were as follows:-

Area (ha)			Production (tonnes)			Productivity (kg/ha)		
1998-99	1999-00#	2000-01	1998-99	1999-00	2000-01	1998-99	1999-00	2000-01
182384	198406	199368	68510	47543	47479	376	240	238

Provisional

(from
www.keralaplanningboard.org/html/agriculture.html)

In spite of increase in the cropped area, production and productivity had decreased substantially. This has, beyond dispute, adversely affected the pepper farmers. This is evident from the data for the year 2004-05, when the area under pepper cultivation in Wayanad district decreased to 41573 ha, and for the year 2005-06 when it further decreased to 41464 ha., obviously because, the heavily affected marginal and small farmers might have given up pepper cultivation. Net production of pepper was 13897 tonnes in 2004-05 and 11483 tonnes in 2005-06 (see table 3 and 4 respectively of Agricultural Statistics 2004-05 and 2005-06).

Deputy
Director Economics
and Statistics
Department, Wayanad
has made available
to us a copy of his
letter dated 2.6.07
addressed to his
Director. This
letter reveals
that, he had collected details of production
of pepper from Regional Agricultural Research
Centre of Agricultural University at
Ambalavayal in Wayanad, where they are
conducting pepper cultivation in 7 ha. of
land. The details of production of pepper
there for the last three years are as
follows:-



Year	Prodn in Kg
2004-05	10325.50
2005-06	4345.00
2006-07	4305.00

This was the production details of the entire 7 ha. of their land where pepper cultivation was being conducted by them. The said

research station was obviously conducting the cultivation on scientific basis with sufficient care and protection. It was in spite of that the said extend of down fall in production. Necessarily the fate of ordinary farmers can very well be conceived from these figures.

Thus there was steep fall in the production of pepper as compared to the fall in the area of cultivation. This certainly added to the agony faced and experienced by the pepper growers.

Drought of the year 2003-04 was one among the telling reasons for the said great fall in production of pepper. Fall in production is always detrimental to the growers. Their financial stability is adversely affected thereby.

Comparison of variation in area and production of this crop for the last five years is tabled below:-

	Ha	Mt	Kg
yEAR	arEA	pROD	Prod 'vity
2001-02	40088	13083	326
2002-03	40839	12064	295
2003-04	42287	12173	288
2004-05	41573	13897	334
2005-06	41464	11483	277

Pepper cultivated area began to increase gradually in the subsequent years as compared to that in 2001-02. But the production was falling down. The marginal increase witnessed in the year 2004-05 was of no effect as compared to the productivity of 1998-99 and

when taken along with the increase in input cost. More over there was further fall in the succeeding year.

Cost of cultivation of pepper per hectare is calculated in the Reports published by the Department of Economics and Statistics for the first five years of this decade as follows:-

Item	2000-01	2001-02	2002-03	2003-04	2004-05
Labour, Seed, Manure etc	13938	15752	13901	16150	16490
Interest on fixed capital	2125	2232	1712	1735	1850
Interest on land	169575	166864	203518	220753	215156
Household labour	1662	1786	2595	6005	2098
Total Cost	187300	186634	221786	244643	235594

As regards small holders, the first and last figures respectively were Rs.16804/- and Rs.204224/- in 2000-01, Rs.15598/- and Rs.198515/- in 2001-02, Rs.11998/- and Rs.201480/- in 2002-03, Rs.18853/- and Rs.33105/- in 2003-04 and Rs.19479/- and Rs.342801/- in 2004-05 (see Appendix 7 to the Reports for the said years). So, they have to shoulder heavier burden.

The value of output was found to be Rs.35688/- per hectare during 2000-01. The finding in the said Report is that **'Pepper cultivators incurred a loss of - 81% to the total cost.'** The value of output of pepper was found to be Rs.19884/- per hectare during 2001-2002. According to the Report on Cost of Cultivation for that year, **'Pepper, a foreign exchange earner of the**

state faced a severe attack during the period under study. Pepper cultivation witnessed a loss of 89% of their total cost.' The value of output of pepper received from one hectare was found to be Rs. 29227/- per hectare during 2002-03 and Rs.23763/- per hectare during 2003-04. During 2004-05 the value output received from one hectare was found to be Rs.26042/-. Cultivators faced a loss of 89%, when total cost concept is taken into account.

The Principal Agricultural Officer, (PAO) Wayanad has filed a statement regarding different aspects of various crops including pepper. It contains details regarding cost of cultivation as per the relevant materials collected from the field directly, with reference to the wage rate prevalent in the locality. This was at a point of time when pepper fetched a value of Rs.65/- per Kg and had the productivity of 1300 gms. per standard. But According to the representatives of the organizations of farmers, the peoples' representatives like the MLAs Sri. Shreyamskumar and Sri. Krishnaprasad and the members of Panchayats at various levels and the farmers themselves, who were present during our enquiry, the farmers got only Rs.50/- and below per Kg. and because of the diseases of the plants and of the standards, there was great fall in production. As per the statement, until 8th year of planting, when economic bearing is expected, the total input cost comes to Rs. 211920/- per hectare. This amount would have come to the hands of the cultivators from banks and other lending sources. Necessarily, interest on this amount for one to eight years has to be added to this. Even if the average lending rate is taken at 12%, almost 50% of the said amount has to be accounted towards interest. Then the output cost will be equal to that amount, when production per standard is taken at 600 gm per standard and Rs. 60/- is taken as the average unit price. When the household spending for the 7 years is taken at the rate of rupees one lakh per annum, the farmer will be in an ocean

of debt of 7 lakhs at the end of seven years and he will not be able to commence repayment of loan even on getting production. Most of the pepper growers, unlike other cultivators, except in the case of coffee, are full time workers in agriculture depending solely on their crops for livelihood. So their hard labour for long days also is lost.

In addition to these set backs, pepper growers faced another blow in the belt, when *quick wilt*, a fungal disease was seen from early 2003 in Pulppally and Mullankolly Area, which later spread out all over the district. At present there is not even a single panchayat in the district which was spared by this fungal attack, so far as pepper cultivation is concerned. No scientific cure has been prescribed for this. Agricultural officers who attended the enquiry had conceded this fact. Farmers said that they were advised

to use different pesticides, one after the other. But nothing did yield any result. As a result of this plant disease, the pepper vine crept



high on the support will loose its grip and fall down. There after it will not flower adequately and the available flowers will not yield pepper. This phenomenon gave rise not only to extra expenditure on costly pesticides and on more fertilizers and manures to protect the vines; but also to high fall in the produce. Instances are several, as disclosed by farmers and farmers' associations before us, as vouchsafed by officers of the revenue and agricultural departments, of no yield even. The pepper farmers of Pulppally and Mullakolly panchayats had to abandon the crop after nursing it long, finding that nothing could save the vines and that further

investment on plant protection would be a loss for ever.

When plants are thus lost, the only way out was to conduct replanting. It will take five to seven years for a vine to bear pepper. The result is that not only the investment already made was dug deep irrecoverably, but they had to find funds for replanting and to nurse it for another six to seven years, with out any return. They could not thus repay the loans already incurred and had to incur further loans. When defaulters are not given loans again, they had to renew loans converting the accrued interest also as capital for the new loans. This process was done even to avert threat of recovery on account of default due to the crop failure. As the amount obtained on renewal was only a paltry amount, several of them had to depend on loans other than agricultural loans at higher rates of interest to invest in the cultivation. Such loans had also to be repaid by the farmers from out of the return from the land. Instances are not uncommon when farmer households had to approach private financiers as well.

When the pepper cultivators were struggling thus to overcome the bitter effects of *quick wilt*, there occurred another hazard for them in the form of a pest deacease to the vine standard. A thorny support tree commonly

known as *Murikku* (*Erythrina indicus*), which is considered as 'a hardy crop that normally withstands pests and diseases',



as observed by Prof M.H Faisal of College of Agriculture, Vellayani, Thiruvananthapuram in his status report on this disease, is used as standard for pepper vines. Pepper will creep better on this type of support. A pest called '*Erythrina gall wasp*' has attacked these

standards, during the last two-three years, resulting in loss of support and falling down of vines, causing substantial crop loss. According to the said professor,

"The loss of live standard all of a sudden adversely affects the high value crop trailed on it posing serious threat to the existing plantations of pepper and vanilla. Severe damage of pepper standard due to Erythrina gall wasp has been noticed in regions of Idukki and Wayanad..... According to press reports, about 70% percent of the pepper gardens in Wayanad..... have been affected by this problem and are fast dying. (the Hindu 26th June 2006). Pesticide application to save the trees has proved ineffective and the small and marginal farmers are in distress due to lack of management measures of the pest. No viable alternate standard is available."

This pest was styled in an article published in *Current Science* (vol. 90 No.8 25-4-2006) as "Yet another invasive pest new to India"

Added to these is the great fall in prices of pepper, which the farmers and their association unanimously attributed to the import policy followed by the central Government permitting import of pepper from Sri Lanka. It was also disclosed before us that there was huge import of pepper to India from other countries, including in 2004-05 and 2005-06 when pepper farmers were really

experiencing huge price fall. The extent of import during the said years was 17,725 and 16,870 tonnes respectively worth Rs. 11603.87 lakhs and Rs. 10360 lakhs. It is said that

the quantity imported from Sri Lanka out weigh the total production there. Inferior quality of pepper from Vietnam exported to Sri Lanka has been further imported to India as Sri Lankan pepper to add to superior variety of pepper here. And this resulted in price fall to a great extend. Thus even the pepper finally obtained, at the cost of high inputs and after struggling against the after effects of drought, *quick wilt*, disease to the standard and even after replanting did not yield even the price for hands to mouth existence. So they cannot in the near future escape from the debt trap in which they are now fallen.

The principal Agriculture Officer of Wayanad District in his statement has drawn up the price graph of pepper for the last few years as follows:-

Year	Price per Kg in Rs
1997	191.40
1998	194.83
1999	197.83
2000	188.33
2001	87.75
2002	79.50
2003	72.75
2004	69.00
2005	74.00
2006	80.00



Farm wholesale price of pepper as provided by the Director of Economics and Statistics is as follows:-

1999	2000	2001	2002	2003

19389.33	18666.42	8481.26	8043.06	7852.78
2004	2005	2006	%of variation over 2004&2006	%of variation over 1999&2006
7278.12	6276.94	8354.17	-14.78%	56.91%

This is almost in same line as that given by the Principal Agriculture Officer, with only marginal difference. While considering the price graph for the period during the last decade, it can be seen that it was in a declining trend to the extent of (-57.16).

Yearly average whole sale prices of major agricultural commodities have been furnished to us by the Agricultural Prices Board. That relating to pepper is as follows:-

Year	Price (Rs/Qnl)
2000	18570
2001	8527
2002	7877
2003	7299
2004	6755
2005	5993

Deviation in price of pepper for various years taking 1997 price at Rs.14385/- as the base is available with us as furnished by the Prices Board. From 2001 onwards it shows a negative trend as indicated below:-

Year	Deviation
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	(%)
2001	-40.72
2002	-45.24
2003	-49.26
2004	-53.04
2005	-58.34
2006	-41.81

Thus price fall of pepper during the last few years, that too to substantially unbearable extent is a unanimously accepted fact.

Price in the month of May 2007 as per, information available in the official web site of Spices Board is Rs.144.33. This is the trading Price in Kochi Market. The harvesting season is over and there was no pepper even in the hands of the farmers, so that this rate could be reflected in their receipt. Even if pepper is available, the present hike in price is not a solution for the harm already caused.

The Kerala Agricultural Prices Board has prepared a chart based on the data published by various authorities including statutory commodity boards, *Ecostat* etc. It discloses the extent of loss suffered by the farmers of Wayanad District, because of the price fall of pepper. The chart relating to pepper is reproduced below.

**Data on Loss of Farmers of Wayanad District
on pepper cultivation for the year from 1999 to 2005**

Year	Base Price (1997) (Rs/MT)	Current Year Price (Rs/MT)	Prod (Ton)	Cost asper	Cost asper	Loss/Gain of the Farmer (Rs. Lakhs)
				base year (Rs.Lakhs)	current year (Rs.Lakhs)	
1	2	3	4	5	6	7
1999	143850	190550	17322	24917.70	33007.07	8089.37
2000	143850	185700	17915	25770.73	33268.16	7497.43
2001	143850	85270	13083	18819.90	11155.87	-7664.02
2002	143850	78770	12064	17354.06	9502.81	-7851.25
2003	143850	72990	12173	17510.86	8885.07	-8625.79
2004	143850	67550	13897	19990.83	9387.42	-10603.41

2005	143850	59930	11483	16518.30	6881.76	-9636.53
			Total	140882.37	112088.17	-28794.20

Though the price of the commodity has risen upto Rs. 190 and Rs.185 per Kg in the years 1999 and 2000, only the optimum price of Rs.143.85 per Kg. of the year 1997 alone is taken as the base for the purpose of ascertaining the gain/loss. There was a great total loss of Rs.28794.20 lakhs during the 1st five years of the current decade. This is really an unbearable loss so far as the farmers are concerned. The amount thus lost is the finance they obtained on lending by the financiers including banks and other institutions.

The pepper farmers who obtained more than Rs.180 per kg, continuously from 1997 to 2000, found new heights in their life and began to widen their life convenience, availing loans for building houses, for consumer durables, for better education of their offspring etc. Necessarily in the back drop of humpty dumpty fall of pepper price beyond an imaginable level, but at the same time with substantial rise in input cost, the pepper growers are now defaulters, facing threat of recovery and are worried of loss of what remains namely the landed property and dwelling abode. It is the small peasantry, which is increasingly being affected adversely and the higher their proportion in a region, higher the extent of crisis and distress.

These factors have totally impoverished pepper growers in the



district and they are in acute penury, facing threat of recovery. They are not even able to find means for day to day existence. All of them are in total distress. Several marginal farmers have, to find food, migrated to neighboring States. Thus agriculture is now driving the peasantry from their lands to join the ranks of daily wage labourers. It is often said by those who campaign the adverse effects of globalisation, that for capital to thrive, it was essential to see that the small peasantry be transformed into a free labour, who do not possess any means to engage themselves to expend their labour power in work for themselves. According to them the impact of the price fall of primary commodities on regional economies in the third world countries varies in direct proportion to the degree of dependence of the regional economy on the world market for value realisation of its primary commodities.

These details are sufficient to consider pepper as a distressed crop so far as Wayanad District is concerned.

The other important crop of Wayanad, as already mentioned, is coffee. It is either an inter crop along with pepper or main crop, except perhaps in the case of some of the farmers in Mullankolly and Pulppally panchayats. In Wayanad, two varieties of coffee are cultivated, viz Arabica and Robusta. The former is only in very minimal quantity. Kerala is the second largest coffee producing State in India. Wayanad coffee is supposed to be of world class quality. Being a predominant crop, any factor adversely affecting it will have a bearing on farmer life in Wayanad.

Mainly Robusta variety is cultivated here. The Table regarding area of main crops in Wayanad shown above reveals that the area of cultivation of this crop remains almost same with only very marginal variations.

Though this is supposed to be a plantation crop, the size of majority of the holdings is very small. Thus a large number of small farmers is engaged in coffee cultivation in Wayanad. The following statistics available with Coffee Board reveals this fact.

Distribution Pattern of Coffee Holdings in Kerala - 2003-04

(Coffee Board figures)

Size (Ha.)	Numbers
< 2	63122
2-4	10013
Total upto 4 ha	73135 *
4-10	2583
Total upto 10 ha	75718
Above 10 ha	349
TOTAL	76067

- covered by the Act

At the same time total planted area in Kerala in 2003-04 was 84644 Ha. Out of this, area cultivated by small holders up to 4 ha., as covered by the Act is as follows.

In ha

< 2	41971
2 -4	18699
total	60670

This comes about to 75% of the whole area. Apart from this nearly 45000 daily labourers are also employed in coffee plantations. The situation in Wayanad cannot be different. Total area planted with coffee in Wayanad is 67429 ha. Thus any adversity faced by this crop affects the coffee growers.

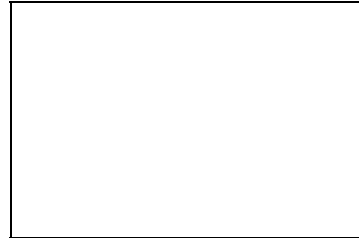
Area and production of coffee in Wayanad during the last seven years, as furnished by the Director *Economics and Statistics (Ecostat)*, are as in the table below:-

year	Area	Production
1999-00	67414	48180
2000-01	67560	58500
2001-02	67510	54110
2002-03	66973	52697

2003-04	67429	54650
2004-05	67389	45775
2005-06	67389	50025

These figures reveal that the production and productivity of coffee almost remain the same. The figures supplied by the Coffee Board, the statutory commodity organization are as follows:-

Year	Production in Mt
2002-03	52625
2003-04	46750
2004-05	44200
2005-06	46600
2006-07	48925



Of course this is in respect of Robusta variety alone. But the other variety of Arabica is, as already mentioned, only negligible in Wayanad. The above table also reveals that the unprecedented drought of 2003-04 has affected the production, which has considerably fallen from the level of 2002-03. The increase in out put in the subsequent years did not reach that level at all.

Added to this are the hazards faced by the growers due to high fall in price and rise in input cost. The price variation during the last few years is revealed by the following table.

Year	1999	2000	2001	2002	2003	2004	2005	2006
Rs	5276	3461	2388	2415	2890	3032	3640	3115

During 2001 and 2002 the farmers got only less than half of the price prevalent in 1999. The marginal increase witnessed in 2004 and 2005 was not sufficient to wipe of the tears of the previous years. It was at that time, again the price tag faced another set back in 2006. The increase in 2007, now shown will not reach the hands of small growers who could not retain their produce after the last harvest.

Yearly average wholesale price of coffee for the last few years as provided by the Agricultural Prices Board is as follows:-

Year	Price (Rs/Qnl)
1997	7300
1998	6500
1999	5600
2000	3500
2001	2334
2002	2384
2003	2900
2004	3043
2005	4686

Thus the price of coffee was steadily decreasing. The marginal increase in price witnessed later does not bring it some where near of 1997 level.

Price deviation of coffee can be gathered from a chart in that respect given to us by the Prices Board. The figures relating to coffee, taking its price of Rs.7300 of 1997 as the base, are as under.

Year	Variation in(%)
1998	-10.96
1999	-23.29
2000	-52.05
2001	-66.66
2002	-67.34
2003	-60.27
2004	-58.32
2005	-35.81
2006	-24.88

Thus the price graph was showing dippingly negative trend.

Productivity of coffee in Wayanad is low as compared to any other area. The farmers are not in a position to raise it because of the fungal diseases prevalent in the locality and because of the high uncertainty of blossom showers and due to growing hot weather in Wayanad because of the typical change in weather conditions.

The State Agricultural Prices Board has furnished the data on cost of production of several crops. As per the same, cost of production of coffee up to yielding age comes to Rs.141284/- per ha., and the annual maintenance cost is Rs.31064/-. Annual yield is estimated at 740 Kg. When the average price tag of Rs.25 of the early years of this decade is taken, the receipt by the farmers are far low and they were at that time not able to make both the ends meet, in their coffee cultivation operation.

They have also, based on the statistics published by different statutory boards and agencies, furnished a statement indicating the loss suffered by the farmers of different crops in Wayanad District. The loss sustained by coffee growers is as below.

**Data on Loss of Coffee Farmers of Wayanad Districts
for the years from 1999 to 2005**

Year	Base Price (1997) (Rs/MT)	Current Year Price (Rs/MT)	Prod (Ton)	Cost as per base year (Rs.Lakhs)	Cost as per current year (Rs.Lakhs)	Loss/Gain of the Farmer (Rs. Lakhs)
1	2	3	5	7	9	11
1999	73000	56000	48180	35171.40	26980.80	-8190.60
2000	73000	35000	58500	42705.00	20475.00	-22230.00
2001	73000	24340	54110	39500.30	13170.37	-26329.93
2002	73000	23840	52697	38468.81	12562.96	-25905.85
2003	73000	29000	54650	39894.50	15848.50	-24046.00
2004	73000	30430	45775	33415.75	13929.33	-19486.42
2005	73000	46860	50025	36518.25	23441.72	-13076.54
			Total	265674.01	126408.69	- 139265.32

Thus plight of coffee is in same line as pepper. The cumulative loss comes to Rs. 139265.32 lakhs. As the same small farmers cultivate both coffee and pepper, the distress stress is double on them. The coffee growers are also thus in distressed state.

Ginger is yet another crop cultivated by the farmers of this district. Several of them, when the climatic condition in Wayanad changed, went over to neighbouring states,

after availing loans from Kerala. There also they failed, it is disclosed in the enquiry.

The Agricultural Prices Board furnished us data on the loss/gain of farmers in Wayanad district based on the price in 1997 (base year) and current prices for the years 1999 to 2006. It discloses that, there had been a loss of Rs.696.23 lakhs and Rs.1440.58 lakhs in the years 2001 and 2002 respectively.

The gain of Rs.2431.80 lakhs in the succeeding year was not some where near the gain of Rs.4836.69 lakhs of 1999 or Rs.3095.13 lakhs of the year 2000. The relative gains of the year 2004 and 2005 were not sufficient to repair the damages already suffered, because of the general rise in the input cost. Still later also as disclosed before us by the farmers and their organisations, the ginger cultivation suffered set backs due to climatic change and price variation. According to them they were availing loans from private money lenders. They were mainly cultivating in the land taken on yearly lease. As they did not have the title deed majority of ginger growers were not able to get finance from banks. This curtailed their bargaining capacity at the time of harvest as they had to surrender to the money lenders who were also ginger traders, at the price dictated by them. This led them to misery. Equally, the ginger growers are also thus always within the clutches of perpetual debt, placing them in a very distressed state.

There was steady fall in the area of

paddy cultivation in this district once known as land of paddy fields. Paddy cultivation is acceptedly a loss venture. It is a universally accepted fact in Kerala. More over there is acute shortage of farm labour for paddy cultivation. This is one of the reasons for farmers to move away from paddy cultivation. Timely agricultural operations including harvest have become impossible due to this. This has also contributed to the loss greatly. So paddy cultivation also does not have a different shade.

Now banana is cultivated in the paddy field. Though it may appear that banana is a profitable crop from the average price tag of any year, majority of them do not get that price as bunches are taken simultaneously by almost all of them in a particular period. There is no proper marketing machinery to help them at that time or any method to preserve the fruits. They also have to face the rise in input cost including that of manure and pesticides. The fury of monsoon wind causes heavy falling of plants. The condition imposed by the crop insurers that more supports shall be given to every plant, makes insurance impossible according to the farmers.

Vegetable and Fruit Promotion Council, a government body, functioning to aid and help the farmers have provided certain statistics. As per this, banana is cultivated in Wayanad in 1730 ha. and production comes to 36330 Mt. In 2000, it fetched Rs.10.95 per Kg. and fell to Rs.9.54 and Rs.8.85 respectively in the succeeding years.

This was a great blow to the farmers. The rise in price to Rs.12.30 in 2000 was not sufficient to meet the increase in input cost, much less the loss already suffered. While they were in a state of regain in 2004 because of slight further rise in price of the produce, there was further fall of nearly Rs.3/- in price per Kg. in 2005. According to the statistics given by the Prices Board, cost of production of one kilogram of banana comes to Rs.5.40. Therefore the situation of this crop is also not in a steady position.

Recently areca trees were grown in paddy fields. But in almost the entire area, yellow disease (bud rot) has spread out and the crop is now in a deserted state. This adds to the agony of farmers in Wayanad.

Statistics as regards price change of this commodity as revealed from the information furnished by the Prices Board are as under.

Base year 1997 with price at Rs. 6188

Year	% of Price Deviation
2001	-39.90
2002	-38.25
2003	-34.03
2004	-21.85
2005	-21.80
2006	- 1.36



The price graph thus shows an extreme negative trend, so far as this crop is concerned.

The data on loss sustained by arecanut farmers as contained in the information supplied by the Prices Board is as follows:-

**Data on Loss of Farmers of Wayanad District
on arecanut cultivation for the year from 1999 to 2005**

Year	Base Price (1997) (Rs/MT)	Current Year Price (Rs/MT)	Prod (Ton)	Cost as per base year (Rs.Lakhs)	Cost as per current year (Rs.Lakhs)	Loss/Gain of the Farmer (Rs. Lakhs)
1	2	3	4	5	6	7
1999	61880	104110	1736	1074.24	1807.35	733.11
2000	61880	72970	2699	1670.14	1969.46	299.32
2001	61880	37190	2682	1659.62	997.44	-662.19

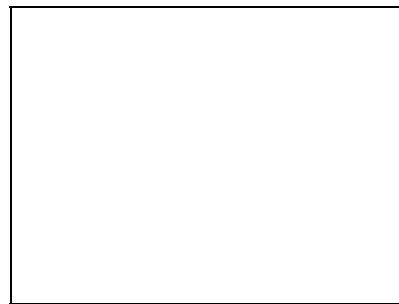
2002	61880	38210	3237	2003.06	1236.86	-766.20
2003	61880	40820	4192	2594.01	1711.17	-882.84
2004	61880	48360	5711	3533.97	2761.84	-772.13
2005	61880	48390	6035	3734.46	2920.34	-814.12
			Total	16269.49	13404.45	-2865.04

This loss of Rs.2865.04 lakhs, is very heavy, when the extend of cultivation of this crop is taken into account.

There are several small holders growing tea in Wayanad. The plight of tea gardens in Kerala is well known. Only large growers have tea factories. Because of the crisis in tea, they stopped taking plucked green leaves (flush) from individual small growers. A factory known as *Priyadarsini* set up in the tribal settlement in the cooperative sector stands closed for some reason or other. According to the farmers price of plucked green leaves fell from Rs.14Kg. to Re.1 even; and at times, there was no body to take plucked leaves. The details furnished by *Ecostat* reveals that price of tea fell from Rs.9000 per Qntl. in 1998 to Rs.4938/- per Qntl in 2005.

Tea has shown a negative variation in prices since 2001 onwards, considering the price of 1997 at Rs.6400, as revealed by the statement given by the Prices Board. The details are as below.

Year	Variation in %
2001	-18.75
2002	- 1.56
2003	- 9.38
2004	-18.27
2005	-22.84



This itself is sufficient to picturise the pathetic plight faced by small tea growers. Thus they are also in utter distress.

The data on loss sustained by tea growers furnished by the Agricultural Prices Board reveals as follows:-

**Data on Loss of Farmers of Wayanad District
on tea cultivation for the year from 1999 to 2005**

Year	Base Price (1997) (Rs/MT)	Current Year Price (Rs/MT)	Prod (Ton)	Cost asper	Cost asper	Loss/Gain of the Farmer (Rs. Lakhs)
				base year (Rs.Lakhs)	current year (Rs.Lakhs)	
1	2	3	4	5	6	7
1999	64000	81000	10412	6663.68	8433.72	1770.04
2000	64000	68000	12649	8095.36	8601.32	505.96
2001	64000	52000	15255	9763.20	7932.60	-1830.60
2002	64000	63000	10983	7029.12	6919.29	-109.83
2003	64000	58000	7334	4693.76	4253.72	-440.04
2004	64000	52310	12028	7697.92	6291.85	-1406.07
2005	64000	49380	12000	7680.00	5925.60	-1754.40
			Total	51623.04	48358.10	-3264.94

Certainly the total loss of Rs.3264.94 lakhs is inclusive of the cultivation in plantation also. But the loss suffered by the small growers as discernable from this is certainly unbearable.

Cardamom is another important produce in the district. But the small growers and their share are minimal in this area. There also because of the uncertainty in whether conditions and due to fungal disease known as *mahali*, the production and productivity have been largely affected.



This produce also faced price fall during the last three years. Yearly average wholesale prices of this commodity, furnished to us by the Prices Board are as follows:-

year	Price (Rs/Qnl)
2002	68100
2003	44100
2004	46600
2005	27300
2006	29600

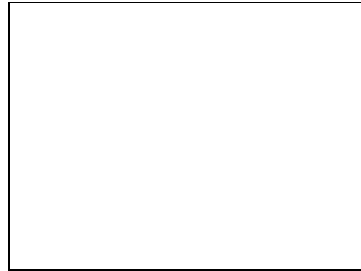
The deviation in prices shows a negative trend during the last two years, taking 1997 price of Rs.37700 as the base, as mentioned below.

year	Variation In %
2005	-27.59
2006	-21.49

Thus cardamom growers are also placed in a distressed state.

Though tapioca is also largely cultivated Wayanad, it being a low priced produce, is not a countable one to save the farmers from their present predicament.

Coconut cultivation in Wayanad is only in negligible extent. Wayanad has only the least coconut cultivation of only 1.3%. Even the available coconut trees are affected by the common diseases prevalent in other parts of Kerala for this crop.



Vannila became the dream of the cultivators in Wayanad, when it fetched an unimaginably very high price in one or two years. Naturally when there was very heavy fall in price as now experienced, the farmers had to abandon it. Disease to the standard has also contributed heavily to the distress of vanilla farmers. It was a fact that they had already invested a lot for this and that

investment became totally futile and lost for ever.

Ofcourse, Wayanad district stands a prominent place in rubber cultivation. But productivity here is low as compared to other places. On that reason, though rubber is supposed to be a profitable crop, it is not strong enough to save the farmers of Wayanad, who suffer continued and subsisting set backs in other major crops, as mentioned above.

It is pointed out in the final draft of the National Agricultural policy that "The ownership of land is highly skewed with over 60% of the rural households owning less than one hectare. Farmers owning over one hectare comprise about 28% of rural families. The landless population amounts to 11.24% of rural households. These data relate to 1991-92 and it is obvious that by now there would have been further fragmentation of holdings leading to a much larger incidence of very small operational holdings.

Situation in Wayanad is still worse. The farmers in Wayanad are extremely marginal with low area of holdings. The average area of a holding is only 0.61 ha. 34.38% of the area of the entire holding is in the hands of marginal farmers holding less than 1 ha. and larger holdings extending more than 10 ha. come only to 12.97% of the entire holdings. This is another factor contributing to increase in cost of cultivation and vulnerability of this sector. The limit of extend of holding of farmers to be protected by the Act (1 of 2007) is 4 hectares. The statistics of Wayanad regarding operational holdings with the number of farmers in each group are as follows:-

Size	No. of persons	No. of holdings
Below 1.00	137038	29418
Small 1.00-1.99	14068	18925
Semi-medium 2.00-3.99	5864	14946
Medium 4.00-9.99	1446	7710
Large 10 & above	507	21926
All Categories	158923	92925

Source: Agricultural Census 2000- 2001 provided by Director, Ecostat Dept

Necessarily bulk majority of farmers as well as area come within the coverage.

These factors trapped farmers in a huge debt burden beyond their capacity to repay it even in a far future.

The credit situation in Wayanad is also alarming, considering the population there, as compared to other districts. It is pointed out in the

statement filed by the district unit of All India Kisan Sabha that farmers were not in a position to repay the debts incurred by the farmers



because of the crop failures and drop in prices of agricultural produces. According to them the overdue of Rs.1704 lakhs in 1998-99 from farmers to various banks had gone up to Rs.12,276 lakhs. According to them because of the adjustmentary renewal of loans by banks, repayment recorded is not real at all. Such steps are adopted by banks to set right records showing repayments and less recoverable outstandings, so as to get sufficient refinance from apex banks and other financing agencies. According to them as farmers were given non agricultural loans,

instead of agricultural loans, they could not get the benefit of the package announced by the central and state governments. This aspect has been highlighted in the written statement submitted by Shri. P.KrishnaPrasad, M.L.A, also. Because of the renewals effected by the banks, several of the loans did not fall due on 30-06-06, when waiver of interest on loans defaulted by that date was announced. The district unit of Kerala Karshaka Union, in its statement pointed out that, the liability of farmers has touched the limit of rupees 1400 crores.

Against 78782 accounts, an Amount of Rs.29146 lakhs is outstanding as on 30-6-06, from commercials banks alone, as contained in the information furnished by the State Level Bankers' Committee, Thiruvananthapuram. Overdue of principal comes to Rs.10173 lakhs and that towards interest is Rs.3328 lakhs. The respective figures concerning Regional Rural Banks are Rs.18004 lakhs against 93052 accounts, Rs.5677 lakhs and Rs.1808 lakhs respectively. The loan accounts in Primary lending houses in cooperative sector are not reflected in this. The PAO Wayanad in his statement has given further details as follows:-

Year	Disbursement	Outstanding	Overdue
1998-99	11928	13372	1704
1999-00	21519	17361	1487
2000-01	24459	21452	2106
2001-02	24516	25325	2574
2002-03	31201	34726	6017
2003-04	30802	42958	6733
2004-05	45963	49940	6274
2005-06	52400	75303	12276

This reveals the increasing extend of indebtedness in Wayanad District, year by year when, the agrarian crisis was getting aggravated.

When the loans became overdue, consequent threat of recovery was at their door step. The only way out for such farmers, as stated by everyone including the representatives of

cooperative banks, was renewal of the loans converting the interest accrued against the total outstanding as capital and thus in effect paying interest on interest. The result is that the farmer has no escape from the debt trap.

We had occasion to go through a booklet authored by Dr. K.K.N.Kurup, former Vice-chancellor of Calicut University and published by Keraleeyan Smaraka Samithy, Kozhikode. This booklet was prepared after conducting a survey in a typical village of Wayanad District, in the backdrop of the crisis in the agricultural sector and the growing trend of suicide by indebted farmers.

The survey revealed, the booklet says, that the entire peasantry including wealthy farmers was in debt trap in Wayanad. Marginal farmers and small holders have no escape from it; whereas large holders can sell of a small portion of their holdings to escape from the mounting liabilities. According to the author even an increase in prices of the crops cannot help them at all as they are sinking in debts.

The survey is seen conducted classifying small farmers into three; viz holding less than on acre of land, holding between 1 to 3 acres and holding above three acres. (one hectare is almost equal to 2.5 acres). The conclusion arrived at after survey was that those in the first category had an average debt of Rs.6377/- per family. Though they had a profit of Rs.1204/- from out of cultivation, the debt on one acre of land was Rs.14,400/-. But as regards the second category, they sustained loss of Rs.1987 per acre in cultivation and had debt to the extend of Rs.51,100/- per family and Rs.32,342/- per acre of farm land. Average loss of a family in this group was estimated to Rs.3140/- and

also the wages of their labour in the cultivation operation. Taking into account the requirements for treatment, education of children and other needs, average debt of a family was found to be Rs.51,100/-. There was no possibility to get out of this debt trap so far as they are concerned, the survey analysis substantiates. In the case of the third category, cultivation loss was Rs.1260/- per acre and the debt was Rs.93,333/- for each of the family charged to Rs.20740/- on each acre of the farm land of this group. They are also not in a position to find a solution for their debt problem.

Naturally, those who could not see any ray of hope in the near future amidst different liabilities and facing threat of recovery and loss of whatever left and did not have any source to maintain their family, found an end for their perennial problems by putting an end to their lives. The high incidence of suicide by farmers in the district is the climax of the sad story of

Wayanad peasantry. Those

who warn against the on going

globalization

strongly advocate that the

price crash and the spate

of suicides have been the

logical

corollary

inevitable for any local

economy, which is heavily

dependent on the world

market. According to them

higher the dependence of a

population on agriculture,

the greater is likely to be

the incidence of casualties;

and the more a

crop is integrated with the world market,

the higher would be its adverse consequences

on the dependent population. Casualty would rise

in proportion to the population solely

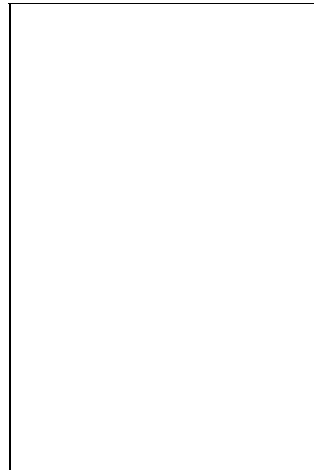
dependent on the export-oriented crop for

livelihood. Thus such casualty exhibited high

rate of occurrence in Wayanad District.

The incidence of suicide by indebted

farmers at a higher rate during the last three



years is an admitted fact, though there is variation in the statistics furnished by government agencies and farmers' organizations. In our preliminary order we had referred to the statistics disclosed by the government.

There were 371 suicides by farmers in Wayanad district alone during the period from 1999 to 2006, as per the details furnished by the Director of Agriculture. There were 46 suicides in Wayanad district by debt trapped farmers between May 2006 and March 2007. According to Shri, P. Krishna Prasad M.L.A, official statistics reveal only 371 suicides by indebted farmers during the period from 1999 to 2006. This figure is not correct, because only suicides which were reported by the kin of the deceased to the police as on account of debt alone were counted towards this. According to him actual suicides by indebted farmers were 528 during the period from 2001 to 2006. Presidents and members of panchayats who were present in the enquiry also were not prepared to accept the official statistics on farmer suicides, as according to them several suicides by farmers in neck deep liabilities were not accounted so, merely because, members of the bereaved family at the moment of grief did not tell about the liability over which the deceased was worried, to the police.

High dependence of the Wayanad population on agriculture confirms the correlation between the agrarian distress manifested in farmers' suicides and the present backwardness of the district economy.

The relative share of the population dependent on agriculture in Wayanad was as high as 47.44%, while the state average was

only 23% in 2001. Further, the agriculture sector contributed 21.39 per cent to the district income in Wayanad; whereas the share of agriculture sector in NSDP was only 14 per cent. It is also important to note that 12 per cent of the agriculture-dependent population in the state is concentrated in Wayanad, while the relative share of the district in the state's population is only 2.47%. The per capita income of the district was Rs.18,084/- at current prices in 2003-04, which was lower by 13% than the average state's income. These are to be borne in mind while considering the present agrarian crisis in the district.

As per the figures of 2001 Census, Wayanad has a total population of 780619. Out of this 308613 are workers, thereby meaning doing some work including cultivation. The workers are classified as 'main workers', meaning thereby having works for at least six months a year and 'marginal workers' with less than six months work. Among them cultivators and agricultural workers form very large majority in Wayanad District. The details are as follows:-

Total Population -- 780619

	Main Workers	Marginal Workers	Total Workers
	219789- 71.22%	88824 - 28.78%	308613- 39.53%
Cultivators	43186 19.65%	8565 9.64%	51751
Agri. Lab.	52076 23.69%	42063 47.36%	94139
Rural popul 751007	45.04%	58.07%	

These percentages are the 2nd highest of any other districts in the State, next only to Idukki, except in the case of cultivators among marginal workers. All other district

except Pathanamthitta does have only single digit percentage. These details reveal the extensive dependence of the people of the district on agriculture. When dependence on agriculture thus is extensive, the distressed state of the entire crops of the district will make the entire district as distress affected.

Further the entire cultivation in the district depends on climate alone. Both absence of rain as well as heavy rain damage the crops. Even if there is drought or delayed monsoon and consequent loss of crop, the monsoon when starts its continuous heavy down pour results in flood causing again damages to the crops. When Karnataka used to close Beechanahalli dam during monsoon season, excess water in Wayanad cannot be drained out by its only main river Kabani which flows east into Karnataka. In certain months it becomes heavy, resulting in heavy damages to the crop. This has become a recurring phenomenon according the farmers. This also added to the suffering of the agrarian population of the district.

Unpredictability of weather conditions in

Wayanad has become a common phenomenon during the last few years. The crops of Wayanad are mainly rain fed. Monsoon behaviour is often erratic.

It is profitable to extract the figures on rain fall in Wayanad District, from the statement of the Principal Agriculture Officer. It is as follows:-

Year	Rain Fall (mm)
1994	2692.20
1995	2318.00

1996	2181.20
1997	2150.80
1998	1727.80
1999	1578.20
2000	1749.40
2001	1435.30
2002	1196.20
2003	1520.50
2004	1900.00
2005	2163.00
2006	2047.80

This shows that there was a declining trend in the rain fall in the district. This naturally will lead to crop failure in an area dependent on monsoon. Added to this was the uneven nature of rain fall. This also has affected the agrarian economy of Wayanad.

The year 2003-04 witnessed an unprecedented drought in Kerala. All the organizations of farmers, individual farmers and the Revenue officers including the District Collector and the officers of the Agriculture Department including the Additional Director, who represented the Director of Agriculture and the Principal Agricultural Officer (PAO) have stated it in similar terms during the enquiry held at Suthanbathery. It is also evident from the notification issued by the Commissioner of Land Revenue as per his proceedings dated 30-3-2005 published in official gazette extraordinary declaring the entire area of Wayanad district also as drought affected in terms of the Kerala Famine Relief Fund Rules 1965.

Drought certainly tells upon the production and productivity of crops. It will greatly affect the plant health and plant life, which are factors contributing to the productivity, in the succeeding years. So far as the perennial crops are concerned, it will take 3 to 5 years for the plants to get out of the after effects of drought. If drought is very heavy, plants will not be able to regain

the lost health even. The drought of 2003-04 was of that nature. It repeated the next year also, though not with that much vigor. This has caused heavy damages to the agricultural sector Wayanad.

Due to the drought of the years 2003 and 2004, there was agricultural loss to the tune of Rs.329 crores. Apart from that it affected the yield of the perennial crops greatly and it will subsist for another three to five years. That an amount of Rs.240 lakhs was spent to rehabilitate drought affected pepper farmers alone is sufficient to indicate the gravity of that drought.



How the natural calamities were affecting Wayanad can be deciphered from the statement of the PAO, Wayanad which shows payment of crop loss compensation. It is as under.

Year	Calamity	Amount Paid
2001-02	Flood	551236
2002-03	Flood	29619294
	Drought	2000000
2003-04	Flood	9699853
	Drought	4497683
	--	--
2004-05	Flood	43858718
	Drought	107492803
2005-06	Flood	31827000
	Drought	308830
2006-07	Flood	15444984
	Fire	10415

This reveals the adverse situation faced by the farmers of Wayanad district continuously for years together, due to natural calamities.

Continued drought caused scarcity of water and consequent dearth in food. It is stated by the farmers that, wild animals including elephants began to come to cultivating field in search of food and had destroyed the crops. According to them this is a continuing phenomenon in recent years.

This has also spoiled the prospects of the peasantry.

Main agricultural produces of the district are not consumed in the district. Such produces have only external market including export. So the farmers have always to depend on the vagaries of external market.

India adopted the path of globalization and liberalization since 1991 and signed the World Trade Agreement in 1994. Subsequently from January 1st 1995, India became a member of the World Trade Organization along with 122 countries. As a part of WTO Agreement, it became mandatory to implement the provisions of Agreement on Agriculture (AoA) and its basic tenets viz. market access, domestic support and export subsidy. In tune with the Agreement, the Government of India implemented its Exim Policy (Export Import Policy) on March 31st 2000 and phased out the Quantitative Restrictions in the import of 714 commodities. On March 31st 2001 Quantitative Restrictions on another 715 items were also phased out. Out of the 1429 items, 352 were agricultural commodities.

On the economic side, the crisis facing poor countries need to be better understood and handled. On trade, many developing countries continue to suffer their main problem-; the low and declining prices of their export commodities. This has had devastating effect on incomes of poor communities around the world, and on the trade balance and debt situation of many countries.

Since 80% of the agricultural commodities in Kerala are dependant on international markets, the implementation of Exim Policy had a deleterious impact on the price of many major agricultural produces of Kerala viz. coconut, rubber, pepper, ginger, cardamom, arecanut, coffee, tea, cashew and vanilla. When this aspect is taken note of, necessarily it can be seen that there is substance in the grievance that the import of pepper from

Srilanka has contributed to the price loss of pepper. Any how all most all the major crops of Wayanad are adversely affected due to such price variation

The crisis faced by the farmer community of Wayanad district was known to both Central as well as State Governments. The Central Government has included Wayanad district in *Annawari* scheme well earlier. This was in recognition of the agrarian crisis and consequent extension of benefits to the people there, though to a small extent. Reserve Bank has also realized that the farmers were on default in paying off their loans on 30-06-06, and therefore directed all the banks to waive the interest accrued. Government of India has approved a Rehabilitation Package for the revival of the agrarian economy covering about 31 districts in the country. Wayanad is one among the three districts selected from Kerala in accordance with the Government of India communication No. 12015/41/2004-CR.1 dated 10th October, 2006. The Planning Commission has also identified Wayanad as a district approved for Backward Regions Grant Fund, as revealed from DO No. P-12053/4/2006-MLP dated 27/09/2006 of the Planning Commission, New Delhi. Report by Government of Kerala on Crop Damages Due to South West Monsoon during 2006 discloses that there was a total estimated loss of Rs.111698050/- in Wayanad district alone and that about 10742 farmers were affected thereby. The damage affected an area of 1839.74 ha. in that district. These factors also indicate that the situation in the district is in a distressed state. It is seen from the proceedings of the Commissioner of Land Revenue published in Kerala Gazette Extra Ordinary Vol-50 No. 660 dated 30-03-2005 that the entire area in Wayanad district was declared as drought affected with effect from 23/03/2005, exercising the powers under Rule 2 of Kerala Famine Relief Fund Rules, 1965.

Thus continued agricultural crisis of one nature or other in Wayanad was noticed by different authorities and governments. When there is thus continued agrarian crisis along with crop failures due to diseases and natural calamities and heavy and unexpected price fall of all the major agricultural produces of the district to unimaginably unpredictable low level, every farmer will be placed in distress. Marginal farmers cannot carry on cultivation without availing loans. Insect attack and fungal disease add to the expenses on pesticides and manures. When crop failure becomes a yearly phenomenon, they have to multiply their loan liability to find funds for next agricultural operation. This leads to debt trap. They also have to meet increased input cost on seed, labour, fertilizers, pesticides etc. At the same time the increasing cost of living also have to be met by them. Because of reasonably good and remunerative prices prevailing since 1970, their standard of living also increased and they had incurred liabilities other than farm loans also, for building houses, to educate their children, for marriages of their offspring and on consumer durables. They are now not in a position to repay the loans or to conduct further effective agricultural operations. Unless they are rendered help to tide over this grave situation, the farmers of Wayanad may be driven off from their land. When the entire peasantry is thus in distress, it is necessary to declare the total area of Waynad District as distress affected, so that the eligible farmers of Wayanad District covered by the Act can seek possible debt relief envisaged in the statute.

Distress among farmers is genuine. Drought, crop failure and increasing debt have all contributed to it. So is the stress from commercialization and globalization. All of them are really looking for help from Government, to escape from the mounting liability of interest and

principal they had incurred for cultivation, which failed continuously for no reason attributable to them.

Therefore in exercise of powers vested in this Commission in terms of section 5(1)(a) of the Act, we recommend to the Government of Kerala to invoke their power in terms of section 6 of the Act to declare the entire area of Wayanad District as Distress Affected Area.

Dated this the 27th day of June 2007

Justice K.A.Abdul Gafoor, Chairman

Professor M.J.Jacob, Member

Shri M.K. Bhaskaran, Member

Shri Sathyan Mokeri, Member

and

Professor Chandrasekharan Nair, Member

**THE KERALA STATE FARMERS' DEBT RELIEF
COMMISSION, THIRUVANANTHAPURAM**

Suo Motu Proceedings No. 1 of 2007

Present
Justice K.A.Abdul Gafoor
Chairman
And
Prof. M.J.Jacob
Shri. M.K.Bhaskaran
Shri. Sathyan Mokeri
Prof. N.Chandrasekharan Nair
Members

**Further Recommendations made to Government
in accordance with Section 5(1) (f) and 5 (1)(fg) of
the Kerala Farmers' Debt Relief Act 2006 (Act 1 of 2007)
Concerning Wayanad District**

Immediately on constitution of the Kerala State Farmers' Debt Relief Commission, we decided to conduct suo-motu proceedings in terms Section 5(1)(a) of the Kerala Farmers' Debt Relief Act 2006 (Act 1 of 2007), herein after referred to as the Act, to consider whether the area comprising Wayanad Revenue District could be recommended to be declared distress affected. After due and elaborate enquiry and after hearing the representatives of various government departments, government agencies, commodity boards, financial institutions, co-operative banks and farmers' organisations and even several of the farmers themselves, recommendation was made to Government on 27.06.2007 to declare the entire area of Wayanad Revenue District as distress affected.

This recommendation was made taking into account the crisis faced by farmers engaged in cultivation of mainly pepper, coffee, cardamom and tea. Different aspects including the plant diseases affecting the

productivity of the crops, natural calamities including drought experienced in the district and the deep and extensive fall in price for the agricultural produces were taken into account by us while formulating the said recommendation.

Government later considered the recommendation and has decided to declare Wayanad District as distress affected in exercise of their powers under Section 6 of the Act, accepting the said recommendation.

The Commission has received more than one lakh applications from Wayanad district alone. Going by the provisions contained in Section 5 of the Act, the farmers indebted to creditors other than institutional creditors which mean State Bank of India or its subsidiaries or any scheduled banks are entitled to debt relief, based on the appropriate level of debt and the fair rate of interest to be determined by the Commission without the individual farmers being separately declared as distress affected. Therefore, the Commission has to consider each of those applications. Even if the Commission conducts hearing on these applications taking minimum time constituting as many Benches as possible, it will take months together to attend to the applications from Wayanad district alone.

The Act brings within its protection the individual farmers who conform to the definition of farmer as contained in Section 2(xiii) and hold whether as owner or otherwise, an extent of land not exceeding four hectares and whose principal means of livelihood is agriculture and whose annual income does not exceed Rs.2,00,000/-. Such farmers are eligible for debt relief. Agricultural labourers, Kudumbasree units and self help groups are also brought within the definition of farmer.

Clauses (f) and(g) of Section 5 (1) authorize the Commission, i) to recommend to the Government regarding the extent and the manner in which the debt relief to be granted to the farmers and (ii) to recommend to the Government to take over the entire or partial debt and to exonerate the farmers from the effect of their debts.

In our recommendations, we have come to the conclusion that majority of farmers engaged in cultivation of different crops in Wayanad district are marginal ones. Marginal farmers require more help when they are distressed, as compared to those holding more extent of cultivable land. It has also come to our notice that such farmers in large numbers have only

debts of small amounts not exceeding Rupees 25,000 in total as outstanding. We have also gathered information during our enquiry that defaulted loans were being renewed on advice by banks or creditors, including the accrued interest on capital borrowed earlier, as capital amount of the renewed loan account.

If the Commission has to enquire into these aspects calling for the details of the old loans availed by individual farmers from their creditors, it will take time for disposal of applications and thus to reach the entitled relief in the hands of the real and eligible farmers, who deserve immediate help. As the Act gives the Commission the power as conferred in clauses (f) and (g) of Section 5 (1) to make proper recommendations to government regarding the nature and extend of debt relief to be granted to farmers and to recommend to government to take over their debts either in full or in part, as already mentioned at the threshold, we are of the view that, in order to save large majority of the indebted farmers of Wayanad district from the consequences of their long pending debts immediately, the following measures shall be taken by the Government. Therefore in exercise of the statutory powers vested in us, as mentioned above, we recommend to Government that,

- a) All liabilities of farmers in Wayanad district holding cultivable land not exceeding one acre (0.42 hectare) either in the capacity as owner or in any other capacity as mentioned in Section 2(xiii), towards debts as defined in Section 2(vii) payable to creditors other than institutional creditors, incurred on or before 30.06.2006, shall be completely taken over by Government, if the amount outstanding against them, as on today, does not exceed Rs.25,000/-.
- b) The aforesaid recommendation if accepted by the Government shall have effect from the date of this order containing the recommendations and the extent of debt relief so recommended, if implemented shall have effect from today and such amount shall be deducted from the liabilities of such eligible farmers from today onwards.
- c) The amount so entitled as debt relief to such farmers shall be paid over to their respective creditors from out of the funds set apart in that regard within two months from the date of the order to be issued by Government, accepting these recommendations, on production of a certificate by the farmer concerned from a revenue officer as decided

by the Government, showing the details regarding his main source of livelihood, income and the area of land in his possession or whether he is an agricultural labourer and showing such other matters as the Government in their discretion may insist.

Dated this the 5th day of September 2007

Justice K.A.Abdul Gafoor, Chairman

Professor M.J.Jacob, Member

Shri M.K. Bhaskaran, Member

Shri Sathyan Mokeri, Member

and

Professor N.Chandrasekharan Nair, Member