

# Role of Cooperatives in Reducing Farmers Suicides” – By taking TSS Sirsi

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## Article Info

Volume 82

Page Number: 4954 - 4960

Publication Issue:

January-February 2020

## Abstract:

Agriculture is the primary industry contributing towards the economic well-being of a nation. Farmers are backbone of the economy and its unfortunate that they are not able to meet the debt burden and committing suicides. This paper attempts to understand the efforts of the agricultural cooperative societies in reducing suicide rates. The researcher has chosen 3 agricultural cooperative societies operating in Maddur district and North canara district of Karnataka. The paper attempts a descriptive analysis of the structure of cooperatives, their working, kinds of loans, kinds of Profit distribution and operational freedom. The descriptive study has obtained data through structured interview with officials of Cooperatives and members, substantiated through financial statements of the cooperatives namely chikkaankanahalli, keragahaliis and TSS, Sirsi.

The cooperatives are ranked based on their performance and for this purpose. The Totagars agricultural cooperative society of north canara has displayed an outstanding performance and has helped in instilling confidence in the minds of the agriculturists. A special kind of Loan called Aasaami loan (Personal loan) helps farmers during the times of difficulties. The profit earned is generally distributed in kind i.e. basically with items that change the life style of the people. Because of the efforts of the society north canara district shows very few suicide rates. The Totagarssocieties operational structure and functioning can be illustrated as an example for other agricultural cooperative societies of the state. The detailed comparative analysis explains how an agricultural cooperative society can contribute for the overall economic and social development of rural areas.

**Keywords:** Agricultural Cooperative society, Agricultural loans Farmers suicide.

## Article History

Article Received: 18 May 2019

Revised: 14 July 2019

Accepted: 22 December 2019

Publication: 23 January 2020

## I. INTRODUCTION

Agriculture is the major sector of India where most of the revenues are earned and also one of the sectors which positioned the country in world ranking. Agriculture sector in India is facing a very complicated issue in this modern world as most of the field are getting vanished because of the upcoming trend called as industrialization. Most of the benefits are availed to promote industrialization and the agriculture sector is getting less back support from the Indian economy which threaten the sector

to an extent. Agriculture sector was the major income generating sector of every family who resides in India and the modern era had a great influence on it and most of the family who were traditionally into agricultural sector stepped back from it and started to opt for various other kinds of work. Now the agricultural sector in India is having a greater downfall. Existing farmers are not getting much monetary support from the government and from the banks. Cooperative society in India plays an important role in uplifting the agricultural sector

as its main aim is to support the rural areas of the country. Such societies are providing both monetary and non-monetary benefits to the farmers. Monetary benefits like availing loans for lower interest rate is one of the main financial support that the society is providing to the farmers. Many advisory services also have been provided by such societies like the modern method of cropping and it makes the farmers up to date. Thus, cooperative society plays a very important role to uplift the agricultural sector as it is getting threaten now a days. A great percentage of India was depending upon agricultural sector and which has been changed due to the modern industrialization and many factors so it is our need to regain the old strength which took our country to the world ranking. So, promotion of agricultural sector should be the major motive of all Indians. Along with promoting agricultural sector it is also needed to look after welfare of the farmers unfortunately in a country like India today farmer suicide is a black mark this paper attempts to understand the role of agricultural cooperative societies in reducing farmers suicide rate.

## II. OBJECTIVES OF THE STUDY

1. To understand the role of Agricultural cooperative societies in decreasing farmer suicidal rates.
2. To study an Agricultural cooperative society in North kanara as a model cooperative society.

## III. METHODOLOGY:

**Study area:** Mandya district and north canara district is considered as the main part of the study.

**Data collection:** Primary data is collected through the structured interviews and secondary data collected through financial statements of the respective agricultural cooperative societies.

**Sample size:** The sample size of three cooperative societies was considered for the Study.

**Statistical tools used:** Descriptive analysis

## IV. NEED AND SIGNIFICANCE

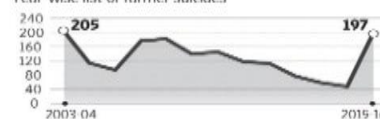
According to the research committee reports of A V Manjunatha, ISEC, Mandya district is one of the districts of very high suicide rates. The reasons responsible for suicide rates are many such as Poor institutional credit, lack of Crop insurance facilities, Lack of counselling to farmers, lack of Price fixation, crop failure, risk hedging and also regulating informal credit market.

### CRISIS AND COMPENSATION

Details of compensation given from 1 Apr to 29th Jul 2015

District	Total no of suicides	No of applications Accepted	Rejected	Compensation given (no. of cases)	Release (₹ in lakhs)
Bangalore	2		1	0	4
Bangalore	4			0	6
Bellary	4	1	1	0	6
Belagavi	10	6		4	8
Bidar	6	5		0	12
Channarayana	3	2		2	4
Chikmagalur	6	3	2	3	12
Chitradurga	5			0	8
Chikballapur	1			0	4
Davanagere	8	5		5	16
Darawada	11	3	1	3	12
D. Kannada	3		2	0	8
Gadag	6	4		4	12
Haveri	17	9	1	9	26
Hassan	11	3	3	3	10
Kalaburagi	6	3		3	12
Kolar	2	1		1	4
Koppal	4		2	0	6
Kodagu	2			0	4
Mandya	29	7	6	4	36
Mysuru	14	4	1	4	22
Ramanagara	9	3		2	12
Raichur	8	3		3	16
Tumkur	12	8		8	16
Yadgiri	3	2	1	2	8
Vijayapura	2	1		1	6
Udupi	2	1		1	4
U. Kannada	3	2	1	1	6
Shimoga	4			0	4
Total	197	76	23	63	296

Year-wise list of farmer suicides



District-wise list of farmer suicides in Karnataka until 29 July 2015

District	Total number of suicides
Bagalkote	4
Bangalore rural	2
Belagavi	10
Bellary	4
Bidar	6
Channarayana	3
Chikballapur	1
Chikmagalur	6
Chitradurga	5
Davanagere	8
Dharwad	11
Gadag	6
Hassan	11
Haveri	17
Kalaburagi	6
Kodagu	2
Kolar	2
Koppal	4
Mandya	29
Mysuru	14
Raichur	8
Ramanagara	9
Shimoga	4
Dakshina Kannada	3
Tumkur	12
Udupi	2
Uthara Kannada	3
Vijayapura	2
Yadgiri	3
Total	197

Source: Ministry of agriculture

Source: Ministry of agriculture, Nidheesh M K, Livemint e paper, 6<sup>th</sup> Aug, 2015

According to above statistics, it can be observed that Mandya is having highest suicide rates, especially in July 2015 that death toll reached to 29 in a month, almost one farmer a day. This alarming rate necessitates study of measures for reducing suicide rates. When observed, one of the districts which shows lowest suicide rate is Uttarakannada with just 2 cases. Institutional credit facilities in both the districts were analysed to understand their role in reduction of farmer suicide rates.

Institutional finance if made available on right time with less hassles such as accessibility, elaborate formalities and procedures for obtaining the loans is a solution that saves farmers from Debt traps and

money lenders (K V Ashalatha & N Rajeshwari, November 2019). Therefore the cooperative societies are easily accessible and soft loans are available. The study compares three cooperatives in these two districts.

## V. LITERATURE REVIEW

**Ofuoku (2009)** conducted a study on “Effect of cohesion on loan repayment in farmers’ cooperative societies in Delta state, Nigeria”. The main aim of the study was to assess the effect of cohesion of farmers’ cooperative societies on loan repayment among members in Delta state. It was descriptive study. A sample size of 121 has been collected. It was discerned that the higher the level of cohesion, the more members respond to loan repayment.

**Festus (2009)** conducted a study on “farmers’ perception of cooperative societies in Enugu state, Nigeria”. The main objective of the study was to institute how farmers in Enugu state perceived cooperative societies. A sample size of 2000 has been collected for the study. From the study it was found that most of the farmers did not know about cooperatives and those that knew saw cooperatives as government arms and not autonomous business organizations.

**Sudarshan (2012)** conducted a study on “managing cooperative farming: a case of chambira collective farming society”. The main objective of the study was to analyse the impact of collectives on its members and community. It was a case study. A sample of 30 groups has been collected. From the study it was found that the society has been constantly contributing to several developmental projects in all the four villages since its inception.

**Lakhwinder (2016)** conducted a study on “cause and cure of farmer’s suicide”. The main objective of the study was to learn about the incidence and causes of farmer’s suicide in Punjab. The study was based on secondary data. From the study it was found that the major reasons for farmer’s suicide were rapid increase in debt, repeated crop failure, natural

calamities and increase in cost of production and ground water depletion.

**Yashodha (2017)** conducted a study on “primary agricultural cooperative society in agricultural development in India”. The main aim of the study was to know role and performance of PACS in respect of agricultural credit and rural development. Secondary data has been collected for the study. From the study it was found that the PACS plays a major role in rural frame by giving credit to the agricultural sector.

**Manjunatha (2017)** conducted a study on “farmers suicide in Karnataka. The main purpose of the study was to know about the causes leading to farmers suicide. A sample size of 107 has been collected. It was descriptive study. From the study the researcher found that farmers are committing suicide not only because of one reason but it is because of many reasons like social and debt related factors.

**Vijay K Rajan (2018)** has conducted a study on “Sustainable strategies of small-scale pepper processing industries-A case study of Wayanad, Kerala”. The aim of the study was to investigate the effective strategies of optimum pepper production in Wayanad. Percentage analysis and weighted average ranking techniques have been used for the study, and it was found that the localities and farmers of Wayanad are unorganised and get less support from the government.

**Karthikeyan (2019)** conducted a study on “a threat of farmers suicide and opportunities in organic farming for suitable agricultural development in India”. The main purpose of the study was to identify the economics and the efficiency of organic farming and the possibility to reduce the farmers suicide through organic farming concept. This was a field study. A sample of 200 has been collected from the study. It was found that organic farming is much helpful and it maintains fertility and which in turn reduces the cost of cultivation.

### **A.Facts relating to Farmer Suicides:**

The list includes of farmers-cultivators and agricultural labourers.

1. 7 states accounts for 87.5% of total suicides in the agricultural sector all over India, states accounted for farmers suicides are Maharashtra, Karnataka, Telangana, Madhya Pradesh, Chhattisgarh and Tamil Nadu.
2. It includes both the marginal farmers and small farmers who are admitted to suicides.
3. Maharashtra is the worst affected state.
4. At presently, the most benefited state through green revolution is Punjab also depicts the pessimistic images of suicides of farmers in India between 1995-2015, 4687 suicides have been reported and the Punjab state alone reports 1334 farmer's suicides.
5. Indebtedness is one of the main motives for committing suicide (A V Manjunatha 2017)
6. Non-availability of credits from both institutional and non-institutional sources have aggravated the issue (A V Manjunatha 2017)

### **B.Reasons behind Farmers Suicides:**

Farmers in India are facing many problems and the main cause for such problems are crop failure, debt burden, climate change and the rigid government policies.

- a. The surge in input costs: this is the major factor in increasing the number of farmers suicides in India, which has been drastically increasing the debt burden on the farmers due to increased costs of agricultural needs. The inflated prices of agricultural inputs leads to non-productive resources.
- b. Labour costs: Now-a-days hiring labourers for agricultural purpose is not a easy task because of the inflated wages and this may affect the improvement in the socio-economic status of the labourers.

- c. Distressed due to loans: According to the NCRB data it indicates that 2474 suicides out of the studied 3000 farmer suicides in 2015 the victims had unpaid loans from local banks. This provides a clear indication of major issues faced by the farmers.
- d. Water crisis: Water plays an major role in the farming sector as it's a main component for farming. Because of lack of water enability farmers are going through major issues, since they need to look after the alternatives.
- e. High debt burden: The major problem which has been facing by the farmers since decade is debt burden due to crop failure. The debt taken by the farmers in order to plant and cultivate the crops but due to climatic changes and water crisis they may attain loss and unable to repay the debt and may end up in committing suicides in certain cases.

### **C. Cooperative Societies:**

Definition of Cooperative society:

Professor Marvin A. Schaars has defined "A cooperative society is a business, voluntarily owned and controlled by its member-patrons, and operated for them and by them on a non-profit or cost basis".

### **D.Features of Agricultural Cooperative Society:**

1. The primary role of agricultural cooperative society is to lend credit facilities to the farmers for productive purpose only.
2. Subsidies will be given to the members of the society on the basis of loan provided.
3. A cooperative society takes care of the "mutual economic benefits of the society members".
4. Agricultural cooperative society helps its members in proper organising of agricultural production, processing and the various functions involved in it.
5. A cooperative society encourage the "Fullest participation of all people" and it enhances the equal distribution of the benefits of a society.



### ***E.Role of cooperatives in reducing farmer's suicides:***

1. Cooperatives extends his hand to famers by encouraging them in cooperative farming, so that if farmers can pool their land by forming a cooperative, then the problem of unviability of the small holdings can be overcome as they will get the benefit of economies of scale.
2. Single small farmer cannot dig his own borewell or buy a tractor as it costs high in certain cases cooperative farm help them in doing so and this may help them to a greater extent in overcoming the problem of fall in prices of agricultural produce.
3. Single small farmer do not have the possession of land in storing his produce and sell it only when he gets a better price and hence he has to opt for distress sale, a farming cooperative can create such storing capacity and sustain itself when the agricultural prices fall.
4. Farmers face loss due to fall in agricultural produce and this would be solved by the government intervention in the market by fixing support prices, so that no one should be allowed to sell his produce at a price lower than the statutory price.
5. If large cooperative farms are encouraged and farming cooperatives can form a federation, it should be possible to plan what to produce and how much to produce depending upon the demand and only such solutions can solve the problems of farmers and prevent them from committing suicides.

### **VI.ANALYSIS AND INTERPRETATION**

For the sake of the study structure and operations of the three cooperatives were taken up

#### ***A. Chikkankannahalli cooperative society:***

In the year 1973/1/21 this cooperative society was formed in order to help the farmers by providing the agricultural needs to increase their yield. Initially it was started with 124 members later on it has been increased to 350 members. This cooperative society

provides different kinds of loan to the members of the society based on their requirements and in order to avail loans he/she should be a RTC holder. Initially in the starting stages society was providing a loan of ₹3000 per acre, now it has been increased to ₹60000 per acre and the maximum loan allotted for a society member is ₹200000. The subsidy will be provided to the female members of the society but not to the male members. In the beginning the loan was given at the rates of 6% , 4% ,1% respectively , now it has been totally declined to 0% interest, and all the agricultural requirements will be given at the subsidy rates to the farmers and the profits of the society are distributed equally among all the members of the society.

#### ***B. Keragalli cooperative society:***

Keragalli cooperative society was formed in the year 8/9/1977, it was formed with a main objective of providing agricultural requirements of the farmers at a subsidy rate. It consists of 1313 members of the cooperative society. This cooperative society provides variety of loans to the members of the society to suit/fulfil the agricultural needs and they even provide personal loans with some collateral security and in order to get the loan from the society he/she must be a RTC holder. In the initial stage the society was providing a loan of ₹5000 per acre, later on it was increased to ₹50000 per acre and the maximum of ₹300000 will be given to the members of the society. The loan amount will be provided at the subsidy rate for the female members, but in case of male members it is not applicable. All the agricultural requirements will be given at subsidy rates and even they provide ration facilities to the people of that area, and the profits of the society will be distributed among the members of the society in the form of dividend.

#### ***C.TSS Cooperative society(Totagars Sales Society)***

The credit cooperative societies in Sirsi were started in the year 1905, it was started with an aim of "Rescuing farmers from the clutches of local money lenders", In order to save the famers from the

middleman and to help them by providing various needs of agricultural requirements the TSS cooperative society was formed. The TSS cooperative societies have been divided into 'credit cooperative society' and 'sales cooperative society'. The TSS cooperative society provides a special kind of loan to the farmers called Aasaami loan (Production Loan) which helps the farmers during difficult times. The Asaamiloan is a loan given to the members of the cooperative societies on the basis of future production. After getting the loans farmers have to sell the crop to the marketing society of TSS.

There are many taluk level cooperative societies in taluks who are in turn getting benefits from TSS. These act as subsidiaries to the main cooperative.

The profit earned by the society will be distributed among the members basically in kind, especially farming equipment and household items. They provide the items which helps in improving the life style of the people. The society is running various kinds of other branches namely multinational hospitals, supermarkets, guest house etc and the society will even provide the seeds for free of cost to the members to earn some yield from the agricultural activities. The TSS will also conduct various programs to enhance the standard of living of the people of the north canara district.

The analysis of the balance sheets of all the three agricultural cooperatives helps us understand the role played by agricultural cooperatives in reducing farmer suicide rates. One of the important factor influencing the suicide rates is the financial obligation. A farmer is dependent on climatic conditions for his income from agriculture. Climate being unpredictable, if not favourable leads not just for crop failure but also hinders his future plan. If he has already taken a loan from any commercial bank then repayment may not be possible and he will be forced to succumb to suicide.

The TSS of north canara has a scheme to break the cycle of debt and repayment. All the members of the society are supposed to sell the produce through TSS

marketing Society at a suitable market price. This ensures not just right price but also avoids interference of middle men and agents. When a farmer faces financial problem, he can apply a production loan called 'Aasaami loan'. The repayment of the loan will happen when he next sells the produce to the society. So that the burden of repayment of loan will be spread over the future years.

This measure also provides confidence to members that they can resort to this option in case of financial emergency. Along with this the taluk level cooperatives maintain a cordial relationship with the members and during the times of necessity the society provides proper counselling. The society also plans skill development training sessions to the members and family members so that an alternative source of income can be generated and dependence on agricultural income will reduce.

The society is providing the monthly ration with a reasonable rate. Tss cooperative society was initially providing short term, medium term and long term loans based on the lands acquired by the farmers and the loan will be given at a subsidy rate to the members of the society. The society will provide free seeds to the people covered by the society, in order to increase their yield through its innovative functioning the society has been divided into credit cooperative and sales cooperative society. Where in credit cooperative society help in lending finance to the members of the society and sales society started with an aim to solve the marketing problems and to abolish the marketing intermediaries and to ensure the farmers crop with the right price. Through its innovative functioning the society has extended its business in super markets, guests house multinational hospitals etc... it has various branches working under its control. This innovative functioning has helped the Sirsi region in decreasing the farmer's suicidal rates.

## VII. CONCLUSION

The success of the society can be understood by the fact that over the years they have reduced their dependence on government for financial support. The operations and activities are profitable and profits are also distributed among the members. Through its operational structure and functioning the suicidal rates in North canara district has a very few suicide rates.

The researcher compared the operations of three cooperative societies to get an understanding of the types of loans provided to the farmers. It was found that the operational structure of the TSS can be role model to other agricultural cooperative societies in enhancing the lifestyle of the people. Especially in districts where suicide rates are high, this can be a solution.

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