

**Report dated 1<sup>st</sup> December 2002 to the National Human Rights Commission,  
New Delhi in NHRC Case No. 441/1/2001 – 2002 (FC) on the Complaint made by  
Dr. Y. S. Rajasekhara Reddy, Leader of the Opposition,  
Andhra Pradesh Legislative Assembly, Hyderabad to the  
National Human Rights Commission regarding suicide deaths of farmers in  
Andhra Pradesh.**

I have carefully gone through the complaint of Dr. Y. S. Rajasekhara Reddy, the report of the Government of Andhra Pradesh and the complainant's comments thereon. I have also gone through the enclosures to the complaint, namely, the reports compiled on the subject by certain expert activists. I have further gone through the complaint made by Shri Shyam Prasad in the reference 2<sup>nd</sup> cited.

2. In addition to studying all the documents concerned, I have personally visited the district of Anantapur which has as many as 63 cases of suicides as reported in the complaint so that I may talk personally to some of the families of the victims and also get the perception of the community about these tragic events in the villages. This has helped me get a clearer understanding of the several circumstances that have governed the situation that has arisen. During my tour of Anantapur District I also had the advantage of discussing the issue with the officers of various Government Departments. I have further met the Commissioner of Agriculture and the Commissioner of Relief of the Government of Andhra Pradesh to elicit from them authentically details of the relief measures undertaken by the Government of Andhra Pradesh. My intention was to discuss this with the Principal Secretary, Agriculture and the Secretary, Agriculture, Government of Andhra Pradesh but I could not meet either of them. The former is on training and the latter could not attend the meeting convened in his chambers owing to some unforeseen work arising. However, my discussions with the Commissioners of Agriculture and Relief, held in the Chambers of the Principal Secretary, Agriculture at the Secretariat, Hyderabad on the 25<sup>th</sup> November 2002 have been very useful.

3. The basic points made by the complainant is that according to newspaper reports, in the last 5-6 years, 2000 farmers have committed suicides in the State, that it was stated

in the Parliament that out of the 490 reported cases of farmers' suicides 385 pertained to Andhra Pradesh and that in Anantapur District alone about 115 farmers committed suicide during the last 4 ½ years. These figures have been presented in a jumbled fashion making for variability though the statement attached to the complaint, which gives district wise names and figures, shows an over all figure of only 117 cases in the year 2000 and 144 cases in the year 2001, making a total of 261. Of these 261 cases, the number that pertains to Anantapur district is 63. As we shall see later, the actual number could be more.

4. The major thrust of the complaint that has relevance to the central issue of farmers' suicides is the Government's failure in its "duty to supply seeds of quality, power, fertilizers and pesticides" to the farmers and specifically the supply of spurious seeds to the farmers, particularly ground nut seeds in Anantapur District. This resulted in crop failures which trapped the farmers in huge debts but the Government itself through its instrumentalities such as the Cooperative and Commercial Banks and through application of the Revenue Recovery Act has been pressuring the farmers to repay loans leading to their humiliation, social ostracization and eventually suicide. Hence the prayer to the National Human Rights Commission to issue the following directions to the Government of Andhra Pradesh:

- (i) Direct the Government of Andhra Pradesh to pay compensation of Rs.1 lakh to the families of the deceased.
- (ii) To declare that there is violation of human rights on account of bad governance of the Government of Andhra Pradesh.
- (iii) To direct initiation of necessary steps against those responsible for negligence in governance.
- (iv) To inquire into all the cases of suicides of farmers from 1995 till date.

5. In its reply, the Government of Andhra Pradesh has stated the following:

- (i) The suicide deaths are not due to failure of crops alone but due to financial, accidental, domestic and other reasons.
- (ii) Consequent to the severe drought of the year 1997-98, the Government of Andhra Pradesh have sanctioned the following short term rehabilitation measures:

1. Rs.1 lakh as Ex-gratia to the family of the farmers who committed suicide.
2. Sanction of houses under the Indira Awas Yojana Scheme.
3. Admission of children into residential schools.
4. Pension to the old age persons in the family.
5. Economic support schemes under the DRDA.
6. Non-recovery of either principal or interest on loan for two years from the affected farmers.
7. Sanction of fresh loans by Banks on enhanced scale of finance.
8. Rate of Interest reduced to 4% for small and marginal farmers who are eligible under the Differential Rates of Interest (DRI) Scheme.

Along with the above short term measures, the Government has also stepped up preventive and protective long-term steps. “With the implementation of long term preventive measures, the above short term consolative (?) measures are dispensed with” (sic) states the Government report.

- (iii) By way of long term measures, “focus is given for risk reduction through implementation of crop insurance for all crops for both loanee and non-loanee farmers from Khariff 2001 on wards”; the State Government’s Agriculture Policy aims at improvement of rain-fed farming with a special thrust on supply of quality seeds; enforcement of the Insecticides Act and entering into MOUs with seed companies; and making available “credit, the most powerful input” through both Cooperative and Commercial sectors. Credit disbursement rose to Rs.5, 013 crores in 1999-2000.
- (iv) Specifically in Anantapur District, 3780 quintals of substandard groundnut seed had been with drawn from sale and the A.P. State Seed Development Corporation has made available 67, 237 quintals of groundnut seed to that District. There are no complaints now. In this district and Kurnool 4.08 lakh litres of Monocrotophos were distributed free for controlling bud necrosis at a cost of Rs.8.25 crores, in August/September 2000.

6. In his further comments on the State Government's reply, Dr. Y. S. Rajasekhara Reddy has reiterated his original position and has further pointed out that some of the MOUs entered into for supply of seeds is with "banned companies"; that institutional finances do not even cover 25 percent of the farmers by way of credit, that crop insurance is linked to loans, driving the farmers into the arms of the money lenders and that the 4 or 5 hour power supply a day to the farmers is erratic.

7. In reply to my specific questions eliciting information on the action taken by the Government of Andhra Pradesh on the supply of spurious seeds to farmers, adequacy of seed supply, adequacy of supply of credit and the action taken in regard to these issues that are directly relevant to the central question under examination, at the meeting held in the Secretariat on the 25<sup>th</sup> November 2002, the following information emerged:

**(a) Seeds:**

**The Government of Andhra Pradesh has stated that in order to regulate quality and sale of seeds, the provisions of the Seeds Act, 1966 and the Seeds (Control) Order, 1983 are enforced.**

Comment: However, I may point out that the fact remains that these enactments are not comprehensive enough to regulate production and sale of privately bred varieties. There are no provisions under these laws to deal with cases of crop loss compensation due to supply of substandard seeds.

**The Government of Andhra Pradesh has stated that it has taken several administrative measures in order to restrict entry of poor quality seeds in to the market such as banning the sale of labeled seeds of notified cotton hybrids till 2000-01. Subsequently this has been allowed for the MOU companies. The seed producers are made accountable for the quality of seeds they sell and to pay compensation to the farmers if it is proved that crop failure was due to germination failure and genetic impurity of seeds. This MOU policy is being implemented from 2001-2002 on wards.**

Comment: It is not clear, however, if any farmers among those who committed suicide or their families had been paid any compensation by seed producers and it is also important that the Government of Andhra Pradesh undertakes a concurrent evaluation of this measure.

**Since Cotton has been a problem area, information was elicited from the Government of Andhra Pradesh in that regard. It was reported by the State Government that two major complaints covering an area of about 3, 450 acres in Warangal district on failure of cotton crop were reported mainly due to non-adaptability of three cotton hybrids namely Bioseed-6567, 6569 and Chelimi. Two major complaints covering an area of 273 acres in Krishna and Khammam districts on cotton crop loss due to supply of genetic impurity of seeds supplied were also received.**

**Certain major complaints on germination failure in sunflower hybrid seeds supplied during Rabi 2001-02 were also received in Cuddapah district.**

**Details of compensation paid to the affected farmers due to supply of defective seeds furnished by the Government are shown below:**

<b>1. POOR GERMINATION</b>		<b>2001-02</b>	<b>2002-03</b>
1	No. of complaints	2341	916
2	No. rejected	0	0
3	No. of complaints in which seed was replaced	2298	47
4	Quantity of seed replaced (in Kgs.)	57753	862.6
5	Value (Rs.)	2188127	0
6	Cash compensation (Rs.)	1618160	918750
<b>2. GENETIC IMPURITY</b>		<b>2001-02</b>	<b>2002-03</b>
1	No. of complaints received	311	84
2	No. rejected	2	0
3	No. in which compensation was awarded by the district level committee.	309	84
4	Compensation awarded by district level committee	2677159	1021587
5	Compensation paid	15807	35000
6	No. of cases in which appeals were preferred to state level committee.	252	64
7	Compensation awarded.	687430	0
8	Compensation paid	388110	0
9	Compensation voluntarily paid	275000	0

	Total compensation paid	<b>678917</b>	<b>35000</b>
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<b>3. COMPLAINTS ON OTHER GROUNDS</b>			
1	No. of complaints received	2611	0
2	Compensation awarded by district level committee	15119000	
3	Compensation awarded by state level committee	5294000	
4	Cash compensation paid	1380000	
5	Compensation voluntarily paid	155000	
	Total compensation paid	<b>1535000</b>	0

It may be seen that there is no relationship whatever between the compensation awarded by the District and State level Committees on the one hand and the actual compensation paid on the other. Obviously, this is an exercise in theory rather than in fact. This calls for a report from the Government of Andhra Pradesh, as the Companies seem to defy the Government of Andhra Pradesh with impunity, with little relief for the affected farmers. The Government of Andhra Pradesh should address itself in real earnest to this most important problem because several suicides have been attributed to spurious seed supply in the State.

**(b) Pesticides:**

As regards pesticides, the State Government have provided a lot of details about the status of the functioning of the pesticide testing laboratories, vigilance and enforcement and restrictions imposed on the sale of synthetic pyrethroids up to 15<sup>th</sup> September in all of Andhra Pradesh in order to discourage pest resistance in Cotton and certain extremely toxic pesticide by denying permission to new pesticide companies.

**Lack of quality control in bio-fertilizers in the absence of regulatory mechanisms to ensure quality because of the absence of legislation, is also affecting farmers.**

**Government of Andhra Pradesh and the Government of India should frame suitable legislation for control of bio-fertilizers.**

**(c) Crop Insurance:**

As for crop insurance, according to the information furnished by the Government of Andhra Pradesh, the National Agriculture Insurance Scheme (NAIS) is being implemented from Kharif, 2000 season covering 18 crops in Andhra Pradesh, that during 2000-01 Rs.3, 491.34 lakhs was paid as insurance to 1, 51,253 farmers against a premium paid of Rs.5520.06 lakhs and that during 2001-02 an amount of Rs.8839.05 lakhs was paid as insurance to 3, 12,334 farmers against a premium paid of Rs.5454.42 lakhs.

**These figures by themselves do not tell us whether these benefited the farmers who committed suicide. A study has to be made by the Government of Andhra Pradesh to see how far this has benefited farmers in the Districts of Anantapur, Mahaboobnagar and Warangal where the majority of suicide cases have occurred and the position reported to the Commission.**

**(d) Credit:**

It is quite clear that there is considerable inadequacy as far as credit availability is concerned. **During 2000-01 the proposed credit for Agriculture sector was Rs.7475 crores and actual disbursement was only Rs.4871 crores. That is a very big gap. Similarly, during the year 2001-02 the proposed credit was Rs.9500 crores and actual disbursement was Rs.7285 crores only. The enormity of it all can be seen when we note that tenants are not eligible for any credit at all. No action seems to have been taken to address this serious problem. This has a direct bearing on crop failures heavy debts and farmers' suicides.** The very fact that the State Government is setting targets for credit disbursement shows, as seen from its report to the Commission, that there is inadequate availability of credit. Also, the State Government's own report shows that there are huge gaps between credit needs and actual provision over several years. Therefore, the State Government's claim made in its report to the Commission in regard to credit lacks credibility.

**(e) Price structure of Pesticides and Seeds:**

Pesticide and Seed costs do not come under the purview of the regulatory mechanisms. This has been a major problem for the farmers. The State Government needs to look into this to see how it can intervene whenever required, in the interest of the farmers.

8. At the meeting on the 25<sup>th</sup> November 2002 I sought authentic, official information on the exact number of farmers who have committed suicide, particularly during the years 2000-2001 and 2001-2002. According to the information furnished it is 125. This information pertains only to the districts of Warangal, Medak, Karimnagar, Khammam, Mahaboobnagar, Nalgonda, Chittoor and Guntur. Obviously, this is not the full picture. Anantapur district alone has recorded 229 cases in the years 2000-2001 and 2001-2002 as ascertained by me during my tour to that district. Therefore, it is imperative that the State Government gathers information on, and compile a full and authentic list of farmers who have committed suicide, district-wise. Obviously, the figure will run into several hundreds. **It is somewhat strange that the Government do not even have authentic figures of farmers who have committed suicide.**

9. Before I offer my comments called for by the Honourable Commission, the facts relating to the two cases as personally ascertained by me in Anantapur are relevant and require a mention:

(a) **Boya Lakshamma W/o Boya Narsimhulu**

Shri Boya Narsimhulu of Cheyyedu village committed suicide on 15.09.200 at the age of 48. He is a boya by caste. His wife Lakshamma is 40 years old and has four children, 2 girls and 2 boys. The girls have been married while the boys were not. They have 5 acres of dry land with no water facility. Groundnut is their normal crop and it failed for 5 years successively. 'Bud Necrosis' is what affected the crop. Boya Narsimhulu had contracted a debt of Rs.1,50,000 (principal alone) including that borrowed from as many as 15 farmers at an interest rate of 24 percent and Rs.40,000 from the Primary Agricultural Society, Cheyyedu and Rs.30,000 from the Syndicate Bank, Cheyyedu. Of the money borrowed, Rs.70, 000 was to get his two daughters married and the rest was for cultivation purposes. Incidentally, the economic

condition of the agricultural families of these two daughters is also now in doldrums. Sheer crop failure was the sole reason why her husband committed suicide, stated Boya Lakshmmamma to me. She stated that her husband was constantly worried and burdened by the thought of his debts.

The Collector, Anantapur has sanctioned the widow an amount of Rs.10, 000 from the National Family Benefit Scheme (NFBS) and Rs.22, 000 under the SGRY scheme with a subsidy of Rs.6, 000 for purchasing of two milch animals. One of these animals has also been actually delivered, as personally verified by me. The Collector, Anantapur deserves appreciation for the action taken by him to help the widow on his own.

However, the widow is in dire straits for the following reasons:

- (i) The creditors are pressing the widow hard for repayment of the debt. The only way she can do this is by selling her 5 acres off which would render her a destitute.
- (ii) She is reduced to the position of a daily wage labourers at Rs.20/- per day for 9 hours of work a day but such work is hard to come by because of drought conditions. At present she is with out work.
- (iii) Her son Jayaram who is 17 years old and has studied up to the 7<sup>th</sup> standard now works in the quarry from 5 AM to 4 PM at a maximum wage of Rs.50/- a day, depending on out turn.
- (iv) For the past 2 moths, there has been no food for work programme in the District. Jayaram benefited by this programme for a few days earlier but now he has no relief as the programme has stopped.

The widow sought the waiver of loans from the PACS and the Syndicate Bank and a continuing Food for Work Programme as a solution to her problems.

**(b) Smt. Pullalarevu Prabavathi W/o Narayana Reddi**

Shri Pullalarevu Narayana Reddi of Ramanepalle village of Raptadu Mandal, who committed suicide on 28.5.2002, had 5 acres of dry land and had no supply of water to his land. Groundnut was his usual crop and it failed successively for 4 years. His widow is young, around 30 years and is now left with two children - a boy named Mallikarjun who is 13 years and a daughter named Sunita who is 11 years. Mallikarjun gave up studies last year and is now training as a mechanic. The girl child is in the sixth standard. Their debts today amount to Rs.2.50 lakhs, her husband having paid in recent years debts amounting to Rs.1.75 lakhs. The debt of Rs.2.50 lakhs includes Rs.20, 000 borrowed from the Canara Bank, the rest being from about 20 private creditors. The Canara Bank has been demanding repayment, and has been suggesting that she sell away her 5 acres of dry land. The private creditors are also constantly demanding repayment, the widow told me. In fact, it is this pressure from the creditors for repayment of debt contracted in the context of the failure of crops for 4 years and the humiliation suffered by him by public demands for repayment accompanied by insults and taunts that drove him to commit suicide. He took pesticides and died.

To day the widow is doing coolie work at a daily wage of Rs.20/- when such work becomes available at all. While normally there will be work for about 150 days in a year in her area, during drought finding even 20 to 30 days of work is a big problem. She said that sheer hunger, in the context of crop failure, drives people like her husband to borrow but credit is very hard to come by even at rates ranging from 25% to 36%.

She and her relatives who were present at the time of my meeting her stated that in the hour of distress of families like this the Government has a duty to step in to waive off institutional loans including interest and to provide ex-gratia relief, part of which can be used to pay off a portion of their private debts in return for the private creditors writing off the balance, under the supervision of the local community. Also, fresh bank loans should be sanctioned, including for a bore well so that the family can embark on its rehabilitation. Subsidized inputs, especially seeds should be provided

by the Government. Also, free food grains under programmes like Antyodaya should be provided to the families.

#### 10. Comments:

Based on the facts gathered and understanding arrived through these efforts, I offer the following comments:

(i) **Indebtedness** is the main cause of these tragic suicides of farmers of Andhra Pradesh. Credit is required for both agricultural investment and social purposes, especially marriage of children. Marriage of daughters costs considerably more than the marriage of sons. There is no institutional mechanism that provides for credit adequately and at reasonable cost (interest). Even for a strictly productive purpose like investment in agricultural land by way of digging a bore well, enough credit is not available by way of institutional finances. It is not uncommon for a bore well to fail. That necessitates the drilling of another bore well. If the second one too failed, that is more or less the end of the road for a small or a marginal farmer. With adequate credit not available from institutional sources, the farmer turns to the local moneylenders. In poorly endowed areas like drought prone districts and dry land areas, such moneylenders are few and far between. In any case, it is the bigger landlords that double up as money lenders in our system. But in the context of dry land agriculture and drought prone areas, these moneylenders cannot lend big sums. This drives the borrowing farmers to several moneylenders to garner the quantum of credit required. When the borrower's agriculture fails because of the failure of his investment (such as a failed bore well) he becomes answerable to multiple creditors all at one time. A farmer is a sensitive individual and when confronted within his own small community with insults and taunts and behind the back and public ignominy of a failed debtor, he feels cornered by life's adversity. He may have also contracted other debts like those required for getting his daughters married. Not knowing where to turn, he takes his own life.

This is exactly what happened in the two cases I personally inquired into in Anantapur District. I understand that this is the pattern in almost all cases.

The absence of a proper institutional credit system means exorbitant and usurious rates of interest for the farmer. While ordinarily, the rate of interest is between 24 per cent and 36 percent, if the borrowing is heavy or on a second or third occasion, the rate could go up easily to 60 percent. There is no way any one can repay such borrowings if crop conditions turn adverse.

**Thus absence of availability of adequate and timely credit is at the bottom of this problem and should be considered the most important issue in this context.**

**(ii) Costs of cultivation have gone up in recent times many fold.** In the past 5 to 6 years fertilizers prices like those of Urea and DAP have gone up by 2 ½ times. If crops fail, because of drought for example, the loss is never going to be made up in terms of what was invested including through borrowing. This is a direct result of the marketization process with little accompanying regulation. **This is a larger issue involving larger macro policies, to be addressed both by the Central and State Governments particularly in the absence of proper marketing facilities for farmers including lack of adequate Minimum Support Price operations for non-rice crops in Andhra Pradesh like cotton and groundnut. The absence of these two facilities leads to lack of surpluses for the farmer who falls into heavy debts. This is why the argument that all debts incurred are not on account of crop failure is meaningless. If the farmer had all these basic facilities and the resulting surpluses, he would not be driven to money lenders in the first place for large scale borrowing at usurious rates of interest. The State Government should address itself to these two questions seriously.**

**(iii)** When production suffers on account of agro-climatic conditions, the **availability of seeds** suffers. At this juncture, the dependence on **costly seeds sold by seed companies** becomes inescapable. This is **compounded by brokers selling spurious seeds at high costs** to innocent farmers at a time of high demand. High costs on the one hand and complete failure on the other ruin the dry land

farmers beyond redemption. **This again is a matter that emphasizes the need for close regulation and monitoring by State authorities, as already pointed out elsewhere.**

(iv) Often, small and marginal farmers tend to imitate the larger farmers in regard to planting specific crops or in regard to agriculture practices. Both these could lead to the small farmers ending up in disaster when crops fail. While the larger farmers can cope with the situation, the smaller ones can not. This is where the extension machinery of the State Government has to be extra vigilant, - something, however, that does not seem to be the case always. **Extra vigilance on the part of the State's extension machinery is called for in regard to guiding and advising farmers on the choice of cropping patterns, especially in the context of high pressure publicity campaigns and lobbying adopted by private commercial agricultural interests.**

(v) All the above circumstances are further compounded if successive droughts occur. While Governments have no control over climatic conditions, they certainly have the ability and the responsibility to anticipate them and help farmers cope with the resulting distress in conditions of drought and similar natural calamities by advance planning in regard to all the points made in the preceding paragraphs.

I may add here that a 30 percent sample (of 92 households) analysis of the social composition of the farmers who committed suicide in Andhra Pradesh prior to 1998 by an Expert Group of the NGO AWARE, - the "Development Research Advisory Group" - shows that **63 percent of such farmers belong to socially backward classes, with 19 percent of the total being Scheduled Castes and Scheduled Tribes.** Of the dependants the farmers have left behind, 41 percent are in the 0-15 years age group and 14 percent are in the above 51 years age group. The percentage of females among the left behind is 59 (against only 41 percent male) and half of all these are in the 0-15 and above 51 years age group. One fourth of all of them live in mere thatched houses. Dry lands constituted 83 percent of the total land owned. The

average debt level of the family was Rs.85, 242. Seventy four percent of the deceased farmer's borrowings were from sources other than the Cooperatives and Banks, such sources being moneylenders and land lords (27%), friends and relatives (32%), fertilizer shops and middlemen (14%) and private finance companies (1%).

**Interestingly, the figures gathered by me officially in Anantapur shows that of the 188 farmers who committed suicide in 2001-2002 as may as 70 percent belong to backward classes and a little above 9 per cent are scheduled castes.**

**While all lives are important, the fact that social classes who are trying to move upward are the victims of all the problems enumerated here more than others should have persuaded the State Government to move fast in providing relief to the families of the victims.**

In the light of the facts and figures shown above and the analysis made it is clear that many of the claims made by the State Government in regard to the long term measures are not tenable in the specific context of the issue under discussion, namely, hundreds of cases of suicide deaths by farmers in Andhra Pradesh. **I regret to record that even as I am writing this report, the Hindu has reported yet another case of a farmer committing suicide in Anantapur. There seems to be little merit or substance in the efforts of the Andhra Pradesh Government's report in trying to distinguish between cases of heavy debts and crop failure. In an overwhelming majority of cases they are inter-connected. This kind of argument made to justify inaction in providing meaningful relief to the families of the farmers who committed suicide does not sit well with the progressive image sought to be projected by the State Government otherwise. I am constrained to point out that while the complaint of the leader of the Opposition is essentially about the suicide cases of the years 2000-2002 the reply of the Government to the Commission provides figures relating to the cases of 1997-98. That certainly was avoidable. However, it is commendable that Collectors like Collector, Anantapur have on their own initiated certain measures to help the families. Commendable as that indeed is, such measures alone are not adequate in the absence of a state level**

**Relief Policy in an extreme situation like the one where hundreds of farmers have committed suicide.**

In the light of the above findings the following recommendations are made:

**11. Recommendations:**

- 1) All necessary measures like generation of employment through public works on the one hand and social security measures for those who cannot work such as pensions on the other hand, have to be taken up by the State Government immediately.
- 2) Cancellation of debt in all cases of suicide deaths, incurred with public institutions like cooperatives and banks should be ordered, after a thorough verification.
- 3) In addition to (2) above, depending on the size of the private debt incurred, established after due verification through the Collector of the District, ex-gratia relief should be granted to the bereaved families so that by part payment to the debtors the debt is completely wiped off by the families concerned. This should be done by involving the village community. The genuine creditors would be quite happy to reach a settlement of this kind since the other alternative for them is zero repayment considering the conditions in which the families of the bereaved are caught up. This is elaborated at (4) below.
- 4) Payment of an ex-gratia relief to the families is an absolute must. This should be done in two parts. Given the tragic implications of these deaths for the families, the Government of Andhra Pradesh should grant each family of the suicide victims a minimum ex-gratia relief of Rs.2 lakhs. This is the first part. In addition, depending on the debts incurred from private parties (to be inquired into and established by the District Collectors personally), a further amount not exceeding Rs.1 lakh should be provided for each family to settle the debts with the assistance of the Village Community so that a closure is applied to the entire trauma being experienced by these families and the anguish the poor farmers of Andhra Pradesh are experiencing all round. This is the second part.

Even at an average of about Rs. 3 lakh per family of ex-gratia relief including a provision of Rs. 1 lakh towards debt relief, the financial commitment for the Government of Andhra Pradesh may not be more than Rs. 20 to 25 crores, an amount easily affordable by the Government. Even if it is a little more, the Government should not consider it a burden. **The argument that such ex-gratia payment would set a bad precedent is without substance because it is absolutely absurd and far-fetched to suggest that people will take their own lives just in order to obtain ex-gratia relief to their families.**

**Conclusion:**

**Dr. Y.S. Rajasekhara Reddy, Leader of Legislative Assembly Opposition, Andhra Pradesh has alleged that the loss of lives by suicide is on account of State negligence and failure in implementation of policies and thus this had led to the violation of human rights and asked for a declaration from the Honourable Commission accordingly. The Leader of the Opposition has taken the stand that the Andhra Pradesh Government's failure to protect the lives of farmers on account of its negligent attitude is a breach of Article 21 of the Constitution and asked for a directive for initiation of disciplinary steps against those responsible for negligence. He has also called for an inquiry into all the suicides of farmers since 1995.**

As regards a decision on violation of human rights, the Honourable Commission itself is the body best suited to make a decision based on the comments furnished by me. In my own view, however, there is no deliberate negligence on the part of the State Government officers that led to the suicides committed by the farmers. **Certainly, however, there are policy areas which require review and action on the part of the Central and State Governments most urgently in regard especially to regulation of the private trade in seeds and pesticides and in the matter of fertilizer pricing, as already pointed out by me. Credit is without doubt an extremely important area in agriculture and its availability in terms of timeliness and adequacy leaves much to be desired in the State. The State should step up its extension vigilance appropriately, as mentioned in the body of my report. The**

**State Government should apply itself to filling up the gaps in all these areas in the interest of the well being and prosperity of the farmers.**

**While my understanding is that there is no deliberate negligence that has led to violation of human rights,** I feel convinced that the Andhra Pradesh Government's failure to go to the rescue of the families of the suicide victims by way of initiating comprehensive relief measures to rehabilitate them agriculturally, educationally, economically and otherwise by all possible means including by creating and extending education, employment, credit and social security measures based on the particular need of each family has the definite potential of being classified as negligence leading to violation of human rights from now onwards. Continued inaction could attract 12(a) of the Protection Human Rights Act 1993. The State Government should, therefore, with out any further loss of time launch a comprehensive package of relief and development measures for these families, after a survey to be completed within a fortnight by the District Collectors to identify all the victim families in terms of the comments and recommendations made by me in this Report and report compliance to the National Human Rights Commission, New Delhi detailing the lines on which it would proceed with the rehabilitation of the families including the dependent children of the farmers who committed suicide. In reporting to the Commission, the Government of Andhra Pradesh should also report if rehabilitation of the victim families of incidents prior to the year 2000-2001 has also been completed, in terms of the measures earlier initiated by them.

**K R VENUGOPAL**

Case No. 208/11/2003-2004(FC)  
NATIONAL HUMAN RIGHTS COMMISSION  
(LAW DIVISION - IV)

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By Fax  
AND BY POST

G. PRADHAN  
ASSISTANT REGISTRAR(LAW)  
Tel. No.011 2336 8805  
Fax No.011 2336 6537

SARDAR PATEL BHAVAN  
Sansad Marg, New Delhi.

Dated the October<sup>4</sup>, 2004

To

Shri K.R. Venugopal  
Spl. Rapporteur, NHRC  
"ZAIN", 79, Road # 14,  
Banjara Hills, Hyderabad  
Pin - 500 034  
Fax No. 040 - 23 607721

Sub : Report received from the State Govt. of Andhra Pradesh in respect of suicides by farmers in Andhra Pradesh

Sir,

Kindly refer to your faxed letter dated 28<sup>th</sup> September 2004 on the subject noted above.

A copy of letter No. 26099/DA.II/04 dated 21.8.2004 received from the Principal Secretary to Government, Revenue Department, Govt. of Andhra Pradesh forwarding therewith the 'Action Taken Report' in respect of farmers' suicides in Andhra Pradesh is enclosed herewith. In this regard, it is stated that the report is under consideration of the Commission and further directions in this regard shall be conveyed to you in due course.

Encl : 7 pages

*10/10/04*

Yours faithfully,

*4/10*  
Assistant Registrar(Law)

Dr. V.P. JAUHARI, I.A.S.,  
Principal Secretary to Government



REVENUE DEPARTMENT,  
Room No. 609, L-Block,  
A.P. Secretariat,  
Hyderabad - 500 022  
☎ (Off) : 23452768  
Fax : 040-23451836  
vpjauhari@hotmail.com  
jauhari@hdl.vsnl.net.in

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To  
The Registrar,  
National Human Rights Commission,  
(Law Division)  
Sardar Patel Bhawan,  
Sansad Marg, New Delhi 110 001.

N. H. R. C.  
C. R. Unit  
25 AUG 2004  
57346

Lr.No.26099/DA.II/04 dt.21.8.04.

15 to RG  
Please place  
the copy in  
the  
25/8/04

Sir,

J.R.  
BRCW

Please refer to your Notice No.208/0/2004-05/FC dated 03.06.04 in connection with farmers' suicide in Andhra Pradesh. It is respectfully submitted that the recommendations/suggestions of Sri K.R.Venugopal, Special Rapporteur, have been gone through in detail by the Cabinet Sub-Committee appointed for this purpose. A report containing the action taken by the Government of Andhra Pradesh is enclosed for your ready reference which incorporates many of the suggestions of Sri K.R.Venugopal.

908/2  
25/8

Along with the notice we have received the press cuttings of 15<sup>th</sup> and 16<sup>th</sup> of July, 2004 as mentioned in the notice. Our comments on these press cuttings are separately attached.

Yours sincerely,

(V.P. JAUHARI)

2488/RL  
25/8/04

Please place notes FC  
on priority.

DRCE)  
AR(GP)  
25/8  
25/8

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**Report**  
**on**  
**Action taken in connection with Farmer's suicide in**  
**Andhra Pradesh**

**Action Taken**

**Short Term**

- a) Constitution of Agricultural Technology Mission under the chairmanship of Chief Minister of Andhra Pradesh to address the problems of farmers
- b) Constitution of Cabinet sub Committee vide G.O.Ms.No.417, Rev(D.A.II) Dept, Dt: 01-06-2004 with four members, viz: Minister for Home, Minister for Cooperation to examine the existing situation and submit their recommendations to the State Government. Their report is submitted and is under examination by the Government. An important recommendation is to constitute an Agriculture Commission, which has been done. The Commission is expected to give its report within a specified time.
- c) The recent initiatives taken by the Agricultural Department includes supply of seeds (about 14 lakh tons), fertilizers (12 lakh tons) and pesticides (2040 tons) for kharif 2004. About 35% subsidy on cost of seed was extended for Groundnut, Soybean and Maize during kharif 2004. The farming situation based extension was initiated to provide better service to farmers. Research was initiated to tackle the drought related problems. Along with farm insurance the Government has also initiated health insurance to benefit farmers.
- d) Free power was sanctioned to all Agricultural connections and power dues worth Rs.1200 Crores were waived.
- e) Government have issued orders in the month of May 2004, vide G.O.Ms.No.421 providing an ex-gratia of Rs.1.00 lakh to rejuvenate the family farm of the deceased farmer and Rs.50, 000/- towards liquidation of farm debt. This is currently under implementation. In addition to the above, the following measures to provide social cushion to the family of the deceased farmers will also be taken up:
  - (i) Admission of children in Social Welfare Schools and Hostels.

W3

- (ii) Allotment of houses under IAY Scheme.
  - (iii) Economic support under Government Schemes.
  - (iv) Pensions etc.
  - (v) Provision of self-employment to at least one member of each family.
- f) Another Rs. 50,000/- was announced by Prime Minister for the affected families from Prime Minister's Relief Fund (150 families on the date of his visit). Demand Drafts to all of them have been sent.
- g) Bill on Moratorium for 6 months on private money lenders was passed by State Legislative Assembly.
- h) Two years of Moratorium on institutional credit recovery by Commercial banks declared by Government of India and sanction of fresh loans.
- i) Sanction of additional food grains for generation of employment in rural areas.
- j) Commission of Judicial Enquiry by a retired judge. Orders are under issue.
- k) A separate bill called moneylenders bill is proposed to be introduced wherein protection of interest of farmers is covered, including fixing the upper limit of interest rate.

### **Long term**

1. Initiation of cloud seeding. It was successfully conducted this kharif season.
2. Planning for plantation of Jatropha and Pongamia for production of bio diesel. A separate department of rain shadow area has been created which has worked out a project on biodiesel with Jatropha and Pongamia as main crops. Steps have already been initiated to implement it in 2 lakh hectares in this year.

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### **Help Lines**

Help lines established in each district to prevent the committing of suicides by the distressed farmers. Any farmer or his friend or relative or family member or a well-wisher may bring to the notice of the Collector, the likelihood of such extreme act by making use of the help line. On receipt, such information shall be flashed from the Collectorate to Division Office immediately and the RDO and his machinery will get in touch with that family immediately and organize an appropriate counseling at District level and work out a package to insulate them from the pressures of money lenders. Such cases will be given preference in extending benefits of the ongoing Government Schemes pertaining to agriculture.

### **Special Cells**

State level and district level cells have been created to monitor the cases of farmers' suicides and extension of relief on timely basis. These cells also monitor the functioning of help lines in the districts.

**N. RAGHUVVEERA REDDY**  
MINISTER FOR AGRICULTURE



HYDERABAD

DATE.....

D.O.Lr.No. 1513 /M(Agr) /2004, dt 27.8.2004

*Mu*  
*6/9*  
Dear Sri Venugopal garu,

As you are kindly aware, the State Government of Andhra Pradesh have placed highest priority to the farmers welfare and over all improvement in the Agriculture. It is distressing to find that farmers in the State are committing suicides due to various reasons.

The State Government have constituted a Cabinet Sub-Committee on Farmers suicides which recommended that an Agricultural Commission should be constituted with experts to deliberate and recommend on the over all agricultural development and productivity vis-à-vis farmers suicides.

The State Government propose to constitute "Commission on Farmers' Welfare" accordingly and request you to be special invitee on the proposed Commission. The proposed terms of reference for the Commission are as follows:

- a) Study of the reasons for the farmers' distress in the State, resulting in their committing suicides;
- b) Proposed action to redress the causes for distress of the farmers;
- c) Recommendations regarding the issue of over all agricultural development and productivity in the State;
- d) To suggest modalities for constitution of Agriculture Technology Mission;
- e) Any other relevant recommendations.

I request you to kindly convey your consent to be special invitee on this very important Commission for guiding the State Government in the matter.

With *R. Reddy*

Yours sincerely,

*N. Raghuvveera Reddy*  
(N. RAGHUVVEERA REDDY)

Sri K.R. Venugopal, IAS (Retd)  
Spl. Rapporteur,  
N.H.R.C.,  
New Delhi.

**The following article written by the author was published in the July 2, 2004 issue of the Frontline Magazine on this subject.**

## **COVER STORY**

### **A QUESTION OF HUMAN RIGHTS**

**The continuing neglect of the life-and-death problems faced by the farmers in Andhra Pradesh constitutes a serious violation of human rights enshrined in the Constitution and various international covenants. A policy regime that recognizes farmers' rights as human rights is the need of the hour.**

K. R. VENUGOPAL

The Universal Declaration of Human Rights (UDHR) adopted by the United Nations in 1948 affirms in Article 3 that every one has the right to life. The International Covenant on Civil and Political Rights, 1966 that India has ratified, affirms in Article 6 that every human being has the inherent right to life. The Declaration on the Right to Development adopted by the UN General Assembly in 1986 affirms that **equality of opportunity to development** is a prerogative of individuals within a nation and that States have a duty to formulate appropriate national development policies that aim at the well being of the entire population and of all individuals on the basis of their meaningful participation in development and in the fair distribution of the benefits resulting there from. It also calls for State intervention for all necessary measures for the realization of the Right to Development by ensuring equality of opportunity for all in their access to basic resources.

The UDHR affirms in Article 21.2 that every one has the right to equal access to public services in his country. Article 11.2 (a) of the International Covenant on Economic, Social and Cultural Rights (ICESCR), 1966 which India has ratified, refers to reforming agrarian systems in such a way as to achieve the most efficient development and utilization of natural resources. Article 25 of the UDHR stipulates that every one has the right to security in the event of widowhood, old age or other lack of livelihood in circumstances beyond one's control.

Discrimination is an attitude that is frowned upon by every instrument in the universe of human rights and equality of treatment and dignity in every circumstance of life is upheld in these instruments.

India's own Protection of Human Rights Act, 1993 defines human rights as "the rights relating to life, liberty, equality and dignity of the individual guaranteed by the Constitution or embodied in the International Covenants and enforceable by courts in India".

In the current context of farmers' suicides in Andhra Pradesh, what strikes us most is the fact that these farmers had taken their own life. In doing so, they forfeited their right to life, a right and freedom acknowledged as most precious by Justice Douglas of the U.S. Supreme Court decades ago. Our own Supreme Court in any number of judgments held the right to life guaranteed in Article 21 of our Constitution to include "the right to livelihood because no person can live with out the means of living i.e. the means of livelihood". The life so guaranteed, "does not connote mere animal existence or continued drudgery through life" but a right to live with human dignity, free from exploitation.

There are several reasons why the farmers in Andhra Pradesh and Karnataka have taken their own lives. Absence of adequate and timely credit especially institutional credit driving farmers into the arms of the usurious moneylenders, inadequate crop insurance schemes that lack timely reimbursements and exclude non-loanees, spurious seeds and insecticides and fertilizer pricing are the chief among them. These permanent features of our system have been compounded by continuous droughts leading to ill-directed investments in failed bore wells and failed crops driving the farmers to desperation. There are regional variations but what has been constant is the non-recognition of the need to tackle all these problems together as a package, with appropriate regulatory, supervisory and extension mechanisms in place, strict discipline in tapping ground water, provision of full credit requirements and insurance cover for failed wells.

There are other structural issues as well. Tenant farmers in Andhra Pradesh cultivate more than sixty percent of the land. However, their landlords ensure that there is no record to show this. In the absence of a recorded tenancy, the tenant is unable to secure any institutional credit for his agricultural operations and is driven to the moneylenders. This leads to gross exploitation. Every one associated with agriculture knows this truth but there has been no effort at enforcing a transparent regime of agrarian relationship. The situation that affects the tenant cultivators in Andhra Pradesh is a negation of Article 11. 2 (a) of the ICESCR. Their situation defeats the overall objective of the amendment to Article 31 of the Constitution. This is also a violation of sArticle 38 (2) in part IV of our Constitution which lays down, as a fundamental principle of governance that the State shall in particular strive to minimize the inequalities in income, and endeavour to eliminate inequalities in status, facilities and opportunities, not only amongst individuals but also amongst groups of people. It is also a violation of Article 39 (b) and (c) which state that the ownership and control of the material resources of the community are so distributed as best to sub-serve the common good and that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment.

Credit is certainly a material resource that enhances agricultural income and is vital for those with little or no assets. The Supreme Court has also reiterated the well-recognized paradigm that in the context of agrarian reforms the greatest incentive for maximum production is the feeling of identity and security, which is possible only if the ownership of the land is with the tiller (AIR 1987 SC1518). All this has to be viewed in the context of Article 48 of the Constitution where a responsibility has been cast on the State to organize agriculture on

modern and scientific lines. Even if the State is lacking in the political will to take up land reforms it should, along with the Banking system explore methods such as group security to nullify the veto the landlords exercise today on credit to the tenants. The Banking system should play a lead role here to rectify the tilt that exists in favour of the non-farm sector distinguished by gargantuan NPAs.

The total volume of agricultural credit requirements estimated by the NABARD for Andhra Pradesh is about Rs.11,000 crores. Many knowledgeable experts place the actual requirements nearer Rs. 20,000 crores. Against this, even by NABARD's own estimates, the actual flow will not exceed about Rs.9, 000 crores. This serious gap is further compounded if we realize that the actual credit flow was around Rs.7,900 crores in 2003-04. That is a gap of 28% in the credit "targeted" to be disbursed. Add to this the gap in policy and implementation as in RBI's announcement that no security is required for loans up to Rs.50,000 for production loans while public sector and cooperative banks insist on such security in the field. Farmers' associations say that lending to the agriculture sector does not even touch 10% against the guidelines stipulating 18% of total lending. There are three different rates of interest charged by Banks depending on whether they are in the cooperative or public or private sector. The Expert Committee on Farmers' Suicides in Karnataka says, ".....the preference to borrow from money lenders when compared with formal institutions, clearly reflects that the opportunity cost of going through the process is equal to the difference between formal and informal lenders".

Juxtaposed with the flourishing market for informal credit, these facts show that there is neither equality nor equity in the availability of credit to the farmers. This is a violation of the principle governing the rights mentioned in the Declaration on the Right to Development. Banks should consciously promote equal access on the part of all the farmers to credit. In canalizing credit micro level efforts must be directed at specifically reaching tenants and small and marginal farmers.

Let us look at two typical cases looked into on behalf of the National Human Rights Commission in Anantapur District in 2002. Boya Narsimhulu of Cheyyedu committed suicide at the age of 48. His widow Lakshamma, 40 years, has four children, 2 girls and 2 boys. They had 5 acres of dry land with no water facility. Groundnut, their normal crop failed for 5 years successively, affected by 'Bud Necrosis'. He had contracted a debt of Rs.1, 50,000 (principal alone) including that borrowed from as many as 15 farmers at an interest rate of 24 percent and Rs.40, 000 from the Primary Agricultural Society and Rs.30, 000 from a public sector bank. Incidentally, the economic condition of the agricultural families of the two daughters, though married is also now in doldrums.

Crop failure was the sole reason why her husband committed suicide, says his widow. Her husband was constantly worried and burdened by the thought of his debts. The widow was in dire straits as the creditors were pressing the widow hard for repayment of the debt. The only way she can do this is by selling her 5 acres off which would render her a destitute for life. She was reduced to the position of a daily wage labourer at Rs.20/- per day for 9 hours of work a day but such work was hard to come by because of drought conditions. Often she was with out work. Her son Jayaram, 17 who had studied up to the 7<sup>th</sup> standard went to work in a quarry from 5 AM to 4 PM at a maximum wage of Rs.50/- a day, depending on availability and out turn. For 2 months prior to my meeting them there had been no Food for Work Programme in the area. Jayaram benefited by this programme for a few days earlier but the programme had stopped.

In the case of Pullalarevu Prabavathi of Ramanepalli village, the public sector Bank from whom her late husband had borrowed Rs.20, 000 has been demanding repayment and has been suggesting that she sell away her 5 acres of dry land, which will render her a destitute for all time to come. She had other debts amounting to Rs.2.30 lakhs borrowed from about 20 private creditors. The widow was doing coolie work at a daily wage of Rs.20/- when such work became available at all. She said that sheer hunger, in the context of crop failure, drives people like her husband to borrow but credit is very hard to come by even at rates ranging from 25% to 36%.

The point that should be remembered at all times in such a context is that the entire burden of the loss of a breadwinner owing to these dysfunctional policies and the failure of extension is borne by the women and children of the families concerned. If this burden is not lifted off their shoulders by the State, the rights assured for them in the UN Declaration on the Elimination of Discrimination against Women 1967, the Convention on the Elimination of all Forms of Discrimination against Women (CEDAW), 1979 and the Convention on the Rights of the Child, 1989 all get compromised. Failure of the State in this regard discredits democracy itself. Failure to rehabilitate the agricultural system also postpones the welfare of the rural labour and other poorer sections of the population, especially jeopardizing the whole range of rights progressively though slowly being ceded to them in terms of the various constitutional provisions both in Chapter III and Chapter IV in areas like the right to food, health, minimum, living and fair wages and equal remuneration, thanks mainly to the intervention of the Supreme Court of India.

To the extent there was failure on the part of the State to go to the rescue of such families of suicide victims, there has been a breach of Article 25 of UDHR.

Dr. Y. S. Rajasekhara Reddy, former Leader of the Opposition in the Andhra Pradesh Legislative Assembly had taken up the question of farmers' suicides in Andhra Pradesh in September 2001 by way of a complaint with the National Human Rights Commission arguing that the loss of lives was on account of State negligence and failure in implementation of policies leading to violation of human rights. The major thrust of the complaint was the State Government's failure in its "duty to supply seeds of quality, power, fertilizers and pesticides" to the farmers and specifically the supply of spurious seeds to the farmers, particularly groundnut seeds in Anantapur District.

This resulted in crop failures, which trapped the farmers in huge debts, but the Government itself through its instrumentalities such as the Cooperative and Commercial Banks and through application of the Revenue Recovery Act had been pressuring the farmers to repay loans leading to their humiliation, social ostracization and eventually suicide. Hence a prayer was made to the National Human Rights Commission, inter alia, to direct the Government of Andhra Pradesh to pay compensation of Rs.1 lakh to the families of the deceased and declare that there was violation of human rights.

If we read the rights that the Constitution of India and the various International Instruments provide to citizens in the context of the predicament faced by the farmers of Andhra Pradesh, the conclusion is inescapable that continuing neglect of the serious problems faced by the farmers would attract Section 12 (a) (ii) of the Protection of Human Rights Act 1993 namely negligence in the prevention of violation of human rights. There are judicial precedents of grant of compensation by way of relief where the deceased was the only breadwinner of the

family if gross negligence on the part of the authorities to provide protection was shown, though the context might be different. However, as seen by us, here we have a plethora of actors involved in the tragedy that has unfolded over the years.

The central conclusion that emerges is that there has been failure of policy at the Central and State levels considering that under the Constitution of India under Schedule 7 both these Governments have responsibilities for Agriculture, Banking and a host of other related issues that are at play. Normally responsibility has to be fixed on Governments and individuals for neglect.

If we have to pinpoint the neglect then we have to say that the Central and State Governments simply neglected agriculture. This is some thing every agricultural economist has observed during the past decade. The compensation that they should pay to the farmers of Andhra Pradesh in particular and of the rest of India in general should be to restore Agriculture to its rightful place in the scheme of Governance. As for those families who can be identified as genuine victims of neglect, the present State Government in Andhra Pradesh has extended certain immediate relief. What is further required is an agricultural policy regime, which recognizes farmers' rights as human rights and develops policies that would stand the test of such rights.

*K. R. Venugopal, a former Secretary to the Prime Minister, is a Special Rapporteur for the National Human Rights Commission. The views expressed in this article are his own and do not represent those of the NHRC.*

\* \* \*

As soon as a new Government came to power in Andhra Pradesh in May 2004 it constituted a Commission on Farmers Welfare with Prof. Jayati Ghosh, the renowned economist as the Chairperson “to probe into the whole issue of Agricultural Development and productivity vis-à-vis farmers suicides in Andhra Pradesh” in its order G.O.Rt.No.942 A & C (FP-II) Dept. Dt.8-9-04. I was invited by the Government of Andhra Pradesh to be a Special Invitee to the Jayati Ghosh Commission.

Here are some papers submitted by me to the Jayati Ghosh Commission in my capacity as a Special Invitee to the Jayati Ghosh Commission’s Deliberations.

## I. A PAPER FOR THE COMMISSION ON FARMERS WELFARE – OCTOBER 2004.

By

**K. R. VENUGOPAL IAS (RETD), FORMER SECRETARY TO THE PRIME MINISTER  
AND SPECIAL RAPPORTEUR,  
NATIONAL HUMAN RIGHTS COMMISSION.**

The former Leader of the Opposition in the Andhra Pradesh Legislative Assembly Dr Y S Rajasekhara Reddy submitted a complaint to the National Human Rights Commission drawing the attention of the Commission to the farmers committing suicides in the State over a period, the central reason for such suicides being the Government’s failure in its “duty to supply seeds of quality, power, fertilizers and pesticides” to the farmers and specifically mentioned the supply of spurious seeds to the farmers, especially groundnut seeds in Anantapur District. This resulted in crop failures, which trapped the farmers in huge debts, but the Government itself through its instrumentalities such as the Cooperative and Commercial Banks and through application of the Revenue Recovery Act has been pressuring the farmers to repay loans leading to their humiliation, social ostracization and eventually suicide. Hence a prayer was made to the National Human Rights Commission to:

- (i) Direct the Government of Andhra Pradesh to pay compensation of Rs.1 lakh to the families of the deceased.
- (ii) Declare that there was violation of human rights on account of bad governance of the Government of Andhra Pradesh.
- (iii) Direct initiation of necessary steps against those responsible for negligence in governance.
- (iv) To inquire into all the cases of suicides of farmers from 1995 till date.

**This complaint of Dr Y S Rajasekhara Reddy was forwarded by the NHRC to the Government of Andhra Pradesh for its comments and on receipt of their comments, the National Human Rights Commission sent them to Dr Y S Rajasekhara Reddy for his remarks. After receiving his comments, the NHRC sent all this material to me for a Report from me. I submitted my report to the Commission on 1<sup>st</sup> December 2002.**

In this Report I had made the following recommendations:

“

- 1) All necessary measures like generation of employment through public works on the one hand and social security measures for those who cannot work such as pensions on the other hand, have to be taken up by the State Government immediately.**
- 2) Cancellation of debt in all cases of suicide deaths, incurred with public institutions like cooperatives and banks should be ordered, after a thorough verification.**
- 3) In addition to (2) above, depending on the size of the private debt incurred, established after due verification through the Collector of the District, ex-gratia relief should be granted to the bereaved families so that by part payment to the debtors the debt is completely wiped off by the families concerned. This should be done by involving the village community. The genuine creditors would be quite happy to reach a settlement of this kind since the other alternative for them is zero repayment considering the conditions in which the families of the bereaved are caught up. This is elaborated at (4) below.**
- 4) Payment of an ex-gratia relief to the families is an absolute must. This should be done in two parts. Given the tragic implications of these deaths for the families, the Government of Andhra Pradesh should grant each family of the suicide victims a minimum ex-gratia relief of Rs.2 lakhs. This is the first part. In addition, depending on the debts incurred from private parties (to be inquired into and established by the District Collectors personally), a further amount not exceeding Rs.1 lakh should be provided for each family to settle the debts with the assistance of the Village Community so that a closure is applied to the entire trauma being experienced by these families and the anguish the poor farmers of Andhra Pradesh are experiencing all round. This is the second part.**

**Even at an average of about Rs. 3 lakh per family of ex-gratia relief including a provision of Rs. 1 lakh towards debt relief, the financial commitment for the Government of Andhra Pradesh may not be more than Rs. 20 to 25 crores, an amount easily affordable by the Government. Even if it is a little more, the Government should not consider it a burden. The argument that such ex-gratia payment would set a bad precedent is with out substance because it is absolutely absurd and far-fetched to suggest that people will take their own lives just in order to obtain ex-gratia relief to their families.**

Dr. Y.S. Rajasekhara Reddy, Leader of Legislative Assembly Opposition, Andhra Pradesh has alleged that the loss of lives by suicide is on account of State negligence and failure in implementation of policies and thus this had led to the violation of human rights and asked for a declaration from the Honourable Commission accordingly. The Leader of the Opposition has taken the stand that the Andhra Pradesh Government's failure to protect the lives of farmers on a account of its negligent attitude is a breach of Article 21 of the Constitution and asked for a directive for initiation of disciplinary steps against those responsible for negligence. He has also called for an inquiry into all the suicides of farmers since 1995.

**As regards a decision on violation of human rights, the Honourable Commission itself is the body best suited to make a decision based on the comments furnished by me. In my own view, however, there is no deliberate negligence on the part of the State Government officers that led to the suicides committed by the farmers. Certainly, however, there are policy areas which require review and action on the part of the Central and State Governments most urgently in regard especially to regulation of the private trade in seeds and pesticides and in the matter of fertilizer pricing, as already pointed out by me. Credit is with out doubt an extremely important area in agriculture and its availability in terms of timeliness and adequacy leaves much to be desired in the State. The State should step up its extension vigilance appropriately, as mentioned in the body of my report. The State Government should apply itself to filling up the gaps in all these areas in the interest of the well being and prosperity of the farmers.**

While my understanding is that there is no deliberate negligence that has led to violation of human rights, I feel convinced that the Andhra Pradesh Government's failure to go to the rescue of the families of the suicide victims by way of initiating comprehensive relief measures to rehabilitate them agriculturally, educationally, economically and otherwise by all possible means including by creating and extending education, employment, credit and social security measures based on the particular need of each family has the definite potential of being classified as negligence leading to violation of human rights from now onwards. Continued inaction could attract 12(a) of the Protection Human Rights Act 1993. The State Government should, therefore, with out any further loss of time launch a comprehensive package of relief and development measures for these families, after a survey to be completed within a fortnight by the District Collectors to identify all the victim families in terms of the comments and recommendations made by me in this Report and report compliance to the National Human Rights Commission, New Delhi detailing the lines on which it would proceed with the rehabilitation of the families including the dependent children of the farmers who committed suicide. In reporting to the Commission, the Government of Andhra Pradesh should also report if rehabilitation of the victim families of incidents prior to the year 2000-2001 has also been completed, in terms of the measures earlier initiated by them."

**After deliberating on my report the Commission issued a notice to the Government of Andhra Pradesh in its reference Case No. 444/1/2001-2002 (FC) Law Divisional-IV**

dated 2.6.2003 forwarding to them a gist of my recommendations calling upon them to submit their response latest by 28<sup>th</sup> July 2003. The Government of Andhra Pradesh, however, did not reply to this notice of the National Human Rights Commission. Subsequently, after the present Government assumed office, another notice was issued by the Commission on 2<sup>nd</sup> June 2004 taking *suo motu* cognizance of newspaper reports relating to suicides of farmers again in the State of Andhra Pradesh, directing the Chief Secretary, Government of Andhra Pradesh to submit his comments on these newspapers reports and also to expedite the Government's response on the suggestions made by me in my earlier report of December 2002. While doing so, the Commission forwarded to the Government of Andhra Pradesh my entire report of December 2002 (as against a gist of it earlier) for their response by the 10<sup>th</sup> July 2004. The State Government has since submitted its response by way of action taken by it to both these notices of the years 2003 and 2004 in its reference No. 26099/ DA. II / 04 dated the 21<sup>st</sup> August 2004. This is under examination by the National Human Rights Commission, New Delhi.

**2. This present paper is written on the basis of the recent tours undertaken by me to a few villages in the Districts of Nalgonda, Karimnagar, Nizamabad, Anantapur, Krishna and Guntur Districts. These visits were undertaken in the context of the fresh wave of suicides of farmers and starvation deaths. I am confining myself in this paper only to the farmers' issues. As for the starvation deaths and the issues involved therein, my detailed reports dated respectively the 28<sup>th</sup> and 29<sup>th</sup> July 2004 to the National Human Rights Commission, New Delhi in regard to the Nalgonda and Karimnagar District cases may be seen. Conditions prevailing in the six villages visited in the 4 Districts of Nizamabad, Anantapur, Krishna and Guntur in June-July 2004 in the wake of the fresh wave of suicides where farmers had committed suicide are briefly dealt with here. While my visits to these villages were undertaken either in the context of suicides by farmers, my enquiries in these villages extended to the general conditions prevailing in the villages in regard to climatic conditions, availability of water for irrigation, the drilling of bore wells by farmers in their lands, the loans taken by farmers from commercial banks, cooperative societies and moneylenders, availability of employment in the village, wage levels, number of days on which some of the households went to bed hungry, the functioning of the fair price shops in the Public Distribution System (PDS), the implementation of the Old Age Pension (OAP) scheme, distribution of rice under the drought rice scheme and the implementation of Annapurna and Antyodaya Anna Yojana (AAY) schemes. In all these Districts I had the advantage of interacting with the Collectors, Joint Collectors and other concerned district officers extensively.**

### **1. Nizamabad District.**

I visited Nizamabad District on the 19<sup>th</sup> and 20<sup>th</sup> June 2004. During this visit, apart from holding a daylong meeting with the District Collector and his officers, I made two field visits to the villages where farmers had committed suicide. These were the villages of Kalleda of Makloor Mandal of Nizamabad division and Chityal village of Tadvoi Mandal of Kamareddi division. The District Collector Sri. DV Raidu IAS accompanied me on my visits to these villages.

Kalleda village of Makloor mandal of Nizamabad division of Nizamabad district, 20 km from Nizamabad, which has a large command area under the Nizam Sagar project, has been with out water for about 4 years. Isapalli Poshetti committed suicide on 2<sup>nd</sup> June 2004 by

taking pesticides on 31<sup>st</sup> May 2004. He had 6 acres of land of which 4 acres were dry and 2 acres wet. The 4 bore wells he had drilled over 5 years yielded no water. He cultivated paddy and maize, depending on rain. Because of absence of rains at the right time crops were lost. **A stage was reached when he was working as an agricultural labourer and investing his wage earnings in inputs.** Of the 4 wells, 2 were drilled in December 2003 and he had financed them by selling 3 tolas of gold of his wife and 3 tolas of gold of his sister Smt. Posani. The sister's gold had been borrowed on promise of return. He was in sorrow and depression since December last and that deepened in recent months. He was even seen crying over the lost gold and the failure of the bore wells.

The victim's widow Gangoo has, apart from her eldest son Gangaram, a daughter named Gangoo, another son named Gangaram, a daughter Bharatamma and another daughter Yamuna. Daughter Gangoo is a widow and lives in the nearby village Dikampalli, works as an agricultural labourer and has 3 children. Bharatamma, the next daughter is also a widow with a son. She lives here at Kalleda and her entire family is dependant on mother Gangoo. Bharatamma's husband Poshetti died in a tractor accident last year. For a year now widow Gangoo had not worked because of old age and she had had to look after the children.

Over these 3 years about 200-300 bores have been drilled in this village. Almost all failed excepting 2 or 3! Three or four rig companies drilled these. The rig owning companies take an advance of Rs.5000/- in the first instance and if the drilling is successful another Rs. 5000-6000 is taken depending on the depth of drilling. Even if the drilling failed, another Rs.2000-3000 is payable depending on the depth drilled. **A small 5 % of these bores alone were drilled on geologists' technical advice. The rest of the 95 % was decided by the farmers themselves, followed by failure. Excepting by about 10 % of farmers, no bank loan has been taken in this village since 7 years. This 10 % got the loans from the neighbouring Srirama Gramena Bank (RRB). There is a local PACS, where no transactions have taken place for 5 years.** For loans taken for drilling bores, 24% is the interest in the informal sector. For pump sets and pipes, loans were taken from the PACS till about 5 years ago, each loan averaging Rs. 35,000. **The rate of interest at which the PACS lent was not known to any of the farmers assembled at the time of my visit, who numbered at least about 100. All they knew was that after 5 years the liability was, after having paid Rs.40, 000 in the mean time, today is Rs.75, 000 i.e. a loan of 35,000 taken in 1998 has today come to Rs.75, 000+40,000= Rs.1, 15,000. This is an L.T. loan of 15 years payable on 6 monthly installments.** When an installment is not paid, principal and interest are compounded and the interest goes up. There was pressure for repayment till 6 months ago but it eased when elections were announced. During these 4 years, when rains started failing, many farmers sold off their lands to pay off their loans e.g. Nelakanti Gangadhar. His loan from the PACS was Rs.30, 000 for a bore and engine taken 8 years ago. He sold 5 acres of land classified as wet but actually dry @ Rs.50, 000 per acre, realized Rs.2, 50,000 and paid dues to the extent of Rs.1, 15,000 and used the balance (2.50 -1.15 =1.35 lakhs) towards payment of a number of sundry loans to the extent of Rs.20, 000/- and used the rest for the marriages of his two girls.

**One third of this village goes hungry for 1-3 days in a week. They borrow even for food grains.** This is the case of even Shri Laddur Chinna Sayulu who has 7 acres of land. These are classified as wet but go really dry because of absence of waters in the recent 7 years from Nizamsagar. He dug 15 bore wells during these 5 years.

**Of the 600 households in the village, about 150 are reportedly Bonded Labourer.** An advance of Rs.15, 000-Rs.16, 000 for adult and Rs.10, 000 - Rs.12, 000 for child labour per year is the going rate. There is no interest on this. Shri Avasali Raghavalu had 6 acres of wetland under Nizamsagar. Over a period of 7-8 years water supply dwindled. He drilled a bore with a submersible pump borrowing Rs.40, 000 in 1981 from PACS and again Rs.15, 000 from PACS in 1981. It all came to Rs.1, 80,000 by the year 2001. He had taken a tractor loan from PACS in 1996 of Rs.2, 50,000. He sold his land for Rs.3.30 lakhs in 2001 and paid the entire amount to PACS. **Now he is landless and a bonded labour, having taken an advance of Rs.15, 000. He has no wages whatever. He has a wife, mother and a son of 6 years. Another son of 4 months died of “beemaru” a year ago. He is 45 years. His mother rolls beedies on daily wages.** He also has other loans up to Rs.40, 000 taken from a relative for the tractor. He has been doing **Jeetam** (bonded labour) from this Ugadi, i.e., 2004. He and his mother are going hungry and have gone hungry for 30 days at night during the last 100 days prior to my visit to the village.

The Collector has made all necessary arrangements to provide relief to the family in terms of GOMs 421 dated the 1<sup>st</sup> June 2004.

**The people including educated youth who assembled at the village at the time of my visit** made several important suggestions. They were unanimous in asking for creation of manual employment for all those without employment. When I asked the educated youth whether they would soil their hands and work manually they affirmed they would readily do so. They told me they had no objection to enforcement of discipline in the drilling and operation of bore wells in the context of the lessons now learnt. They desired that power be made available to the farmers for 7 hours in one continuous spell instead of in 2 spells of 5 hours and 2 hours. They demanded fair M S P for their produce.

**In Chityal village** of Tadvai Mandal of Kamareddi division of Nizamabad District, Mahesh, the 15-year-old son of the suicide victim Sarugu Rajaiah has been a bonded labourer for 3 years now. His widowed mother Sarugu Kalavati is a TB patient and the advance secured by the son for his bondage is what is meeting her medical expenses.

**Hunger levels are so high here that about 150 households have lived in hunger for 250 days in a year for the past 4-5 years. The family of Sarugu Kalavati has been facing hunger for 3 years now. Excepting for 100 days there is no employment for the rest of the year, which means eating only once a day during that period.** About 150 families who deserve to have BPL white cards do not have them. It was alleged that non-eligible families have been listed in the Velugu survey as poor and given white cards, including one who is employed and has a private job. Only those identified in the Velugu survey can get white cards and yet several are without these cards. Velugu survey was not done in full public view. People had no information of Velugu or its survey. People are not being told about the details of the Velugu programmes, it was alleged. Puli Sailu, the Fair Price Shop dealer brings rice at the beginning of the month and keeps the shop open for about 5 days before which time every one has to buy their eligibility of a maximum of 20 KG. There after he does not sell the rice. Those eligible for OAPs in this village but who do not get them is at least about 30 in number. In regard to the Food for Work Programme, the people demanded that contractors should not implement it as has been done hitherto. They stated that contractors had sold the rice at Rs.800 against the stipulated price of Rs.525 per quintal.

## **2. Anantapur District.**

I visited Anantapur District on the 5<sup>th</sup> and 6<sup>th</sup> July 2004. I had been in this District when I wrote my first report to the National Human Rights Commission in December 2002 on farmers' suicides in Andhra Pradesh. During this visit, apart from holding two meetings with the District Collector and her officers, I made two field visits to the villages where farmers had committed suicide. These were the villages of Bommalatapalli of Bukkarayasamudram Mandal and Gorindindla village of Atmakur Mandal. The District Collector Smt. Y V Anuradha IAS accompanied me to both these villages.

Mandli Eswara Reddy who committed suicide in Bommalatapalli village by hanging himself was only twenty-five years old, his father himself having died eleven years earlier. It had been a difficult life for the family all along with the family contracting a total debt of Rs.1.33 lakhs from 6 persons at a rate of interest of 24%. However, documented evidence existed for 3 lenders only the extent of Rs.84, 000/-. Mandli Eswara Reddy himself had slipped and fallen while climbing a coconut tree and had sustained spinal injuries. He had spent Rs.20, 000 on his medial expenses alone. He had dug two bore wells from which there was no yield of water. **One of the unsuccessful bores went to a depth of 300 feet. This joint family has 8 acres of dry land and two of the sisters of the deceased are unmarried. My investigations in the village showed that even in the midst of all the calamities 80 to 90 bore wells had been drilled in the past one month alone with 30 of those wells yielding water barely sufficient for a few days. One farmer who has seven acres of land had drilled 13 bore wells over 5 years with a success rate of only 3 yielding some water. Even with at least 50 % of all bores drilled failing there was no discussion at all amongst the farmers of the village about the failure of bore wells. Nor was the any interaction between the officers of the Government and the farmers in regard to this issue. In this village about 20 rig owners of Anantapur town, which is 20 Kms. away, have drilled 1100 bores.** The usual estimate for a bore well is about Rs.8, 000 and an amount of Rs.4, 000 is paid in advance to the rig owner and the balance is paid depending on the depth to which the drilling went. **Discussions revealed that to get any water in this village drilling has to reach 300 feet,** which costs at least Rs.15, 000/- for drilling alone. **The total cost of installation of a typical bore well which includes the motor, pipes etc., is, on an average, Rs.1, 00,000.**

During my discussions the assembled farmers emphasized that during the past few years the Government had concentrated on laying concrete roads in the villages in the District including their own village instead of concentrating on repairs to and restoration of water sources like tanks since contractors stood to benefit by laying roads.

In the village of Gorindindla Shri Baku Chinna Anjanaiah S/o Pothanna committed suicide on 12<sup>th</sup> June 2004 by consuming pesticides. **He was 45 years old and left behind his wife of 40 years and among others, two children below 12 – one of them a girl.** The victim had five acres of dry land and drilled 3 bore wells that did not produce a drop of water. He had reportedly taken loans from five persons but documentary evidence existed only for two sources, one of them being the PACS and the other a private individual. **It was reported in this village that 10 bonded labour families existed there.**

Discussions in this District showed that rarely did the farmers reveal to their wives the status of their indebtedness. Every time the moneylender came home to demand repayment the wife felt humiliated and invariably mutual acrimony followed. To some extent the sons also got similarly involved accusing their fathers. In the Bommalatapalli case the mother quarreled

with the son just before his suicide. **All this shows that these families, caught in the web of debt, hunger and often ill health are always on edge and any taunting by the money lenders and public humiliation ignite suicides. Enquiries showed that even farmers having up to 15 acres of land are today working as agricultural labourers and are in dire need of help for themselves and their children.** In this District tuberculosis is a big health issue as also uterine infection of women. The private doctors are handling the latter issue recklessly by performing hysterectomies on the hapless women charging them Rs.5, 000 in each case. There is depletion of cattle wealth resulting from sales in the District as also a serious problem of fodder. **There is wide spread hunger. The answers to the problems of this district which has irrigation for hardly 11% of its cultivated area lies in extensive programmes that can impart skills to provide people off-farm employment, large scale food for work programmes for manual employment, strengthening of the ICDS and opening of community nutrition centers and provision of pension for every disabled and old and infirm individual. Apart from the dysfunctional manner in which the Public Distribution System works, it must be recognized that even the subsidized rice is beyond the reach of any one dependant on agriculture.** Irrational drilling of bore wells has to be met with aggressive but friendly counseling including peer counseling and action against rig owners.

**A campaign has to be undertaken by NGOs and the Government against wasteful performance of what are deemed to be social obligations as also against immoderate consumption of alcohol as part of the efforts at tackling the scourge of indebtedness.**

The drought conditions in Anantapur District have been very severe continuously for the last 4 years and the standard of living in rural areas has come down to subsistence levels. **Levels of hunger are so high in the District that there is dire need for consumption credit in the villages for all classes of people and most particularly for small and marginal farmers and agricultural labourers. These conditions obtain in other Districts visited by me as well. There is little or no Employment anywhere. There are old people who cannot in any case work but not all of them have been sanctioned OAPs.**

### **3. Krishna District**

I visited Krishna District on the 8<sup>th</sup> and 9<sup>th</sup> July 2004. During this visit, apart from holding a meeting with the Joint Collector and District Officers, I made one field visit to the village of Kannevedu in Vatsavai of Mandal of Vijayawada division where a farmer had committed suicide. The Joint Collector Sri. Sampat Kumar IAS accompanied me on my visit to the village. In Kannevedu Village Shri Banka Lachaiah S/o Pitchaiah aged about 55 years, Scheduled Caste (Madiga), committed suicide on 13<sup>th</sup> June 2004 by hanging himself because of his inability to re-pay the debts he had incurred. He had 2.5 acres of dry and 40 cents of wetland on patta and had taken 3 acres of dry land on lease. In the dry land he grew cotton and chillis. He has one unmarried daughter and two sons. His wife Rattamma is 50 years. **His borrowings were Rs.77, 000/- from 7 private individuals and the PACS. Of this amount, Rs. 20,000 is from the PACS and nothing from the Commercial Banks. The rest, i.e. Rs.57, 000, was borrowed from 7 persons of whom one was a fertilizer dealer and another a cloth shop owner. One of the creditors was Madasu Rampullaiah of Kannevedu village and from him an amount of Rs.2, 000 was borrowed for buying food items. Thus it can be seen that for basic consumption purposes like food and clothing he had had to borrow. From the fertilizer shop he had borrowed Rs.10, 000, which shows that for his agricultural inputs he had to borrow money from a fertilizer trader.**

After his death the family has borrowed Rs.20, 000/- to perform his karma rituals and also 4 quintals of paddy. This latest loan has been taken from 5 creditors. They must have fed about 1000 people at this ritual.

The Department of Agriculture had not been involved in any kind of advice in the way he did his farming. The deceased farmer himself had made all his investments decisions.

**The unmarried daughter Banka Swathi is aged 18 years and is in a very vulnerable state. She is in urgent need of an economic support programme. She and her mother can run a kirana shop if provided by the Collector.**

**All people who had assembled at the time of my visit said that their debts were increasing because of consumption needs. Of the 400 households in the village 30 were reported to have bonded labourers in them.**

**The Fair Price Shop functions only from the 19<sup>th</sup> to the 29<sup>th</sup> of the month. The cardholders are eligible to lift the entire entitlement of 16 kgs. on only two occasions in the month.**

**Old Age Pensions are paid once in three months. About 30-40 eligible old people are not getting old age pensions.**

**For the implementation of the GOMs 421– REV (DA-II Dept) dated 1.6.2004 the Deputy Superintendent of Police did not visit the village along with the Revenue Divisional Officer as stipulated in the order. Nor has the AD Agriculture visited the village as part of the team set up in the Government order. This is a serious lacuna. However, the Revenue Divisional Officer visited the village on 16<sup>th</sup> June 2004 and submitted his report to the Collector immediately. The Collector provided relief as per GOMs No.421 – REV (DA-II Dept) dated 1.6.2004 on the basis of the Revenue Divisional Officer's report.**

An exercise made by the Joint Director, Agriculture, Krishna showed that in 16 Mandals of Krishna District 3,500 farmers were identified as not having taken any loan from institutional sources but who are in need of credit. In this District no credit registers are maintained at the village level as done in Nizamabad to show the manner and sources of accessing credit by the farmers. These two facts tell their own story.

#### **4. Guntur District.**

I visited Guntur District on the 9<sup>th</sup> July 2004. During this visit, apart from holding a meeting with the District Collector and his officers, I made one field visit to Gollapalem village of Phirangipuram Mandal, accompanied by Shri Janardhan Reddy IAS, Joint Collector of Guntur. In this village Shri Mannam Rama Rao, who belongs to the Scheduled Castes (Mala) had committed suicide. His family had no patta land of its own. They had taken on lease 7 acres of dry land and grew mostly cotton and chillies, both cash crops. To irrigate their dry land they were lifting water from the canal till 3 years ago. **During the past 3 years there has been no water and their income from these lands did not meet even agricultural expenses. Debts during these 3 years went up to Rs.1.50 lakhs, all on account of agricultural investments.** They have no bore wells. **All these debts were incurred**

towards seeds, fertilizers, pesticides etc. Of this, Rs.43, 588 was taken from various enterprises dealing in fertilizers and pesticides and the balance from individuals of whom two are farmers from whom he had taken land on lease. **He has not borrowed a single rupee from the Banks.** His indebtedness was not known to his wife as he never told her or to his first son who is 23 years old and a failed B.A. He had borrowed from as many as 10 creditors.

**His brother Jaya Rao has contracted a debt of Rs.20, 000/- since Rama Rao's death towards the post-death rituals and construction of a samadhi, they being Christians.** These Rs.20, 000 was been taken from four farmers initially at no interest as it was a "hand loan" and was expected to be paid back at once. Since, however, he could not pay it back immediately he is now executing a pro-note the rate of interest being 24%.

**In the household of Mannam Rama Rao the hunger levels were very high. There had been hunger for 3 the past years and the crisis deepened by the year. There were many days when the household went to bed hungry, some times for 7 days at a stretch.** This hunger was suffered by the parents and not by the sons or the first son's wife. I have seen this kind of sacrifice repeatedly in hunger households all over the State. The family has a white card and eligible for 20 kg. **The Fair Price Shop dealer Showri had not yet brought the July quota though it was already the 9<sup>th</sup> July. Invariably, rice was brought only after the 15<sup>th</sup> of the month. The Fair Price Shop dealer said hat he had remitted the draft but that there was delay in the supply of rice by the authorities. The people assembled there said that the delayed supply of rice in the fair price shop was causing them great inconvenience.**

Of the 37 old age pensioners in this village, 3 have died in the last 5 months. **It is essential for the Government of Andhra Pradesh to review all cases of such deaths so that the resulting resource availability could be used to sanction fresh OAPs.**

The one time settlement of debts provided for in the GOMs 421 dated 1<sup>st</sup> June 2004 has been completed in this case. Shri Sarveshwara Rao, AD, Agriculture who joined me at the village towards the end of my visit told me, however, that he had not finalized the agricultural plan required for the victim family as provided for in GOMs 421.

### **3. The most significant findings that emerged from by discussions with the people in these villages are the following:**

1. There was widespread **indebtedness** amongst all classes of people, loans having been taken both from institutional sources and moneylenders. Farmers have taken loans for short-term investment for raising crops and bigger loans for drilling of bore wells on a large scale. Farmers and also the other poor have borrowed heavily for social purposes, especially for celebrating marriages, funeral rites and health purposes. In the case of the poor households invariably and in a significant number of cases of farmers, loans had been taken for consumption purposes like medical expenditure in private hospitals and for purchase of food grains. Both for agricultural investment and social and consumption expenditure including for buying food grains, **local moneylenders, who normally charge an interest rate of between 24 and 36 percent were the main source.**

2. **There was no such thing as any technical guidance given to the farmers in the matter of drilling of bore wells**, excepting in an occasional case. The farmers made their own decisions and depended entirely upon their own instinct and hope in starting the drilling of a bore well at any given place in their lands. **With 90% of such efforts failing**, the debts of the farmers to the private rig operators and moneylenders have mounted. To begin with, loans were taken for this purpose from institutional sources followed by recourse to moneylenders but when a number of bore wells attempted by a farmer failed he found himself unable to repay the loan to any of the creditors. **Often he took his own life, unable to cope with the pressure of demand for repayment and the inevitable public humiliation acutely felt by him and his family.**
3. **Successive failures of monsoons** have compounded the situation. Lands of farmers classified as wet under assured sources of irrigation like even the Nizam Sagar Project have gone without water during the last 3 or 4 years. Such lands have turned dry with no yields. Thus, **absence of crops and mounting debts together has made life unviable for farmers on a large scale. No psychological comfort has been at hand to deal with this acutely human and emotional situation.**
4. As for the rural labour, they depended upon the farmers for their livelihood. **In a situation like the one explained above, the agricultural labour starves.** Even when they go on migration as often they do even normally, there is no certainty that employment would be available in areas they migrate to because of the widespread failure of rains and monsoons. Thus, often they return to their homes hungry and empty handed. The case of death by starvation of Daravathu Kamili of Lali Thanda of Mattampally Mandal of Nalgonda District in February 2004 is a typical example of the situation. In fact there had been other similar deaths by starvation in Lali Thanda even earlier in the year 2003. My reports to the National Human Rights Commission, New Delhi dated the 28<sup>th</sup> and 29<sup>th</sup> July 2004 on the Nalgonda starvation death case and another case of starvation death in Karimnagar District refer in this connection.
5. There were high levels of hunger in all the villages visited by me including in the households of farmers. In a situation like this even the farmers are willing to do manual work if such works are started by the Government. However, there have been little or no credible public works programmes taken up by the Government these two years in any systematic manner where they were actually needed. Enough is known of the manner in which the Andhra Pradesh Government implemented the food for works programme in the last two years to merit repetition. If all the food grains which the Government of India gave to the State Government had been actually deployed in the areas where hunger and unemployment prevailed with a rational mix of food grains and cash components and had levels of hunger experienced by the people been properly monitored by Government agencies, those problems would have been dealt with more successfully and the mood of helplessness and desperation witnessed on such a large scale would have been dealt with more meaningfully with fewer suicides of farmers and starvation deaths happening.
6. There has been large-scale failure of governance of which the implementation of the food for works programme is only one illustration. There has been failure in the area of Agricultural extension services. Monitoring of the deteriorating poverty situation

seems to have received no priority either in regard to the developing distress of farmers or the deteriorating hunger levels affecting the poor.

4. **The crux of this paper is that there is an Agricultural emergency on in AP, which calls for throwing all available forces in to the battle to meet it. Poor Governance over a period in recent times has been part of this emergency in terms of its creation as well as failure to meet it.** The factors contributing to this emergency are discussed briefly below under a few heads but cumulatively they all amount to the single issue of failure of governance both in policy and delivery of services by both Central and State Governments.

#### **I. CREDIT.**

**There is large scale indebtedness among farmers caused by need for agricultural investment including crop loans and also because of consumption needs like for health and even food grains and what are deemed “compulsory” social obligations in terms of the manner of celebration of marriages and observance of rituals connected with deaths in the family. As for institutional credit availability, it is so problematic as to be often out of reach. Hence, a very large dependence on the moneylenders is at present the order of the day. Knowledgeable official sources put the total requirement of short-term agricultural credit in AP at Rs. 25, 000 crores at a “conservative estimate”. NABARD’s “target” for the current year i.e., 2004-05 is, however, Rs.11, 000 cr. NABARD is probably talking of the Banking requirements and not the needs of the farmers. Last year the total credit shown as received by the farmers in AP from institutional sources was only Rs. 7, 900 cr. Given the fact that much of this flow was perhaps not actually new loans, about 70 % of credit needs in AP can be estimated to be met from the informal sector, another word for moneylenders who normally charge an interest rate of between 24 and 36 per cent and very much more in circumstances other than normal. Today the informal sector includes the dealers in inputs in a very big way. So we have a serious problem with institutional sources in regard to the sheer quantum of the credit requirements of the farmers.**

Having said this it would be fair to acknowledge the efforts made by the Institutional system to reach out to the farmer during the current year, especially by the State Bank of India.

Percentage of priority sector advances to net bank credit has to be 40 %. Under priority sector lending a sub target of 18% to net bank credit has been prescribed for agriculture lending (Direct and Indirect) to be achieved by the Banks. In this, lending under “indirect” categories can be as much as 4.5% of the net Bank credit. Thus short-term crop loan provision is only 13.5% and as already seen there are huge short falls in providing crop loans to farmers. Some of the items under “indirect” finance to agriculture includes credit for financing distributors of fertilizers, pesticides, seeds, cattle feed, poultry feed etc., loans for agriculture machinery and implements under hire purchase schemes, loans to individuals, institutions, organizations who undertake spraying operations, and advances to custom service units, ware houses, market yards, godowns, cold storages etc. Also, shortfall in lending to agriculture is made up by lending to Government programmes under the auspices of the NABARD where schemes that are only distantly connected to production are implemented, often benefiting contractors, which naturally is encouraged by Governments. **The time has come to assess and spell out clearly the crop, consumption and investment needs of the farmers, prioritize and settle the quantum required in actual terms of inputs going in to the fields of the farmers every year so that the people of the State may**

**know the extent of credit required and actually provided by the Banking system. This will enable public opinion and the media to safeguard the interests of the farming community.**

**Tenants in AP** do not get credit from the Institutional system. Crop loan is to be advanced against the crop raised and has nothing to do with the ownership of the land but yet the Commercial banks insist on security for advancing crop loans. Banks have shown no sympathy at all to this sector. It is for consideration whether **we may need legislation to ensure accountability of all the actors including in the context of laws governing agrarian relations.**

In the context of droughts and inability of the farmers to repay their loans the **issues relating to rescheduling** calls for re-examination. Rescheduling is a time-consuming exercise. It calls for notification of areas based upon yield levels by the State Government and then based on that decision action by the Banking system to work out the rescheduling of the loan repayment. Banks seem to regard rescheduling as “extra” work. RBI, in its Circular PRCD No. Plan. BC.92/04.09.01/204-05 dated 24 June 2004, advised all banks to initiate measures for rescheduling for a period of five years including a two year moratorium for repayment of principal and interest, issue of fresh loans to affected farmers and an OTS for small and marginal farmers in a time bound manner. Loans have to be issued to farmers indebted to non-institutional lenders. For one thing, these guidelines have to be followed by banks in time in consultation with the District authorities to extend meaningful relief. There are other issues. In conditions of the kind faced in Districts like Anantapur where a reasonable crop that can enable repayment of the loan taken comes the way of the farmers only once in 3 years on average, the implications of rescheduling loans the present way is no blessing because interest on the outstanding loan keeps accumulating. A loan of Rs.20, 000 becomes Rs. 30,000 and larger loans even larger in no time when more than one re-scheduling takes place inevitably. Further, this galloping cumulative sum would quickly reach the ceiling of Rs. 50,000 prescribed for loans with out mortgage. So, **there is need for the RBI to examine whether the rescheduled loans should carry any interest burden at all.**

Farmers do not want to go for creation of mortgage by following the many formalities associated with rescheduling, which are time consuming. This forces the farmer to renew the crop loan by borrowing from private moneylenders to clear the bank dues and renew his crop loan account and to get covered under crop insurance scheme etc., Recently RBI has relaxed the norms and for loans up to Rs.50,000/- there is no need to create mortgage. But by this time even the revised limit of Rs.50, 000/- without creating mortgage of land for obtaining agricultural loans has become insufficient to take care of the farmers’ overall credit requirement. There are other problems in dry land districts as well. The bankers reckon that the value of the dry lands is normally between Rs.15, 000-20,000 per acre. In conditions of distress, sales will fetch much less and so they are not confident of recovery of their loans even if 5 acres of land is put for sale for say, Rs.75,000/- in case of rescheduled loans. The value thus realized may be much less than the total liability if rescheduling has been ordered from, say, 2001. More over, because of continuous droughts, getting buyers for purchase of lands itself could be difficult. So, banks are not doing the rescheduling of crop loans wholeheartedly. However, the farmers’ need for timely and adequate credit on easy terms continues to exist. Therefore, the limit for exemption from creation of mortgage of agricultural land for agricultural loans needs to be enhanced from the present ceiling of Rs.50, 000/- to Rs.1, 00,000 for easy flow of credit to the farmers. It is not as if the farmers asking for more and more relaxations because **the point made here is that by the time decisions are made and**

**limits are enhanced events overtake those decisions and render them inadequate. Hence there is need for whole-hearted measures consistent with the magnitude of a crisis and to avoid half-hearted measures that turn out to “too little and too late”.**

The Government of Andhra Pradesh has extended the Interest Waiver / Rebate Scheme for the installments of the year 2003 waiving the total interest payable for the year 2003. This scheme has reportedly not evoked much response since the scheme is linked to recovery of the installments to get the relief. **The central point that the farmers are not able to pay their installments due to drought conditions is missed in this scheme! Like wise the Government has announced 5% Interest Rebate on Coop loans for the year 2004 and this has not evoked much response either, since it is linked to recovery. Schemes, which do not recognize the fundamental problems of economic failure and resulting inability of farmers, may not serve the purpose.**

All this highlights the need for radical decisions by the Central and State Governments and the RBI. **Thus, in case of a drought year Government should provide total relief in regard to interest on the crop loan to the dry land farmers and in case of 3 recurring droughts, Government should come to the rescue of farmers by providing funds to waive totally the principal as well as the interest.**

Given the conditions of distress faced in some of the districts in the state like the continuous drought conditions for the last 4 years, a special package is required for rural credit through the Cooperatives for those like Anantapur. These should include provision of additional credit limits through NABARD as a special allotment, rescheduling of crop loans along with an equal amount of additional credit availability so as to help the farmers actually utilize the rescheduling benefits.

Special relief measures under Interest Rebate, Interest Waiver and One Time Settlement (OTS) and **consumption credit** for all loanee members in a planned manner over a period of two to three years are required. Given the role of failed bore wells in the State, the **loans provided under investment credit should be given full relief to liquidate the earlier debt so as to start fresh loaning under conditions of strict technical discipline. To this end we need to create mechanisms like a sinking fund.** We need to summon the **political will** required to distinguish between distress in areas like Anantapur and distress in better-endowed areas. If the State Government does this, implementation of this proposal will not be found unfeasible. **One of the problems of Governance of course has been the application of illogical uniformity in the application of solutions to problems arising in differently endowed areas, especially in times of drought. We should try and steer clear of such easy but dysfunctional solutions to problems.** Obviously, considerable accompanying efforts must be made in the area of awareness generation and enforcement of discipline in water use, particularly ground water use and its exploitation; use of fertilizers and pesticides; and introduction of a meaningful Crop Insurance Scheme.

The clientele of the Cooperative System is mainly small and marginal farmers for whom other financial institutions like Commercial Banks do not give adequate priority. Hence the Cooperative System in the State, which has become inactive, needs to be revived. As there is a continuous decline in deposits, the DCCBs are not in a position to provide additional credit to the Small and Marginal Farmers. Rescheduling is a crucial issue to resource availability at the bank's level in the Cooperative sector especially since, for NPA purposes, rescheduled loans will not count as NPA against the 15% ceiling laid down by the NABARD for this

purpose, thus helping better resource mobilization. The Cooperative credit system is not getting any additional finance from the agencies like APCOB and NABARD and therefore is not able to issue fresh loans to the new members and additional loans to the existing members. The terms of refinance have become very stringent rendering the DCCBs ineligible for refinance from NABARD and APCOB. For example, additional limits are considered by the NABARD if NPAs are less than 15% where as NPAs in a District like Anantapur DCCB are at 44% at present. It is essential to increase the Agricultural credit flow by the higher financing agencies viz., RBI, NABARD, APCOB etc., to provide additional loans to the needy farmers in the Cooperative system.

**The Commercial Banking system has serious problems of shortage of staff and motivation. There are bank offices in AP, which do not even have telephones.** The commercial banks have plenty of financial resources but their manpower situation is dismal, thanks to the recent reforms. **It is clear that** a lot many farmers are still beyond the ambit of Bank credit and are continuing to take up crop production either with their own resources or resorting to borrowings from private money lenders. **Some of the eligible farmers even hesitate to enter a Bank branch and solicit credit for production needs. Some of the Branch Managers need orientation to have a farmer friendly approach along with a touch of humanity and a sense of empathy. This has been said over the decades but unfortunately bears repetition. Quite a few Managers have a very inflexible attitude almost driving away the farmers. Some of the Branch Managers have deprived credit to the eligible and needy farmers on such pleas as that either the kith and kin or a distant relative is a defaulter. Many managers also resort to ever greening of loans and depict a rosy picture of their agriculture credit profile. Lending has become a selective process. All loan applications up to a credit limit of Rs.25, 000/- should be disposed of within a fortnight and those over Rs.25, 000/- within 8-9 weeks, according to guidelines. Some of the Managers unnecessarily make the farmers go round the branches without disposing of their loan applications within the prescribed time norms. Many managers prevail upon the farmers to offer collateral security in the form of either a third party guarantee or mortgage of the land even though there is no need for collateral security in terms of the extant instructions. Some managers levy a service charge ranging from Rs.20/- to Rs.50/- for issuing a no dues certificate even though the guidelines are clear that no service charges should be levied. There is a tendency to decide on the quantum of credit assistance to farmers arbitrarily disregarding the scale of finance and the operational land holdings. These tendencies amongst the Branch Managers are not being checked by the inspecting officials and the controllers of the branches resulting in legitimizing such acts of the Branch Managers. Talking of procedures, the instructions of the RBI waiving the need for security for crop loans up to RS.25, 000 gets hardly implemented in the field and, what is more the recent instructions of the RBI enhancing this limit to Rs.50, 000 had not even reached the bank offices in AP even by the middle of July 2004. Obviously, there is much tightening that is called for on the part of regulators and supervisors.**

There is no authentic data available with the banking system with regard to the number of SF/MF/other farmers and the quantum of credit provided to them. The Lead Bank can generate this data if only all the branches submit Lead Bank Returns (LBR) in time and in complete detail furnishing full particulars in all the columns. The inordinate delay in submission of LBRs by the branches is mainly on account of lack of will on the part of the controllers as this information can be generated and some times is even readily available at the Branch level.

**As far as financial resources are concerned the cooperative system is poorly placed.** The Cooperative system, however, has the staff and the outreach but its financial resource position and management are dismal. Outreach is a big problem for the commercial banks in terms of staff infrastructure and temperament while there is no dearth of financial resources. There are people who believe with good reason that attitudes to rural lending have become negative in the banking system in recent times. Obviously, the financial sector reforms and modernization of the banking system of which we hear seem to have had no impact on relevance of the agricultural sector. With the kind of outreach they have as also their farmer-friendly approach, the Cooperatives may still be the answer to the farmers' prayers but they need to be revitalized in a big way as viable lending institutions. **Recapitalisation of the DCCBs is urgently required with necessary safeguards put in place, especially in regard to the management of the cooperative structure at all levels.**

**Given, however, the respective strengths and weaknesses of the Commercial and Cooperative banking systems, the ideal solution is to synergise the relative advantages of the two systems to deliver a new deal to the farmers. If the Oriental Bank should be expected to go to the rescue of a demonstrably mismanaged Global Trust Bank, there is no reason why similar solutions should be anathema to synergising the commercial and cooperative banking efforts.** This should be seriously examined in the interest of the farmers.

We have 4 types of interest rates in the banking system when it comes to agricultural lending – for cooperatives, private commercial banks, public sector banks and RRBs. This is irrational and should be made uniform. In this context it needs to be said that **a really affordable, uniform rate of interest to small and marginal farmers will be 5 per cent.**

**Credit needs of the allied sectors become crucial for agriculturally challenged tracts.** Among the major crops in Andhra Pradesh Groundnut occupies the second most important place in terms of area and economic importance. Groundnut being a short duration crop, a majority of the farmers is unemployed or underemployed for most part of the year. Further, the productivity of the crop is very low, with high input costs due to excess use of fertilizers; spurious pesticides purchased from private traders, resulting in low returns. Most dry crops have this problem in a smaller or a larger measure. **Alternate sources of income through other asset creation and term lending by credit institutions to improve credit absorption capacity of these farmers need urgent exploration.** Necessary infrastructure has to be created through common service centres for this so that these activities become viable and productive over a period. NABARD is promoting Agriculture clinics and Agriculture-business so that unemployed youth can take up these activities. The State's District Administration needs to get involved in these efforts actively.

In regard to Micro Irrigation through Drips / Sprinklers, Banks have to develop a proactive role in putting on ground these schemes as their share in completion of these units are not usually released speedily or in time. The State Government should involve itself in expediting settlement of crop insurance claims, promote R&D efforts for drought resistant varieties, alternate cropping systems, water literacy movement for Panchayat leaders, strengthening data base on water availability and sharing the same with farmers and activists through Gram Panchayats so that risk management of crop and, therefore, credit can be credibly done. Commercial Banks should actively promote RMGs through branches by adopting them to ensure effective participation of farmers and branch personnel in the promotion of

community participation in improving productivity and transfer of technology. **This is part of the synergy we need in the field between the credit and Government institutions. It is clear that we need greater and more homogenous and convergent interaction between the banking system and the State Government at all levels – both policy and cutting edge. We certainly have certain mechanisms at the State and District levels but they have not delivered as shown up by the Agricultural emergency that the State has been facing for a few years now.**

## II. SEED.

The role of the seeds sector in farmers' lives substantially altered in recent years. New situations are developing for the farmers, with the expansion of the private trade. The standards in regard to producing seeds of promising varieties and Hybrids and the associated accountability of the trade to the farming community in assuring them expected returns, commensurate with their investment so that the farmers are not thrown into debts as is happening now, is a big issue needing attention.

We have the Seeds Act and the State Seed Sub Committee notified by the GOI to release crop varieties with good characteristics to regulate the quality of seed under relevant seed legislations. In this process of Notification, to get a variety or hybrid notified the breeder has to disclose parentage and characteristics of parents. This, the private researchers are unwilling to disclose as for them it is a trade secret. Most of the popular hybrids are from private sources and non-notified and therefore avoid accountability to quality. The State Government has tried to handle this problem by an MOU concept according to which those seed producers who wish to sell seeds in AP may enter into an MOU with the Agriculture Commissioner and thus lend themselves accountable for germination, genetic purity and performance in the field. Failure on any of these accounts would make them liable to pay compensation within certain limits. The names of the MOU companies would be notified to the farmers so they gain the required credibility and therefore the market share. **However, the strange part of this arrangement is that even those companies, which do not enter into MOU with the Commissioner, can sell their seeds in AP.**

The duty and responsibility of the Agriculture Department extends from seed to seed. The Department of Agriculture has to safeguard the interest of the farmer in terms of his obtaining genuine seed. The Department of Agriculture is supposed to ensure supply of certified seed to the farmer but has been able to effect only supply of "truthful labeled" seeds by companies and A P Seed Corporation as the Government (A P Seeds Development Corporation) is not in a position to produce required certified seed. The Department is allowing the A P Seeds Corporation and private companies to sell the "truthful labeled" seeds. In these circumstances the companies have been pumping all sorts of seeds into the market without any specific standards. These undesirable activities of the private companies have to be curbed. Hence it is essential to enforce the principle that all private Hybrid producers must disclose the parents to APAU and ICAR so that they may test the Hybrids of their specifications.

The MOU procedure for self-certification process in regard to seed which is predicated on an understanding between seed companies and the Commissioner of Agriculture, requires the farmer to lodge a complaint with the Department officials within 10 days in case of low germination and genetic impurity at the time of 60% of flowering, within 60 days, so that the District level Committee under the Chairmanship the Joint Director of Agriculture, will

decide the case and arrange payment of crop compensation to the aggrieved farmers. **These time limits are thought to be unrealistic by knowledgeable District Collectors.**

**The GOI's recommended seed replacement rate for non-hybrids (self-pollinated crops) is around 10% while the balance 90% is expected to be met by farmer-to-farmer exchange. This implies sound agricultural practices and purity of seed. Thanks to our marketization policies and the resulting emasculation of our public sector Seed Corporations in the recent past, the farmer has now become dependent (annually) on the increasing ingress of highly priced private varieties, mostly hybrids, and the unethical practices of the private sector. We need to support and revitalize the public sector Seed Corporations and direct them toward public seed (University varieties) propagation to counter the onslaught of the private sector.**

**The Seed Control Order implementation has been adversely affected by the general hostility to the Essential Commodities Act in the wake of the "reforms". Appropriate regulatory mechanisms are always a part of the process of liberalization and the laws therefore need to be strengthened rather than diluted in the context of the vulnerability of the farmers to new pressures. We should examine the steps required.**

### **III. KISAN CREDIT CARDS.**

Kisan Credit Cards have been introduced for providing adequate and timely support to all the farmers for meeting their short-term crop production needs including purchase of inputs in a flexible and cost effective manner. Credit limit is fixed based on the operational land holdings, cropping pattern and scale of finance. The entire crop production credit requirements for a full year are to be taken into consideration for fixing the limit. **Contingency requirements and consumption needs to an extent of 20% of the peak credit limit (subject to a maximum of Rs.10, 000/-) can be added while computing the overall limit under the KCC scheme.** The farmer can make any number of withdrawals and deposits within the available drawing power. The card is valid for three years subject to an annual review. The card-issuing Bank may fix seasonal limit within the overall limit. In concept this has many benefits to the farmers as it meets the credit requirements for the whole year, assures availability of credit whenever credit is needed including for contingencies, reduces interest burden and transaction cost to the farmer on account of regular operations in the account and renders the farmer eligible for coverage under the Personal Accident Insurance Scheme (PAIS) enabling the nominee to receive Rs.50, 000/- in case of death of the borrower in an accident. The insurance cover also takes care of the permanent total disability resulting on account of an accident. However, a large number of the farmers are ignorant of the above benefits, bank branches have not yet begun the process of disseminating this knowledge to the borrowers, most branches are denying the flexibility in operations by putting restrictions on number and frequency of withdrawals and repayment and also by disallowing withdrawals after repayments. Some branches have not yet issued the Cards; some branches have issued cards but have not covered the cardholders under PAIS. **I have not heard of a branch, which is providing any cushion for contingencies and consumption needs in terms of the extant guidelines.**

**A concurrent evaluation of this scheme is essential so that as in many things we do not lock the stable after the horse has bolted.**

### **IV. CROP INSURANCE–NATIONAL AGRICULTURAL INSURANCE SCHEME.**

The National Agricultural Insurance Scheme (NAIS) is compulsory for all loanee farmers who raise notified crops in notified areas.

**As the insurance cover is on a group basis and on the basis of insured unit which is either a mandal or a group of mandals and in some cases the District itself, the farmers are generally not getting any benefit even though there is loss of crop/fall in yield in the farmer's individual farms. As the premium is relatively on the high side, some of the farmers are not willing to access institutional finance. As the claims are not settled on individual basis for localized calamities such as hailstorm, inundation etc., most of the farmers resist compulsory coverage under NAIS. If a choice is given, most of the farmers would opt out of NAIS.**

**A proper Crop Insurance policy is an urgent need of the hour.** The way we are implementing the Scheme makes it appear that it is the Banking system's loans that are being insured rather than the crops raised by the farmers. **Often the farmers do not see any benefit as the compensation payment goes to the bank and gets adjusted to towards the loan with hardly any thing left for the farmer. If non-loanees are not eligible for crop insurance, the large majority gets excluded. When it comes to compensation it is not the failure of the crop of the individual that is the criterion but the area in which the crop has failed and the extent of failure based on crop cutting experiments, the reference point being the average yields of the past 3 years. In the case of sub standard seeds, yields may not come down but the over all income will, drastically. Also, the mandal and not the village is the unit for the purpose of estimating average yields. However, when it comes to specific crops like sugar cane it is the district that is the unit. Any model case of crop insurance calculation will show that a farmer hardly benefits by the Crop Insurance Scheme.**

**There is an imperative need to overhaul the entire scheme and make it farmer friendly as there is a groundswell of discontent and frustration amongst the crop loanees in regard to this scheme.**

## **V. GOVERNANCE.**

All the points discussed so far, while appearing to apply to specialized agencies and issues relevant to them alone, in truth reflect on the general absence of good governance, - **whether it is assessment of credit needs or its delivery, whether by the commercial banking system or the cooperative sector, or regulation of quality of seeds or the conception or implementation of a crop insurance scheme.**

In the name of less Governance, a concept that has wrongly been understood by its promoters and recklessly implemented in recent times in the context of reforms, every thing has in truth got centralized in Andhra Pradesh administration at one level. Any number of illustrations of field level absence of Governance can be given. For example, Pattadars Pass Books (PPB) are under issue but the administration of our basic Village Accounts is in disarray. How then do we ensure the accuracy of the PPBs? Today we have no Village Officers but we have Panchayat Secretaries whose knowledge of the village is minimal if not altogether non-existent. To the farmers or the general public no justice can be done if the village records are not properly administered or those who handle them are not trained adequately and held strictly to account. For example, to get crop insurance details finalized we have to have reliable data and facts and for essential requirements like this we need to have the village records system properly established. **For this enforcement of residence and observance of integrity under watchful supervision is a sine qua non. This simply is not the case today.**

**The APWALTA is a good legislation but hardly implemented. Never mind the restrictions stipulated under it, bores are drilled less than every 100 metres. 37 bores have been drilled by one farmer in 8 acres of his land in Anantapur district! For WALTA to succeed the rig owners must be made accountable under the law. These operations need regulation by way of licensing by the RDO both at the rig owners and farmers levels. Every one is agreed that the crux of the suicides is the failure of the bore wells. Thus, apart from WALTA, we need other inter-personal programmes to generate awareness by self-regulation by organizing farmers' clubs or make the Ryotu Mitra Groups responsible, which had not happened even when suicides were at their peak. What is ruining the farmers' lives in the context of the bore wells is irrational hope and this can only be countered by implementation of legislation backed by technical advice and peer involvement and counseling.**

**We need to examine whether water-harvesting structures for storing of rainwater should be made compulsory through proper legislation.**

By far the most glaring failure of Governance has been in the area of Extension. We have a Joint Director of Agriculture in the District and under him Assistant Directors in charge of circles into which each District is divided. Each circle has about 6 to 8 Mandals. At the mandal level we have a Mandal Agricultural Officer for each mandal. Under the Mandal Agricultural Officer we have an MPEO – this is an invention of the last 2 years- for 1 or 2 villages each or for 1, 000 h.a. The qualification for these MPEOs is from 10<sup>th</sup> class to B.Sc., (Agriculture)! There are nearly 7, 000 such MPEOs recruited and appointed all over the State and of these not even 300 are agriculture graduates! An overwhelming majority of them – more than 5, 000 of them- are B.Sc.s in subjects other than agriculture. Nearly 600 of these MPEOs have intermediate and even lower qualifications! An agriculturally severely challenged district like Anantapur has as many as 703 MPEOs thus recruited! These are all

employed on contract basis for one year at one time and their services extended by another 6 months at a time! They have no tenure and no certainty of employment and, therefore, naturally enough cannot be called upon to display commitment to their work. They do not reside in the village. Many do not even go to the villages but stay at the mandal head quarters.

**Agriculture is complex and multi faceted, dependent on a number of interacting factors of which technology is the most important one. Technology plays a crucial role in engineering development, change in direction, thrust and motivation in the context of adopting alternate cropping patterns or diversification of Agriculture. The farmer, in his anxiety born of the tremendous pressures from the market led by inputs trade to which he is currently subject, is often misled and caught up in a trap of increased cost of cultivation. In this context of the need for diffusion of location specific technologies for the farming community, a tremendous responsibility rests on the shoulders of the agricultural extension staff. Andhra Pradesh in the last couple of years has outsourced extension work extent by the recruitment of these 7, 000 extension officers called Multi Purpose Extension Officers or MPEOs on contract basis for a year and extended their services twice by 6 months. The Extension Officer (Agriculture) is a basic worker and the duties and responsibilities of this basic worker involves responsibility for presenting relevant recommended practices to farmers, teaching and demonstrating related skills to the farmers, motivating farmers to adopt recommended practices and bringing farmers' production problems to the attention of supervisory officers. The MPEO is in charge of about 1000 Ha and is responsible for implementation of the Agriculture and Horticulture Department programmes in his jurisdiction. He has to identify potential candidates for different components under various schemes of the Department, collect rainfall data, and statistical data of cropped area, season wise availability of water in different sources of irrigation, the extent cultivated under each source with the number of farmers under the sources, report to the Agriculture Officer any unusual occurrences in the input supply / demand situation and of pest and disease problems and natural calamities, collect soil samples and handover the analysis report to the farmers, advise farmers on new varieties of crops as per the soil type, fertilizer requirement, organize on-farm extension demonstrations, organize plant protection campaign whenever necessary, form Rythu Mithra Groups and visit 2-3 Groups every day and conduct meetings to discuss their problems and provide necessary technical knowledge, identify new farmers who have not accessed credit and provide lists of such farmers to Mandal Agriculture Officer/Bankers/Cooperative Banks, discourage borrowing from private lenders to avoid debts and financial losses to the farmers, mobilize the farmers for different training programmes, conduct crop cutting experiments and report correct yield particulars. The A P Government "outsourced" this kind of work to contract appointees of no qualification! No specific agriculture-based qualifications are insisted upon for the recruitment of these "outsourced" officials called the MPEOs. They do not have to be graduates in Agriculture. Any graduate with any science degree was declared qualified for this position and strangely there were even mere intermediates occupying these crucial posts. The number of posts held by these MPEOs is as many as 7, 000 in the State. If we compare their job chart and their qualifications we can understand the kind of vision that has governed the approach to agriculture in this State in recent years.**

The State Government is not to be faulted for thinking of enhanced manpower at the village level for agricultural extension work bur appointing persons without qualification only worsens the emergency and trivializes the farmers' problems.

Thus we have an extremely fragile situation at the village level in the area of agricultural extension. **“Our staff does not have technical expertise and hence can not win the confidence of the farmers”** is the conclusion that even senior officers of the Department have arrived at though they may not say this in the open. Today we do not have the concept of the old VLW (Village Level Worker) or the VDO (Village Development Officer). Even the concept of a Village Administrative Officer is gone. The Gram Panchayat Secretary is supposed to perform all those functions and neither his training nor expectations of his accountability guarantee this. He is a Government servant under the control of the Sarpanch, accountable to no one but the distant District Collector in terms of his disciplinary conduct and none in between! With the Sarpanch in AP having been effectively marginalized in these recent few years, never mind the Constitution 73rd amendment, agriculture or its development is unlikely to claim much of the Panchayat Secretary’s time and attention. In this context the reference to over centralization will bear repetition. For example, in Andhra Pradesh there is no Divisional or Mandal level monitoring of work in any Department other than the Revenue Department. The fact that the Divisional Panchayat Officer has to over see the work of some 350 Panchayat Secretaries would show how futile it is to expect any proper review of work at the village or Panchayat level. **The State Government needs to set up an appropriate administrative organization and monitoring mechanisms at the Divisional level. This is necessary to reestablish “connectivity” in Administration, the absence of which is making the administration dysfunctional in Andhra Pradesh, including in the area of agriculture.**

**The Mandal Agricultural Officers are regular Government servants but their mobility is minimal as they have no vehicles to move around and therefore any interaction between the farmers and them is non-existent. In any case, one fifth of all their posts are vacant.**

**Thus, this combination of lack of technical expertise in staff, shortage of staff, absence of mobility, absence of residence and visits all taken together represents a complete lack of seriousness in Government’s approach to Agricultural administration in recent years. This calls for rectification.**

In the sort of situation faced in AP where even lands classified as wet have gone with out irrigation and there have been successive droughts, there is a dire need for contingency plans for alternate crops. Often, as in the case of the false hopes that govern the drilling of bore wells, so too do false hopes govern the expectation of rains some times. **Contingent plans should, therefore, be part of the armoury of the Department at all levels. However, such a readiness was not seen on the part of the Agriculture department in most of the Districts. However, a pleasing exception was Nizamabad District where the Collector Shri. D.V.Raidu, himself an agriculture specialist, has made notable contribution to the farmers’ welfare by way of alternative strategies. These have included stepping down from irrigation intensive and relatively long-duration crops to the less intensive shorter duration ones such as paddy to maize and maize to Soya and so forth. Intercropping as against mono cropping has been another strategy. The enormous potential of red gram as an alternate crop has been emphasized and realized in this District significantly, including intercropping with maize and Soya. Cotton has been inter-cropped with Soya and green gram. Bringing under plough fallows has been another strategy mostly with maize and Soya. We need such thinking from the Government at the policy level. We need to involve agricultural scientists and research people in a big way in this area of**

**work. The greatest risk we face now with the Kharif season drawing to a close that every one in Government is likely to forget the lessons of the past and treat business as usual till the next crisis presents itself. Action needs to be started now to rectify these defects if another round of suicide deaths has to be averted in the near future.**

In this situation when there is a vacuum, it is the moneylender who has occupied the space vacated by the Government. Today, he is the seeds seller, pesticides seller, fertilizers seller and the Agricultural Extension Officer. It is not suggested that this is totally unprecedented for even in advanced districts like West Godavari the Commission agents were known to advance loans to farmers in the form of inputs and cash and later buy up the produce at a price disadvantageous to the farmer but then he did not decide what to sow and grow and the scale of inputs to be applied. Those decisions were still with the farmers because the extension system had not been killed but today the farmer has lost his autonomy with no expert guidance available to him when he needs it. It is not as if the farmer has no traditional wisdom of his own but what is now happening is, thanks to the high-flying marketing hype of the private trade in seed, pesticide and fertilizer and their free market advocates, the farmer is in a state of confusion and there is no impartial agency to steady him and guide him in his hour of dilemma. Once again much of the blame for this should be taken by the failure of the institutional credit system because it is this failure, which has thrown the floodgates of exploitation open in all associated areas of agricultural operations from seed to seed. **The ideal situation is one where the institutional credit system provides the required credit on time backed by its own extension agencies with Government supporting these efforts through its own research, seed and extension and training support. This synergy of Governance does not exist at present and this has to be revived as part of the agricultural rehabilitation efforts in the State.**

**The present Government of AP has now been providing relief against this background to the families of the suicide victims. The present Government's efforts deserve appreciation. However, there are a couple of points in the implementation of the GOMs 421 dated the 1st June 2004 issued by the Government relating to Credit and rehabilitation that deserve mention:**

- (a) **the loan settlement amount of Rs.50, 000 the Government of AP have provided in GOMs. 421 Rev (DA-II) dated 1<sup>st</sup> June 2004 for meeting the debt obligations of farmers should not have included the dues to institutional creditors like Banks and Cooperatives. The Central Government should have stepped in to have those amounts written off, if they are serious about helping the farmers of Andhra Pradesh. We need action from Central Government, not mere rhetoric.**
- (b) the Government of AP could have made a specific reference to aspects of socio-economic rehabilitation of the victim families in addition to those relating specifically to Agriculture and also a provision for those aspects under the ex-gratia principle in GOMs. 421 dated 1<sup>st</sup> June 2004. Absence of this is leading to field level staff devoting the entire or major part of the resources only to agricultural inputs, even if it is on the high side at least in some places.

**There are also instances of cases where the Dy.S.P. and the Assistant Director of Agriculture, who are members of the team not going to the village to finalize cases of debt settlement, as stipulated in the Government Order. It is worth mentioning here that it would be advantageous to include the ICDS programme's CDPO in the**

**Committee considering that women and children are the worst sufferers in the families of suicide victims.**

**Over all, the Collectors and Joint Collectors of the Districts visited by me are doing a commendable job in coping with the problems resulting from policy failures over a period. It is important to acknowledge here that despite the over-centralization of governance in Andhra Pradesh the morale and competence of our District Collectors still remains high, and they continue to lead their teams with confidence. I have seen the Collectors in the Districts visited by me making solid contribution to finding solutions to the serious emergency they are facing in their districts. The real challenge lies in how to restore the morale of the lower formations and that should receive the priority attention of the Government.**

## **VI. FERTILIZERS AND INSECTICIDES.**

Generally, there have been no serious complaints about quality of fertilizers. However, SSP and other micronutrient mixtures are reported to be increasingly turning out to be of questionable quality in the market.

There is not much discrepancy in the prices of fertilizers belonging to various companies but there is a variation of price fixation with regard to Insecticides and same Insecticides with same formulation and composition differs in price.

**The Department is encouraging green manure and vermi compost but they need consolidation at much higher scales.**

**The pesticides dealers have become in AP the biggest extension agents and the most dubious at that. In ten years from 1994 to 2004 pesticide consumption in Andhra Pradesh is reported to have gone down from 11, 500 mt to 2, 500 mt according to the Department of Agriculture but that is no real comfort if we see the influence of the pesticide dealers. GOI needs to do a lot more of work by way of pumping in more resources for the promotion of bio-pesticides, Integrate Pest Management techniques (IPM) and generic anti-pesticide campaign. We only have one pesticide-testing laboratory at Faridabad to which all samples have to be referred. As one wag put it, consequently it is not clear whether the laboratory is managing the sector or it is the sector that is managing the laboratory!**

## **VII. RECOMMENDATIONS**

**To summarize, the following are the most urgent problems that require attention. In reading these recommendations, I urge that the recommendations specifically not made in this section but made in the main body of this paper be fully read and carefully considered as, after all, any recommendations made need to be seen against the overall facts and background in which they are made.**

## **1. WATER.**

**Admittedly, to a large extent, this problem is not in our hands as a large number of factors, which go into the weather system, determine availability. However, to the extent it is in human hands, the following factors require attention:**

- (a) The need to restore to their standards all water sources like tanks, kuntas and other water bodies and ensuring their maintenance. At Bommalatapalli village of Bukkarayasamudram Mandal of Anantapur District farmers bitterly complained that the Government in recent years applied all its attention and resources to construction of concrete roads with in villages and totally neglected irrigation works. Distortions in priority calculated to benefit contractors need to be eliminated.**
- (b) De-silting of reservoirs and tanks require attention. Against a registered command area of 1. 37 lakh hectares, the Nizamsagar project today irrigates only about 57, 000 hectares. Against a registered command area of about 16, 000 hectares under the Sreeram Sagar project in Nizamabad district, only 1, 400 hectares are irrigated. These examples can be multiplied and they highlight the neglect in investment in areas connected with agriculture. This should be rectified. We have to reevaluate the implementation of the schemes for treatment of catchments areas that are meant to fight silting of water bodies.**
- (c) There should be scientific planning of the use of sprinkler irrigation and drip irrigation. Since these are dependent on the manner in which available water resources are “directed” and applicable to the “stature” of the crops, considerable discipline and direction to save water is called for.**
- (d) A re-evaluation of the watershed programmes is urgently required, given their beneficent potential. According to knowledgeable sources the bureaucrats and the NGOs in this area seem to visualize the watershed programme in several different ways with the result that there is no clear-cut concept of what the programme is about. There is a conviction that the results from this programme have absolutely no relation to the massive resources spent on it. Concerned experts are calling for an evaluation of this so as to evolve (a) proper model (s). There is wide spread feeling that the Chairmen of the Watershed Committees have had so much to benefit financially that elections to these bodies have resulted in violent clashes and occasionally even murders.**
- (e) We need a plan to conserve and wisely use ground water resources. Apart from the need for hydrological and geological surveys and the facts relating to them being readily available to the farmers, the strict implementation of the APWALTA is essential. There should be convergence of all required efforts at discipline, including of the functioning of the electricity authorities. In this context there is need to plan and regulate the operations recklessly indulged in by rig owners and operators who exploit the unguided hopes of the innocent farmers.**
- (f) Dry land Agriculture about the importance of which we have heard in our State at least for over 4 decades has not really got the attention or importance it deserves. There have been no research break-throughs in the matter of development of**

drought resistant seeds. The ICRISAT's efforts do not seem to have been relevant in terms of what it has delivered to our State. Nothing demonstrates this better than the fact that even today the groundnut seeds we use are the same as what we did decades ago. The State and its institutions including the Universities and the ICAR should take up this challenge of dry land Agriculture research on a war footing and redeem themselves in this vital area of Agriculture.

- (g) Innovative re-distribution of water from assured sources may have to be examined to see if chronically challenged areas can be provided some additional water at least in years the rain fall is comfortable like looking into the water supply in the KC Canal, the Tunga Bhadra High Level Canal, the Galerunagari project etc.

## **2. SEED and Cropping Patterns.**

The State Government would have to bring in mechanisms stronger than the MOU presently adopted to protect the interest of all growers but more particularly of those who raise cotton and chillies since they are the worst sufferers in regard to the problems connected with seeds. The work relating to seed has relationship with Agriculture extension because today technical advice to the farmers comes mostly from non-State sources like input dealers, privately sponsored magazines, TV Channels and big farmers who can afford to take losses while experimenting. Less than 20 % of the technical advice reportedly comes from the Department of Agriculture today. This aspect as well as the failure to evolve appropriate seeds suitable for dry land agriculture, especially drought resistant seeds require urgent attention. Contingent plans should be part of the armoury of the Department at all levels as discussed in the body of this paper.

## **3. CROP INSURANCE.**

Its entire implementation requires a review. Often farmers say that if they have choice they would rather not take this insurance cover. The principal of the mandal being the unit for crop yields, the average yield of the previous 3 years (especially in the context of continuing droughts) being made the reference point to arrive at crop losses, keeping threshold levels low in high risk crops like groundnut when the whole idea of insurance is to cover the element of high risk, the bureaucratic muddle witnessed last year in the case of the Krishna delta cyclone where the "time frame" was invoked to deny the farmers insurance are all glaring examples of the dysfunctional nature of this scheme. All these require overhaul.

## **4. CREDIT.**

While the institutional credit system has totally failed the farmers both in the commercial banking and cooperative sectors as pointed out in the body of this paper, there is no doubt in the immediate past things have improved in the commercial banking system. Though, compared to the magnitude of the problem the improvement is marginal, this improvement is certainly visible thanks in particular to the State Bank of India. This is obviously the result of the Union Finance Ministry waking up to the realities of the distress of the farmers at long last. The Union Finance Ministry required the suicides of a few thousand farmers before it thought it needed to address the issues of the farmers. At last when it did stir, we are seeing a certain amount of improvement

**in the working of the Banking system. This only shows that the culture of the so called freedom to the banks to lend in whichever way they want, to the exclusion of the requirements of the farmers, nurtured during the recent years is a failure and that a certain amount of political will and sense of equity and fair play is required on the part of the Government of India to face the Agricultural emergency that has been imposed on the country by its own neglect. This new culture should be taken forward. As shown in the body of this paper, a convergence of the cooperative and commercial banking systems in terms of financial resources, out reach, staff resources and attitudes on the one hand and total involvement of the State Government in the manner in which the entire credit system is functioning as a measure of good governance should be effected. As for the cooperative sector, the signal must go that the office seekers are expected to deliver credit and are not there to enrich themselves at the expense of the farmers. The cooperators either must turn honest or be prepared to be expelled from the system.**

## **5. GOVERNANCE.**

**The crux of the issue of governance is putting people who take salaries to an honest day's work. Notwithstanding recent theories, the job of the Government is to govern which includes delivery of inputs and services to the people, which in the current context are the farmers. Governance applies in this sense to the commercial and cooperative banking systems on the one hand and the Departments of Government on the other. In Andhra Pradesh the costs of corruption have gone up for the common man in recent years. It must be acknowledged that in the very recent past discipline and work ethics have certainly improved to some extent in the commercial, public sector banking system though Government's financial policies have been adversarial to agriculture. The same improvement in work ethics has not been seen in the Government of Andhra Pradesh across the board. Among other things, the State Government has to ensure attendance and residence of field level officials rigorously and leave the senior officers to control and supervise the field level formations autonomously. De-concentration of power is an urgent requirement in Andhra Pradesh for the Andhra Pradesh civil service and so is restoration of decentralized responsibility to the Panchayati Raj Institutions as laid down in the 73<sup>rd</sup> Amendment. We need convergence of these two areas of governance as well. The District Collector, as always, remains and will remain crucial to all these reforms.**

These are some of the issues and solutions that are fundamental to provide relief to the distress of the farmers in the State and action on the lines suggested here could have some influence on redressing them.

**K.R.VENUGOPAL**

**FORMER SECRETARY TO THE PRIME MINISTER  
AND SPECIAL RAPPORTEUR, NATIONAL  
HUMAN RIGHTS COMMISSION.**



## II. Inputs on Governance and Agriculture Technology Mission and Implementation Issues.

By

**K. R. VENUGOPAL IAS (RETD),  
FORMER SECRETARY TO THE PRIME MINISTER AND SPECIAL RAPPORTEUR,  
NATIONAL HUMAN RIGHTS COMMISSION.**

There is little doubt that there has been failure in governance in a number of areas affecting farmers leading to development of situations causing despair in the minds of the farmers. These failures have occurred over a period of about 17-18 years and more particularly during the 2<sup>nd</sup> half of the 1990s and later. These failures have mainly been in the following areas:

- (i) Decreasing public investment in Agriculture.
- (ii) Failure of the institutional credit system to provide even a reasonable part of the production credit requirements of the farmers; failure to provide consumption credit and the general malfunctioning of the institutional credit system in terms of attitudes and absence of integrity.
- (iii) Failure to enforce required accountability to the rule of law in regard to all inputs by those trading in them and produce enough quantities of certified seeds through public agencies.
- (iv) Failure to provide extension support in a comprehensive manner to the farmers both in the context of the technical needs of the farmers and in the context of the developments emerging from failures (i)-(iii).
- (v) Failure in regard to enforcement of discipline required in the matter of the economical use of surface water, ground water and recovery of institutional credit dues, especially where there was no cause for non-repayment.
- (vi) Failure to involve the Panchayati Raj institutions in a decisive and meaningful way in matters relating to Agriculture and actually bypassing them through creation of parallel structures. While much lip service was paid to creation of Users Associations, in truth in all critical areas there was no participation of stakeholders in areas such as the

conjunctive use of ground and surface water, management of power sub-stations and other focal points of distribution of power that have a bearing upon issues like duration and quality of the power supplied.

- (vii) Absence of a genuine and comprehensive focus on dry land agriculture that should include research by public agencies in regard to all inputs and drought-resistant seeds in particular, into storage and shelf life of coarse grains, their consumer acceptability (the problem in certain hybrids) and MSP and marketing mechanisms.
- (viii) Failure to monitor hunger levels and migration in the context of increasing hunger, dwindling rural employment and wage levels.

2. These are clearly failures of governance on the part of both the Central and State Governments. There is more than enough evidence to suggest that these failures have resulted from a lop-sided understanding of what constitutes real growth and development, the significance of Agriculture to food security and employment and therefore poverty, by those who have governed at the Centre and Hyderabad during the crucial decade and half from 1990. What is called for, therefore, is a change in the very mindset of those who wield political power, managers of apex financial institutions and civil servants. I am mentioning only these three categories because to the limited extent I understand the subject it is these categories who have let down the farmers and rural agricultural labour and failed adequately to support the technologists and technical people in the field. In the case of Andhra Pradesh itself, we are aware that there was a time prior to the mid 1980s when political leadership and civil servants worked closely with the Agriculture University and together provided commendable leadership to the technical staff at the field level and the farmers did feel cared for. With the emergence of the kind of political leadership both at the Centre and State level that sought its own validity in the context of its “global” role and outside approval, the issues of the farmers came to be forgotten. The rural – urban disparities that got sharpened in the past decade and a half are directly attributable to this mindset. This has happened despite the practical work and advocacy efforts of technology leaders like Dr M S Swaminathan, thinkers like Prof. Ch. Hanumantha Rao and those who work among the poorest farmers in dry land areas like Dr Satheesh of the Deccan Development Society and numerous Farmers’ Associations.

Therefore, Governance and Technology Mission should address these issues.

3. In simple terms good governance should be judged by the goals we set for ourselves in the context of the problems of specific sections of the people whose problems the Government addresses not only in their particular context but also in the overall context of what those goals do for the society as a whole. From this point of view, governance relating to agriculture will have an impact on a larger area than the agriculture sector itself. This is why the philosophy and approach that will govern a technology mission in the context of the farmers' problems are at least as important as the specific areas that would be addressed in a technology mission. In its very nature what a technology mission stands for is a break away from the existing political and governance mindset on the one hand and looking at the problems of farmers in an inter-sectoral context on the other. Thus any technology mission approach would have to take into consideration in an integrated way all the issues mentioned at para 1. Hopefully, the continuing crisis faced by the farmers in Andhra Pradesh and its recognition at the national level will bring about a new approach to looking at people's problems that goes beyond issues specifically affecting farmers. For example, we know how social expenditure relating to health and education, not to mention other expenditures out of proportion to actual needs in matters like marriages and other social events, though not unique to the farmers, have powerfully affected the lives of the farmers. They affect others as well. In this sense, issues of good governance in the context of farmers will bring into focus other sectors impinging on the entire rural population.

4. Within the limited context of Andhra Pradesh and within the limited understanding I have of the subject, I have already submitted a comprehensive paper to the Commission at the time of its meeting on the 7<sup>th</sup> October 2004 dealing with most of these issues. That paper may kindly be read as part of this current effort. In view of that paper having covered all the areas that need to be incorporated in the Technology Mission, in the current paper I shall confine myself to a few illustrative areas spelling out why and how they need to form part of the Technology Mission. For this purpose I have selected the field level functioning of the Cooperative Credit System, the Department of Agriculture and the role of the Panchayati Raj institutions. Considering that highly useful papers have been submitted by various participants on all other subjects that impinge on Agriculture and farmers' welfare, my limiting myself to a few illustrative areas seems justified. If this paper is found to be a little long because of some field level details relating to governance I apologize to my colleagues but often the devil is in the details and its neglect leads to ambiguity.

5. **One of the basic truths that need to be recognized about Agriculture** in a country where around two thirds of the cultivable land has no assured irrigation is that in these poorly endowed areas, for small and marginal farmers to be viable, for their own food security and that of the rural labour living in these deprived regions to be sustainable, **a certain amount of subsidy is essential and inescapable.** The only question is in what form and manner this should be made available so that the benefits actually reach them. This basic proposition should stand settled for a considerable time to come so that the lives in this sector of our population are not toyed with in the name of “reforms” in various areas that affect them, given the importance of the sector. This message should be strongly articulated in the Commission’s report. The objecting reformist elite need only look out their western windows to recognize this truth that is self-evident to the rest of us. **For example, water being the most fundamental of requirement to raise a crop, needs to be subsidized for the farmers in the areas where there is no surface irrigation as it has to be drilled for and lifted. This brings in the question of electricity tariffs and water rates for agriculture and the need for differential prices between the areas with assured surface irrigation and other areas, as also between small and marginal farmers on the one hand and the other farmers on the other.** This really is a question of Governance – in terms of recognition of the hard reality of the life of farmers in general and in poorly endowed areas in particular. Such recognition would, for example, make clear the inequity of imposing full “user charges” indiscriminately and with out refinement. This is a question of Governance also for the reason that policies result from the mindset of those who make them and today’s challenge in India is how to sensitize those in power to the reality of Agriculture, beyond the immediate miasma of the deaths of farmers by suicide. Any technology mission will therefore have to start with certain basic premises of this kind with out being frightened by prospective pink press editorials. This is not to advocate frittering away resources but to emphasize the need to deploy them sensitively and with out hesitation where needed. For example, the approach advocated by our colleague Bhavani Prasad in regard to power tariffs is a sound way of approaching this subject. A paper by the well known Energy Expert T L Sankar “Power Supply to Poor Agriculturists and Small Households – Some Suggestions” gives us some feasible and constructive suggestions on how to supply low cost power to the deserving small and marginal farmers.

6. In formulating an Agriculture Technology Mission care should be taken to limit the areas, at least to begin with, to the subjects mentioned at para 1. Decentralized dry land

agriculture obviously should head the list. While, as stated in my paper dated 7.10.2004, an evaluation must be undertaken of the resources spent and participatory mechanisms used in watershed works, every effort must be made to identify potential for small water bodies even in private lands of small and marginal farmers so as to promote the maximum possible harvesting of water and to prevent to the maximum extent possible excessive run off of water. This effort would help recharging of ground water, recharging of dug and bore wells for drinking water in the vicinity, and help providing for cattle in a substantial way. Since water management is not to be limited to only crop husbandry but for drinking water, sanitation and cattle including dairy cattle so crucial for dry land livelihoods, there should be no reservation in going for water harvesting in private fields. This should be an important area for the dry land Technology Mission. **An effort at break through in dry land agriculture would mean research into and development of drought resistant seeds of such high yielding varieties especially in cereals and pulses that are suitable to dry land cultivation and adoption of appropriate farming techniques.** Such research would be the key to enhancing production and productivity in these areas. This would at once enhance availability of food grains in these areas and also generate better levels of employment both of which would add to the purchasing power of the farmers and the rural poor. Also, other kinds of cultivation of what are called dynamic commodities that could be done in dry lands which are highly value adding should form part of the strategy from the point of view of the higher incomes needs of the dry land farmers. The most important strategy in the quest for farmer's security would be how to make dry land agriculture productive. The critical issue in this would be the emergence of drought-resistant seeds. Enough has been said about the entire question of shrinking area of coarse cereals but what has with equal emphasis and clarity to be said is the fact that in yield terms there is much to be optimistic about in coarse grain cultivation. The central area, therefore, is research and development in the area of drought resistant seeds for coarse cereals. **This search for drought-resistant seeds should be accompanied by research into storage issues as well, for shelf life is a huge constraint to coarse cereals. Importantly, there is the question of taste, which has implications for the cultural rights of the poor. Some of the hybrid coarse cereals have no consumer preference and research has to take note of that most important consideration. So research in coarse cereals in all these areas is an important key to rain-fed farming. When we talk of dry land agriculture in the context of the poor farmers we have to address the need for scientific research that is pro-poor because dry land agriculture research is an orphan in India.** It is a marginalized area. I summarize below the observations contained in an

extremely valuable paper presented in a seminar a few years ago titled “**Agricultural Research and Food Security**” by P V Srinivasan and Shikha Jha of the Indira Gandhi Institute of Development on the status and need for pro-poor agriculture research in the context of food security and dry land cultivation:

Large unirrigated areas covering about two thirds of total cropped area still experience virtual stagnation combined with rapidly growing population. They do not show much evidence of raising employment and rural incomes. Thus, regional disparities continue to persist. **Adoption of new technology is in general constrained by institutional factors and lack of adequate infrastructure facilities. Effective extension services and suitability of the seed to a particular agro-climatic region determine the success of adoption of new technology. R&D efforts need to be focused specifically at the disadvantaged areas to effectively help the poor. Only a small percentage of the high yielding varieties and hybrids of various crops, released during the 8<sup>th</sup> Plan period (1992-96) have been for rain fed uplands. Because of the uneven spread of technology across the country in the aftermath of the first spurt of the green revolution and especially because this spread was restricted to the irrigated and assured irrigated areas, such being the requirement of the seed-fertilizer technology that powered the green revolution, the results had implications for regional distribution of income.**

In the post WTO scenario the agricultural sector is acquiring greater export orientation that can have adverse implications for the food security of the nation. The future strategies and priorities for agricultural research should therefore be oriented heavily in favour of providing food security for the poor. **Fiscal adjustments at the macro economic level imply inadequate allocation of public funds for agricultural research, especially that aimed at the needs of the small landowners in poorly endowed areas. High incidence of poverty and household food insecurity despite overall near food sufficiency and regional imbalances in productivity growth and income have to be the main concern of agricultural research.** The National Agricultural Technology Project (NATP) which is looking at agro-ecosystem research should be mandated to pursue this strategy aggressively, consistent with its objectives of improving the research capabilities of scientists towards developing technologies to resolve problems of agricultural productivity and food security and meeting the challenges of natural resource management.

**Liberalization of imports of technology and other inputs, relaxation of restrictions on foreign investment, effective implementation of IPRs have led to increasing presence of private sector in agricultural R&D activities. Agricultural research in India never addressed poverty as a major determinant while considering funding, till the end of 1980s. Research in agriculture was pursued purely based on efficiency criterion, maximizing overall returns from research leaving distributional considerations to other policy instruments. This must change and research efforts should target crops like bajra and sorghum in order to benefit rain fed regions where poverty is concentrated, addressing the issues of equity, human resource development and ecology. In order to examine changes in the research agenda in recent years in response to the challenges posed by the globalization process, the Indira Gandhi Institute conducted a pilot survey of select representative National Agricultural Research Institutes (NARIS) in India. Questionnaires for the survey were sent and completed by Government Officials and researchers in coordination with ICAR. The findings are that in cases where research funding is from a foreign agency such as an MNC or a donor, the research agenda is also set by these agencies. In both funding and execution of research, very little role seems to be played by NGOs, or the Ministry of Agriculture.**

Innovations in the field of biotechnology, geographic information system, remote sensing etc. can improve the living conditions of the poor. **There is need to set clearly pro-poor research priorities and identify the needy groups such as landless workers, small farmers, large but poor farming households etc. Production, employment and incomes in the agricultural sector can be substantially increased through firm support for agricultural R&D, spread of new technologies and dissemination of modern inputs to less developed and rain fed regions.**

**Private seed companies, which play a leading role in production, distribution and development of improved germ plasm, focus on commercial hybrids for major production zones leaving out materials suitable for small scale, semi-substance farmers. Hence the need for public sector breeding programmes to develop seed variety specifically meant for environments with low production potential. In general, modern technology tends to be capital intensive and biased towards large-scale farming. Technologies, therefore, need to be developed to over come these shortcomings. New**

**research has to begin to develop seeds that are less dependent on input use and drought - resistant.**

The need for research priority in rain-fed farming in the Technology Mission cannot be better stated.

**While on this subject, it is most essential to recognize that the surface water requirement of the District of Anantapur through transfer of water resources from elsewhere needs to be addressed by this Commission as a special case.**

7. There is then the other aspect of the inputs technology, which is **quality**. Expansion of quality testing facilities for seeds, pesticides and fertilizers as part of the measures to deal with spurious inputs should be taken up while strictest implementation of the associated laws should be enforced. There should be no hesitation in invoking the provisions of the Essential Commodities Act to frame additional control orders to ensure that the kind of un-regulated activities of the input traders which are at the bottom of the trauma experienced by the farmers are eradicated. **The Technology Mission should accept and emphasize the philosophy that appropriate laws and their enforcement are the right answer in terms of the protection that the farmers need and not vague mechanisms like MOUs with the private trade. The Mission should give the message that Rule of Law and sensitively administered regulatory measures will be the counter weight for the slackness in governance witnessed in the name of reforms in areas such as these. This is where the basic principle of good governance that there should be zero tolerance to corruption and lack of enforcement of laws should be built into the Technology Mission.** From this flows the much grater role that should be played by the APSSDC in the matter of production of all types of seeds and most particularly those required in the upland and rain fed areas. With the Principal Secretary, Agriculture and Cooperation, Government of Andhra Pradesh being himself the Chairman of the Board of Directors of the APSSDC, this should not be a problem. **The APSSDC should not, notwithstanding the privatization drive that is being mounted in all directions, forget its main object, which is to produce and supply good quality seeds to the farmers at affordable prices.** The Technology Mission will have to examine whether the Corporation's processing and storage facilities are adequate; whether its quality controls laboratories for testing the seeds are adequate and properly staffed and whether it has appropriate regulatory powers and will to over see the network of its dealers who supply its seeds. **That there is an urgent need to establish a full fledged Research**

**and Development organization to develop and produce suitable varieties and hybrids particularly for rain fed areas, and to establish linkages with other Research and Development organizations, is not in doubt.** This should be an important goal of the Technology Mission. The neglect of the APSSDC can be seen from the fact that nearly 20% of all its posts including a large number of seed officers are vacant. An important thrust in the Technology Mission should be for public funded research that would answer the needs of dry land farmers. **A connected thrust area would be the promotion of multiple cropping as against the culture of mono cropping so as to provide insurance to the farmers and the promotion of the establishment of gene banks in the backward, dry land areas.** The use of bio-fertilizers and pesticides should form an important strategy of dry land cultivation so that farming activities are eco-friendly and cost effective. This aspect of the mission can conveniently borrow research inputs from the efforts of the Deccan Development Society in the Pashapur area of Zahirabad Region of Medak District.

8. As for **Agricultural Extension**, which is currently a very weak area in Andhra Pradesh, the Technology Mission should recognize that notwithstanding the power of the electronic media, **face-to-face interaction is still an overwhelmingly important need in the backward areas of the State. Manpower is, therefore, still a key to Extension. In Andhra Pradesh, in recent years, there has been a half-baked understanding of the principle less governance being good governance.** Given the crisis in the area of extension, all available agricultural graduates should be mobilized for extension work. While the theory that training demystifies the delivery of specialized technological inputs is true, there is no merit in not recruiting all available agricultural graduates and imparting to them suitable training required by them and utilizing them. Such an approach will act as a force multiplier rather than the kind of strategies adopted in the recent employment of MPEOs who did not possess relevant basic qualifications. **The Technology Mission should be informed by the basic conviction that the State should take and play the lead role in extension work without leaving space for exploiters to fill the vacuum. While, admittedly, there is enough space for the private sector in Agriculture, an important objective of the Technology Mission should be to see that this space is well regulated.** A chief characteristic of a Technology Mission is apportionment of tasks, responsibilities, and accountability on the part of those assigned those responsibilities. The Technology Mission, therefore, should clearly lay down that any of the failures noticed in the area of extension in the recent past, if repeated, would be squarely traced to those who are given the responsibility

and punished for failing to discharge their duties. Mechanisms and standards should be built in for this. In this view the role recently sought to be assigned to the inputs trade, as a source of information and agricultural extension should be summarily withdrawn. It is an open secret that the trade plays a dysfunctional role in our market yards to the detriment of the interests of the farmers and therefore the Technology Mission should emphasize the role of the Government agencies in the market yards. **The Mission should also explore the vast possibilities available for involving Farmers' organizations in these efforts with out leaving every thing to the officials.**

9. The Mission needs to look at the structure and functioning of the Department of Agriculture. Prior to 1987 the Agriculture Officer functioned under the administrative control of the Panchayat Samiti. He had all required facilities for proper functioning such as an office room and godowns, which could stock inputs like seeds, pesticides and fertilizers. It is the Agriculture Officer who controlled these godowns and the inputs and he rendered advice and guidance to the farmers who came to the depot for purchase of seeds, pesticides and fertilizers either by way of credit or on payment of cash. The work relating to quality control including inspections were looked after by the Agriculture Officer who was in charge of the depot while the entire extension work was looked after by the Agriculture Officer stationed in the office of the Panchayat Samiti. Importantly, the Extension Officers (Agriculture) located in the Samiti office worked with either a senior Revenue Officer or an experienced Agriculture Officer as Block Development Officer. Also, almost always, the Samiti President was a farmer elected by his peers and this team combined experience in governance with knowledge and experience of the subject matter. Most importantly, agriculture was discussed and debated in the Samiti meetings attended by the Sarpanches and all the officers concerned, with Senior Officers from the District level attending these reviews. **Just the other day I spent a couple of hours in the office of a Gram Panchayat talking to a Sarpanch and he told me that agriculture, as a subject, hardly gets discussed at the meetings of the Mandal and he quoted want of time as one of the reasons normally advanced at the Mandal level for the absence of a proper discussion on the problems of the farmers.** These facts throw up at least two lessons (1) that at the Mandal level those concerned do not find enough time for agriculture indicates a downgrading today of the all important subject of agriculture and (2) the absence today of the kind of infrastructure that went to support agriculture as also the kind of leadership that the subject got in terms of what it deserved, in the past.

A Mandal Agriculture Officer heads each Mandal. However, the majority of the posts are vacant in some Districts. The existing staffing pattern at the level lower than the Mandal is the Agriculture Extension Officer at the rate of one or two per each Mandal. This would mean that the Agriculture Extension Officer would have to cover 11 or 12 villages in a week. This is not happening and unlikely to happen. Specifically in regard to agriculture, the field staff is felt to be inadequate. Many posts of Mandal Agricultural Officers are vacant. There has been no recruitment of AEOs for two decades now. There are many mandals with out AEOs. Such AEOs as are there do not reside at the headquarters.

**Agriculture is complex and multi faceted, dependent on a number of interacting factors of which technology is the most important one. Technology plays a crucial role in engineering development, change in direction, thrust and motivation in the context of adopting alternate cropping patterns or diversification of Agriculture. The farmer, in his anxiety born of the tremendous pressures from the market led by inputs trade to which he is currently subject, is often misled and caught up in a trap of increased cost of cultivation. In this context of the need for diffusion of location specific technologies for the farming community, a tremendous responsibility rests on the shoulders of the agricultural extension staff.** Andhra Pradesh, which in the last couple of years has been outsourcing much of its governance responsibilities has outsourced agriculture extension work as well **by the recruitment of some 7, 000 extension officers called Multi Purpose Extension Officers or MPEOs on contract basis for a year and extended their services twice by 6 months. The Extension Officer (Agriculture) is a basic worker and the duties and responsibilities of this basic worker involves responsibility for presenting relevant recommended practices to farmers, teaching and demonstrating related skills to the farmers, motivating farmers to adopt recommended practices and bringing farmers' production problems to the attention of supervisory officers. The MPEO was in charge of about 1000 Ha and was responsible for implementation of the Agriculture and Horticulture Department programmes in his jurisdiction. He was to identify potential candidates for different components under various schemes of the Department, collect rainfall data, and statistical data of cropped area, season wise availability of water in different sources of irrigation, the extent cultivated under each source with the number of farmers under the sources, report to the Agriculture Officer any unusual occurrences in the input supply / demand situation and of pest and disease problems and natural calamities, collect soil samples and handover the analysis report to the farmers, advise farmers on new varieties of crops as per the soil type, fertilizer requirement, organize on-farm extension demonstrations, organize plant protection campaign whenever necessary, form Rythu Mithra Groups and visit 2-3 Groups every day and conduct meetings to discuss their problems and provide necessary technical knowledge, identify new farmers who have not accessed credit and provide lists of such farmers to Mandal Agriculture Officer/Bankers/Cooperative Banks, discourage borrowing from private lenders to avoid debts and financial losses to the farmers, mobilize the farmers for different training programmes, conduct crop cutting experiments and report correct yield particulars.** The A P Government "outsourced" this kind of work to contract appointees of no qualification. No specific agriculture-based qualifications were insisted upon for the recruitment of these "outsourced" officials. **They did not have to be graduates**

**in Agriculture. Any graduate with any science degree was declared qualified for this position and strangely there were even mere intermediates occupying these crucial posts. The number of posts held by these MPEOs was as many as 7, 000 in the State. If we compare their job chart and their qualifications we can understand the kind of vision that has governed the approach to agriculture in this State in recent years. The State Government is not to be faulted for thinking of enhanced manpower at the village level for agricultural extension work but appointing persons without qualification and adopting a manner of appointment that places no premium on accountability only worsens and trivializes farmers' problems.** The Technology Mission should devise safeguards to avoid pitfalls of this kind resulting from the reforms mind set that has led to the conclusion of senior officers of the Department in the field that "Our staff does not have technical expertise and hence can not win the confidence of the farmers".

10. The role of the Panchayat Raj institutions in agriculture is very significant. Till around 1987, the Agriculture Officers functioned under the administrative control of the Panchayat Samiti but their technical control rested with the senior officers of the department of Agriculture like the District Agriculture Officer and the Deputy Director of Agriculture. There was an organic linkage right from the Minister through the Secretary / Commissioner down to the District through the Collector to the field staff of the Agriculture Department. Today the Panchayati Raj institutions are not playing the part expected of them because the Agriculture and Animal Husbandry Departments are functioning under the control of their Departments with very little involvement of the political electives that are accountable to the farmers who are the voters. In any event, the Gram Panchayat or the Mandal seem to play no decisive role at their respective levels. Therefore, we need to get people's leadership and political electives involved in agriculture and allied activities through appropriate administrative mechanisms at the level of the local bodies. The bypassing of the Gram Panchayats in Andhra Pradesh in significantly resource-based activities, which have crucial bearing on agriculture, such as watershed and water harvesting programmes is wrong and these must become squarely the responsibility of the village Panchayats and Gram Sabhas. The Gram Panchayats should monitor and review all agriculture and allied programmes. Agriculture Officers assigned for village level work should attend these meetings. Input distribution must be entrusted to the Gram Panchayats and the Panchayat secretary should be trained in Agriculture and related subjects so that he is equipped to meet at least the emergency needs of the farmers pending the higher level officers addressing complex issues. Methods should be explored to stock implements, especially those related to fighting pests and insects at the village level. The Gram Panchayat and the Gram Sabha should be involved in the finalization of the village credit plan under the supervision of the Mandal. Extension Officers visiting villages would have to liaise with the Sarpanch and other members.

Technical subjects like soil character, fertility and measures required in that context need to be demystified. Above all, the Gram Panchayat should play an active role in regard to relations with agencies that are today involved in determining the viability of agriculture such as in crop cutting experiments that determine crop loss estimates in the context of crop insurance compensations. In short, the Gram Panchayat, the Sarpanch and the Gram Sabha must be given the position that belongs to them in the Constitution along with restoring agriculture to the place where it belongs in our economy. It is worth remembering that it is not as if these powers are not there already because the Andhra Pradesh Panchayati Raj Act, 1994 has indeed given adequate powers to the Panchayat Raj Institutions to provide services related to Agriculture and Animal Husbandry. It is also significant that in the middle of the year 2003 the State Government ordered the setting up of five functional committees of which one relates to agriculture and all subjects relevant to agriculture and management of natural resources. That came too late in the day in the context of the distress of farmers. What is important is not the issuance of orders in reaction to public out cry but their implementation consistent with the Constitutional provisions as a routinely necessary measure.

In the Gram Panchayats in Andhra Pradesh the crucial post of Panchayat Secretary is filled up from sources varying from Village Development Officers, Junior Assistants, Record Assistants, Attenders, Village Administrative Officers, Works Inspectors, Laskars and Pump Mechanics. Litigation and other reasons have caused vacancies in up to 100 Panchayats in certain districts. Normally the Panchayat Secretary does not have a local standing in the village, his familiarity with the village is poor and his information and communication and appraisal reports are all of very poor standard. All these make it very difficult for the crucial intermediate agency, namely, the Mandal to get good quality work done at the village level. To add to this the CEO of the Zilla Parishad has no administrative or disciplinary power over non-Panchayat Raj Officer holding the post of Mandal Development Officer. In short there seems to be little accountability. **How much have these things impacted on agriculture work in the State needs to be looked into as part of the governance study in the Technology Mission.** Mandal Agricultural Officers rarely reside at the Mandal headquarters. Many mandals do not have even offices where the Agriculture Officer can sit and provide advice to the farmers. Supply of crop inputs has been virtually de-linked from the Department of Agriculture. Not unoften the limited available extension staff is also entrusted with work of other departments. Positive solutions to these issues are called for and the Technology

Mission has to address these questions. **An important point that the Technology Mission should work on will be to determine the relative merits of and the benefits that the farmers could derive from quality technical advice from well trained extensions staff as against habituating the farmers to input subsidies where they may not even be needed.**

Considerable debility has been caused to the entire Panchayat Raj system in Andhra Pradesh because of parallel structure like the ZPTC and MPTC having been created. The weakness resulting from the non-existence of any organic linkages between the three tiers of local self-governance namely the Gram Panchayat, the Mandal Parishad and the Zilla Parishad, which existed prior to the 1994 Act needs to be addressed in the context of all development work, particularly agriculture. **Considering the size of many Gram Panchayats in the State, a proper unit for planning agriculture activity –though not for purposes of crop yields assessment for crop insurance! - would be the Mandal and therefore, the Technology Mission has to look at the constitutional and administrative structure of the Mandal Parishad to find ways and means to make it an effective, facilitating unit of self governance in the context of agriculture.**

Today we do not have the concept of the old VLW (Village Level Worker) or the VDO (Village Development Officer). Even the concept of a Village Administrative Officer is gone. The Gram Panchayat Secretary is supposed to perform all those functions and neither his training nor expectations of his accountability guarantee this. He is a Government servant under the control of the Sarpanch, accountable to no one but the distant District Collector in terms of his disciplinary conduct and none in between! With the Sarpanch in AP having been effectively marginalized in these recent few years, never mind the Constitution 73rd amendment, agriculture or its development is unlikely to claim much of the Panchayat Secretary's time and attention. **In this context a reference to over centralization will be relevant.** For example, in Andhra Pradesh there seems to be no Divisional or Mandal level monitoring of work in any Department other than the Revenue Department. The fact that the Divisional Panchayat Officer has to over see the work of some 350 Panchayat Secretaries would show how futile it is to expect any proper review of work at the village or Panchayat level. **The State Government needs to set up an appropriate administrative organization and monitoring mechanisms at the Divisional level. This is necessary to reestablish “connectivity” in Administration, the absence of which is making the administration dysfunctional in Andhra Pradesh, including in the area of agriculture.**

11. An important job that the Technology Mission would have to accomplish is that relating to **credit**. Mobilization of adequate resources consistent with the actual requirements of the farmers is itself the starting point of the problem of credit. **Mobilization of the required magnitude of institutional credit itself is a fundamental condition precedent to its proper delivery.** That there is no relationship between actual need and institutional availability is too well known to merit an argument. **This will call for commitment of resources on the part of the Government of India,** speedy action by the NABARD and the right work ethics on the part of the commercial and cooperative banking systems. These aspects have been discussed in the various papers presented to the Commission including mine. **Extension itself should be understood to mean technology plus credit.** It would, therefore, be proper to suggest certain measures, which the Technology Mission should incorporate in its work. **These would be that the RBI should provide General Line of Credit (GLC) to NABARD without restrictions in regard to the quantum of funds as also the rate of interest. Rate of interest should be less than the NABARD rate or equal to the rate charged by the NABARD to State Cooperative Banks; banks and the DCCBs should prepare Normal Credit Limit Statements based on actual cropping pattern and area under crops (this should include the needs of the tenants); the Technical Committee should meet more frequently and prepare the cost of cultivation and update it from time to time. These measures will help banks, including in the Cooperative sector, to provide adequate credit support to farmers to avoid under-financing and eliminate their dependence on moneylenders for private borrowings at exorbitant rates of interest. Extension support must be made available to the farmers including through the banking system, as NABARD has always taken the stand that where farmers adopt scientific and advanced methods of cultivation using modern technology, the lending institutions are free to disburse credit in accordance with actual cost involved irrespective of scales of finance fixed. The Technology Mission should not shy away from addressing and highlighting the problems that demand solutions (and which the Andhra Pradesh farmers expect) from central financial institutions and the Finance Ministry of the Government of India.**

**As regards the State Government's own responsibility, the Mission needs to address the Governance structures in the Cooperative Credit System in Andhra Pradesh that are in a shambles and need to be revamped. By far the most important issue of governance in the**

Cooperative system is the practice of book adjustments, which give an impression of actual recoveries of dues from the farmers, and actual provision of credit to them for purpose of raising crops, while in truth nothing of the kind actually happens. This is a horrendous challenge to the fundamental concept of transparency in Governance. Not only is such a façade created of continuing transactions but also is created a false picture of inflated advance of loans and inflated recoveries. Time was when this misgovernance was winked at also by NABARD, which refinanced the Apex State Cooperative Banks to refinance the District Cooperative Central Banks and thus the Primary Agricultural Cooperative Societies (PACS). Now, in the current year, the NABARD has refused to take cognizance of such false disbursements and recoveries with the consequence that credit is drying up altogether. **The point that requires to be emphasized here from the governance angle is that a culture of non-recovery of loans advanced to the farmers even where the farmers were in a position repay the loans taken by them was encouraged in the cooperative system by all the actors at all the levels concerned.** This had two effects – one, encouragement to defaulters and secondly, the large body of honest farmers did not know what was happening to the amounts of loan that they were actually repaying. This also led to misappropriations of amounts recovered from the law-abiding farmers. In one village in Nizamabad District (Kalleda) the farmers told me that they had no idea whatsoever of the actual out standings in their name. Nobody told them. Many also complained that they did not know how an outstanding loan of say, Rs.30, 000 became Rs.1 lakh over a period, and when the demand was made for the later amount they found it impossible to repay it because of the magnitude to which it had grown. The crux of the issue here is that this sort of misgovernance has been winked at all levels, which means that the regulators totally failed to discharge their duties. Such collusive attitude was taken advantage of by the field staff of the District Central Banks and the paid Secretaries of the PACS as also the non-official presidents of the PACS and non-officials at the DCCB level. This all-round collusion and corruption affects every honest farmer who repays his loans because recoveries from him often did not get reflected in the books of the PACS leading to his harassment at a future date. All this did not take place overnight but has been going on for years and the reason why this had not got highlighted in the manner in it which is discussed at the present time is because of the degree to which these dysfunctional practices have come to be the order of the day today. For example, in one district (Medak), out of the 182 PACS in that district only 22 were genuinely advancing loans and collecting dues from the members, which means only 13% of the societies, were functioning even though a near 100% achievement of the targets in disbursement and

recovery was being claimed in the years 2002 and 2004. Against this background we have to view the 6% rebate that has been extended by the Government in interest payment for farmers discharging their debt obligations. If the postings in the books at the PACS level are suspect, then, what avail is it that such concessions are given? Further, the Commercial Banking system has also raised the issue as to why a similar concession should not be extended to farmers borrowing from them. The point sought to be made here is again the rewarding of misgovernance only because credit is channeled through the cooperatives without recognizing the fact that the objective in any assistance that the State provides is to help the farmers and not the particular form of the channel through which credit is provided. Among other things noticed in the cooperative system is the non-enforcement of EPs filed even against those who have no reason for not making repayment; misappropriations by non-officials and employees; and gross political interference resulting in infructuous loaning and fostering and breeding of indiscipline among the staff. I came across also a case of a huge misappropriation of several lakhs by a branch manager of a DCCB, which went undetected for a long time, indicating slackness at all levels.

Some of the measures required to revitalize the cooperatives as part of the proposal would be to make the paid secretary an ex-officio member of the managing committee of the Primary Agricultural Society. At the present time he avoids accountability pleading that he is only carrying out the resolutions and the orders of the managing committee and the President. To make him liable for his actions, which he perpetrates on his own, he should be made an ex-officio member as that would render him liable for penalties like surcharge under the provisions of the Act. Also, the supervisor of the DCCB should be made ex-officio member of the managing committee as a representative of the financing bank to ensure proper utilization of funds. It is also important that the DCCB accounts are computerized so that the DCCB may concurrently monitor the progress of loan recoveries. This would help keep a watch on when exactly the loans are being recovered so as to promptly update the DCB and thus avert misappropriation. In regard to prosecution of those managing committees indulging in misappropriation, the Collector and the Superintendent of Police should take active responsibility to register and file cases and pursue them in the courts of law. **There is, further, a significant political dimension to the governance issue in the cooperative system. Though elections are banned on party lines, since the year 1987 elections are being openly fought on party lines. However, no top leader of any political party in the State takes the responsibility for mismanagement, corruption and misappropriation in**

**the Cooperative credit system. These are not even issues when elections to the State Assembly or Parliament are fought. In other words, the political parties are having the best of both the worlds. Considering the agriculture crisis that we are facing, with even the opposition professing deep interest for the welfare of the farmers, this Commission should recommend that the top leadership of the all the political parties in Andhra Pradesh should pledge to the people and to the farmers that they would drastically deal with those of their party men indulging in misgovernance in the cooperative system including through expulsions. This is one way of generating the sadly absent political will.**

The DCCB, Medak showing a recovery percentage of 46.2 for the year 2004 but the NABARD refusing to refinance the Bank highlight the entire irony of the situation. Thus, while the crisis has occurred in 2004 with the NABARD refusing to accept the figures given to them, the point needs to be made that this itself is a late waking up on the part of the NABARD. It required suicides by a large number of farmers to highlight this misgovernance on the part of all concerned. At this stage, it requires to be acknowledged that better late than never, the NABARD did wake up. However, what has the State Apex Cooperative Bank been doing? According to certain information (to be verified by us), the NABARD recently provided an amount of Rs.1, 137 crores to the Andhra Pradesh State Cooperative Bank to be advanced to 5 DCCBs who are eligible for refinance. However, the Andhra Pradesh State Cooperative Bank reportedly distributed that amount between all the 22 DCCBs in the State. If this is true, the obvious consequences and signals are one of handing out a punishment to banks that function with discipline and integrity while rewarding misgoverned banks with undeserved handouts. Surely, if this did happen, this could not have taken place without the approval of the State Government. We should be surprised if such misgovernance has not directly contributed to suicides by farmers. In other words, the State Government would be guilty of violation of the rights of the farmers by its deliberate acts of commission and omission. I also gather that in May 2004 the NABARD offered to provide a special Funds Liquidity Support line of Rs. 500 crores to the Andhra Pradesh State Cooperative Bank to help them tide over the financial crunch and specifically for lending in areas of farmers' distress and where there are large arrears. However, it is learnt that the State Cooperative Bank has not availed of this only because it did not want to provide information and data asked for by the NABARD such as the NPA position in the DCCBs, non-overdue cover, reschedulement particulars etc. **There is need to examine the role the Andhra Pradesh**

**State Cooperative Bank and the role of the Government of Andhra Pradesh itself in this matter because all this affects the liquidity in the Cooperative Banking System.**

While this is the position in regard to the cooperative system, some of the existing problems of the mindset of an average commercial bank manager are compounded by a certain culture at the supervisory level. A significant example of this is the dogma that every commercial bank manager advances credit to the farmers at his own risk and cost. This unfortunate paradigm has had several dysfunctional results such as discouraging basically well-motivated bankers and encouraging lazily inclined bankers from advancing credit to the farmers. **There is an urgent need for the development of a culture in the commercial banking system that does not punish thoughtlessly managers of the banks who advance loans to farmers in good faith and where occasionally such a loan is not recovered. In other words, greater trust is called for within the commercial banking system of management at the cutting edge level.**

A quick look at the performance of the PACS ceded to the Commercial banks shows that they are functioning relatively more satisfactorily. Basically, there appears to be no financial constraint in their case from the financing commercial banks. In Medak district, 32 of the 38 PACS are said to be functioning relatively satisfactorily in regard to both advancing and recovery of loans. In the current year they advanced loans to 1194 small and marginal farmers an amount of Rs.34.25 lakhs. This by itself is not a big figure in absolute terms but if we place this along side the performance of the PACS in general, as also the recovery position of 55% effected by them during the year 2003-04, their relative performance has to be considered better. This position emerges from a basically difficult district like Medak where there has been large number of suicide deaths and where the DCCB is not eligible for refinance from the NABARD. While the performance of the ceded PACS is relatively better than those of the general PACS, the advances and collection position of the Grameena Bank seems to be even better. For instance, during the past two years the recoveries by the Manjeera Grameena Bank, Medak has ranged from 71% to 76% and the loans disbursed are of the order of Rs.71.32 crores for the year 2003-04. Discussions with those concerned with the cooperative system reveals that many of the dysfunctional characteristics of the cooperative credit system do not plague the Grameena Bank lending. This again strengthens the relative belief in the management procedures adopted by the commercial banking system. In passing I may mention that the 6% interest rebate has not been provided to the borrowers

from the Grameena Banks and yet their recoveries have been above 70% during the last 2 years.

12. The extremely unsatisfactory manner, in which the cooperative credit system has been functioning as shown above not only in one district but in many other districts as well, raises the question of how to revamp and overhaul the system. The point to remember in the context of good governance always is that the satisfaction of those for whom a service is intended is the ultimate criterion by which a service provider should be judged. Viewed in this light the cooperative credit system in Andhra Pradesh has in general failed though around a fourth of the DCCBs are still afloat. There can be the argument that because of the lofty principles governing the cooperative credit system we should stick by it at all times. This argument is flawed considering that the system has let down the farmers miserably. The time seems to have come, therefore, to consider taking forward further the already accepted principle of ceding cooperative societies to commercial banks. **It should be seriously considered whether the District Cooperative Central Banks themselves should not be ceded to one or the other of the lead banks. This approach should not be an ad hoc measure of merely infusing capital into the ceded Cooperative Central Banks. Along side infusion of capital should go hand in hand all the discipline expected of any prudent bank such as enforcement of recovery where it is due and work ethics and integrity on the part of all the functionaries down the line. This can be a short-term measure, say, for a period of 5 years till a District Cooperative Central Bank is fully nursed back to health. The advantage in this approach will be that the character of a cooperative bank as an institution of farmers would be preserved including its out reach, while sound principles of financial prudence would become part of the cooperative culture. This experiment must be part of the Technology Mission's effort aimed at stabilizing credit delivery. Purists should not object to this since even the famous Mulkanur Cooperative Society has, over a long period of time, opted out of financing by the District Cooperative Central Bank and the State Bank of Hyderabad has been financing it. Thus what the Mission should aim at is to combine the principles of integrity that have sustained the Mulkanur Society and its untrammelled financing by the commercial banking system. Especially in the context of the moratorium declared by the Government leading to the drying up of private credit to the farmers, this merging of the commercial credit and cooperative credit streams has to be seriously examined to make credit a reality to the farmers. The Technology Mission has to address this proposal.**

**The justification for my proposal can be seen from the philosophy that originally governed the scheme of financing by the Commercial Banks of Primary Agricultural Credit Societies (PACS). I reproduce below an extract from the guidelines relating to the Scheme on the subject.**

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In July 1969, the study Group of the National Credit Council suggested that Commercial Banks might consider financing of Primary Agricultural Credit Societies (PACS) in areas where the District Cooperative Central Banks are financially and administratively weak.

The scheme of financing of Primary Agricultural Credit Societies by Commercial Banks was formulated by the Reserve Bank of India in 1969 in consultation with the Government of India, with a view to fill the credit gaps that existed in the areas of District Cooperative Central Banks. On a pilot basis, the scheme was initially introduced in 49 select districts of five states viz., Andhra Pradesh, Madhya Pradesh, Uttar Pradesh, Karnataka and Haryana and was subsequently extended to few other states also. **The scheme is thus basically conceived to supplement the efforts of cooperatives wherever they are found weak. It was thought that Commercial Banks with large resources and financial expertise at their command will bring about the necessary breakthrough in the process of revitalization of cooperative societies. It was not the intention that there should be mere substitution of credit agency from District Cooperative Central Bank to Commercial Bank. It was envisaged that Commercial Banks should take upon themselves a promotional and developmental role in shaping the destiny of the cooperative societies ceded to them. The scheme was originally envisaged as a transitional measure, but now it has become an integral part of Banks financing.**

**Objectives of the Scheme:**

- i) To meet the credit gaps in agriculture under short and medium-term loans with special attention to small and marginal farmers.
- ii) To revitalize the working of societies and make them viable units.

**Advantages in financing through PACS:**

**As compared with direct financing of farmers, financing through Primary Agricultural Credit Societies provides certain procedural and administrative conveniences and the following advantages:**

- i) Availability of a readily built infrastructure in PACS.**
- ii) Possibility of covering a large number of farmers within a short period.**
- iii) Better coverage of small and marginal farmers.**
- iv) Easy and effective identification.
- v) Inexpensive operational system.
- vi) Standardized and simple documentation methods.
- vii) Cheap administrative system at the society level.

**Concessions or Privilege of Society under the Cooperative Societies Act:**

- i) The societies are exempted from certain taxes and fees as stipulated from time to time.
- ii) The disputes, if any, between members to society or society to bank could be settled through Arbitration without recourse to civil courts.
- iii) Simplified and summary procedures are prescribed for the recovery of overdues of member, without civil litigation in courts.
- iv) First charge in favour of cooperative society is available.
- v) There is restriction on alienation of property when the loan is outstanding in society.

**Privileges of Financing Bank under the Cooperative Societies Act:**

The various State Cooperative Societies Acts have been amended suitably extending the definition of “Financing Bank” to commercial banks also financing Primary Agricultural Credit Societies. In pursuance of this, the following privileges accrue to the financing banks.

- i) Access to the books of accounts and inspection of societies financed.**
- ii) Power to financing bank to recover members’ over-dues directly, in case the societies fail to initiate legal action for the recovery of dues, under Cooperative Societies Act.**
- iii) Obligation for the Registrar of Cooperative Societies to consult the financing banks before superseding the irregular Managing Committee of society.

- iv) Privilege of Financing Bank to requisition a General Body meeting of society under the Act.”

13. **A major issue of governance affecting the farmers in the context of credit is the staggering failure of the Government to do any thing at all to protect the rights of the tenants and farmers with unregistered sale deeds, who constitute mostly holders of small and marginal farms.** Today, in the case of the tenants, the landlord exercises a veto against his getting credit from the banking system since he never enters into a lease agreement in writing with the tenants. On the one hand, there has been failure of land reforms in the State and on the other the State has no means of enforcing the recording of tenancy. It may be unreasonable to expect the banking system at its present stage of evolution to lend towards the crop raised without reference to proof of occupation. This problem, therefore, is squarely the responsibility of the political Government of the day. **Legislation and its enforcement that provides for recording of tenancy alone is the answer to this vexed question.** Any progressive society should support not only land reforms in terms of ceiling but also the eventual right of the tiller to the land. On both these fronts the country and the State have failed. The loser is the tenant on both counts. Reliance on the false promises of the Government that it would implement land reforms would be seriously misplaced. The answer, therefore, would seem to lie in a legislation that at least guarantees credit to lands which a tenant is tilling with adequate safeguards for recovery so that he is able to raise a crop that sustains him pending implementation of other programmes allied to such land and non-farm employment as can lift him above poverty. **Further, as a part of good governance, a drive should be undertaken in all the districts to register the unregistered sale deeds so that records are built up that will help in credit being accessed by farmers. The Mission should also address these two aspects of credit.**

14. **Among the causes of farmers' private indebtedness at usurious rates of interest are high levels of health expenditure, particularly in the context of women's ailments. With levels of hunger rising in small and marginal farmer households in the context of seasonal distress debts are being incurred even to access food grains.** These are essential expenditures. The Reserve bank of India has a policy on consumption loans observed more in the breach by the banking system. **An honest implementation of the RBI's Consumption credit policy should be got enforced. This should form part of the Technology Mission's credit goals.**

## 15. CONCLUSION – the Centrality of Political Will.

All these should form part of the goals of the Technology Mission. These are all issues of Governance, which should have been set right in the normal course. We talk of Technology Missions because we tend to think that normal procedures of Government do not lend themselves to accomplishing the intended goals. But we have instances in our country where some technology missions failed while others succeeded even where the overall guidance came from the same set of individuals. The failure of the Immunization Technology Mission and success of the Telecom Technology Mission illustrate this respectively. **Success in Governance, however, in a democracy is essentially determined by political will. We need, therefore, the political will to accomplish the goals spelt out here. No Commission can, however, mandate political will.** Also, political will cannot be defined as merely the will of the party in power. Agriculture, farmers and rural labour belong to the country as a whole and, therefore, all the political parties and the Central and State Governments together have a duty to ensure their welfare and the well being of agriculture. **Hence, an important requirement of good governance and therefore a goal of the Technology Mission should be the setting up of an all-party mechanism at the State level that will ensure political commitment from all sides to the goals of the Mission. If such an effort is not made at the State level, it is extremely doubtful whether the Centre would discharge its obligations in the areas for which it is responsible. It is equally doubtful if the bureaucracy would support the Mission goals without reservation if there were no multi-party commitment to the goals of the Mission. Since the main profession of our political electives is politics itself, external forces will have to be organized to keep them on track, committed to the Mission goals. In this context an essential goal of the mission would be to evolve mechanisms to mobilize the farmers themselves, especially the small and marginal farmers and tenants farmers and dry land farmers around their rights, the failure of which has been listed at para 1, so that an integrated effort from the State and Central Governments, political parties of all hues and the farmers themselves emerges to ensure the welfare of the farmers.**

What happened in Andhra Pradesh over the past few years in the area of agriculture was but either a reflection or an extension of the same mindset of down grading the importance of governance itself even while paying egregious lip service to it. It was all right for the service sector to grow in terms of its proportionate contribution to the States' GDP but whatever was

the proportion of the State's GDP from Agriculture, the relevance of agriculture to people's lives and rural employment never dwindled. It was not expected to dwindle, either. However, the political leadership did not grasp this simple fact. Naturally enough, political electives found no time for Agriculture even at the cutting edge level like the Mandal or the village. With centralization becoming the order of the day, priorities also got centralized of which agriculture was not one. There was also this presumption that "less governance" was the equivalent of "good governance" and that centralized reviews based on computer aided inputs per se meant good governance. The appointment of contract employees who had little or no accountability is the classic expression of this mind set in several areas of governance including in vital ones like agriculture, especially at a time when agriculture was under the onslaught of private, vested interests. This Commission heard the Vice Chancellor of the Andhra Pradesh Agriculture University talk about the woes generated by the growers of hybrid who would not disclose the parents of hybrids for it was their trade secret and which is where all their profitability lay. Thus, the various dysfunctional manifestations in agriculture that we witnessed in Andhra Pradesh was the result of a combination of dysfunctional macro policy and dysfunctional micro mind sets promoted assiduously by political leadership. The message now must go that this kind of governance will be reformed and credibility in governance restored. **For this to happen credibly, there is need for the administration to be ever watchful. That it may not be happening is seen from the failure in governance in the wake of the measures announced recently by the Government of Andhra Pradesh, to provide a definite budget to meet the relief expenditure connected with action to be taken under GOMs No.421 dated the 1.6.2004. Today the Collectors are meeting the resources required for rehabilitation of the families of suicide victims and settlement of loans due to the moneylenders and the institutions, through resources available to them from sundry sources. This kind of half-hearted measures is bound to send wrong signals to the officials down the line as regards the seriousness of the Government to provide relief to the farmers. A formal budget provision to meet the needs of GOMs 421 dated 1.6.2004 and the amendment suggested below to that order is an urgent need:**

**The loan settlement amount of Rs.50, 000 the Government of AP have provided in GOMs. 421 Rev (DA-II) dated 1<sup>st</sup> June 2004 for meeting the debt obligations of farmers should not have included the dues to institutional creditors like Banks and Cooperatives. The Central Government should step in and to have those amounts written off, if they are serious about helping the farmers of Andhra Pradesh.**

**This small step may be the immediate starting point for ushering in good governance in regard to the farmers' plight as the Government of Andhra Pradesh settles down to look at the Commission's various other recommendations.**

**K. R. VENUGOPAL  
FORMER SECRETARY TO THE PRIME MINISTER  
AND SPECIAL RAPPORTEUR, NATIONAL HUMAN  
RIGHTS COMMISSION.**

### III. Note on Public Distribution System for The Farmers' Welfare Commission

5th December 2004.

BY

**K.R.VENUGOPAL.**

There are high levels of hunger prevalent in most parts of Andhra Pradesh that do not have assured irrigation facilities. A few starvation deaths have occurred as well in the State. The people need a properly functioning and affordable Public Distribution System to cope with this situation. The price of food grains in a well-run PDS should be determined on the basis of the employment levels and wage levels obtaining at the relevant time. **The size of the family should be the unit to determine the food requirements of the family, ensuring interpersonal equity within the household as regards scales. Such requirement should be guaranteed to a poor household as its non-negotiable entitlement.** The quantity of entitlement and the price fixed should be kept frozen for the period during which the family remains below the poverty line, the elimination of such poverty itself being the acid test of the responsibility of the development and anti-poverty strategies drawn up and implemented by the State. The food grains entitlement for a month should invariably reach the fair price shop by the fifth day of that month at the latest. The poor household should have the right to draw its entitlement during the month through **as many installments as it deems feasible.** This is essential to ensure that the fair price shop dealer in the PDS does not assume powers that are not his. **A PDS of this kind with the fair price shop at the centre should be a permanent arrangement.** In times of drought and other natural calamities when the purchasing power goes down, the entitlement for the household in the fair price shop should go up and the prices should be revised down so that the household is kept above hunger.

2. In the Public Distribution System the fair price shop dealer continues to be the weakest link in the system. Absence of proper institutional credit is the villain of the piece in regard to the failure of the Public Distribution System even as it is in regard to the myriad problems faced by the farmers. The availability of resources for the fair price shop dealer to lift the quota allotted to him seems to be very little from the institutional system, driving him into the arms of the usurious money lender. Wanting to avoid paying large interest on the monies borrowed from the moneylender to lift the rice allotted to him from the State's Civil Supplies Corporation, the fair price shop dealer endeavors to keep the rice brought by him in the fair price shop for the minimum possible time and never longer than 3 or 4 days, demanding of the poor BPL card holders to lift their quota of rice within that short period. No BPL cardholder can afford to do this all at one time within 3 or 4 days. Thus the cardholders are denied their entitlement, meager as it is, in the Public Distribution System. Added to this is the problem of departmental procedures relating to issue of stocks. No fair price shop dealer appears to reach the stocks to the village before the second fortnight of the month to which the stocks relate. This late arrival of rice in the village further perpetuates hunger. Thus there is no relief from the Public Distribution System for the people living below the poverty line. Another problem, which continues, is that still large numbers of people below the poverty line continue to be without BPL rice cards.

**3. The solution to this problem in the Public Distribution System lies in making credit a credible reality for all the actors in the system.** Promises from the institutional finance system over the years that they are ever ready to support the fair price shop dealers in the Public Distribution System have proved to be hollow. We, therefore, need a truthful, if radical, solution to the problem of credit. The Food Corporation of India procures food grains on a credit line provided to it by the Reserve Bank of India and a consortium of banks. The RBI again provides a credit line to the Andhra Pradesh State Civil Supplies Corporation to lift the rice from the FCI and stock it for further distribution to the fair price shops. It is from the State Civil Supplies Corporation that the fair price shop dealer lifts his quota after paying the cost of the rice. We have already seen the problem the fair price shop dealer faces in regard to credit. The solution to the fair price shop dealer's problem of credit and therefore of the BPL cardholder is to **extend the same existing line of RBI credit from the Civil Supplies Corporation to the fair price shop dealer also. This, the RBI should be prepared to do. The Andhra Pradesh Government should take up this issue with RBI**

**and the Government of India so that the BPL cardholder is not at the mercy of a dysfunctional credit system reflected in the inefficiency of the fair price shop dealer.**

4. Further, we have to make changes in our ways of thinking as to what an ideal Public Distribution System should be. **The PDS has become prohibitively costly for all the actors, especially for the poor. The right kind of PDS is that which depends for its supplies on local production and not transported grains over long distances involving transport costs and losses and corruption, not to mention the dependence on a dysfunctional credit system. That, however, depends on massive encouragement to dry land agriculture that is low cost, employing time-tested local agronomic practices, proactive promotion of coarse cereals through a remunerative MSP regime, addressing their storage issues including using local technology and distribution decided by peer groups of the poor.** An excellent effort in this direction called the Alternate Public Distribution System (APDS) is on in the Pastapur area of Zaheerabad in Medak district by the Deccan Development Society. This effort needs the backing of the State Government for its replication on a large scale, as that is the ultimate answer to the problems of hunger and poverty. While providing that effort all support, the State Government **should improve the working of the PDS in the interregnum by improving its delivery on the lines proposed in regard to the crucial issue of credit. Simultaneously, we should improve the delivery mechanism through other alternate measures like the newly introduced Food Assurance Scheme (FAS) designed by the Centre for Environment Concerns (CEC), Hyderabad.** In the FAS, the Government makes available rice on credit to the CEC (NGO), which in turn makes available rice on credit to the Women's Self Help Groups (SHG). The SHGs distribute the rice to their members and recover the cost of rice as part of their micro credit programme. This approach has been further improved with repayment being in the form of labour performed by the poor in wage employment programmes of the Government. The core element of this programme is that the poor are immediately and dynamically enabled to exchange their only asset, namely, labour for food grains that the Government has in plenty, so as to live above hunger. Food grains are to be given under this programme on credit at the very beginning of the month to the identified poor families and the poor families, through their labour, will repay that credit. The poor themselves, in terms of their outturn, will determine the value of labour returned by them to the State. There is a refreshing element of trusting of the poor in this Programme, a concept hitherto regrettably alien to our culture.

5. In other words, all these **three parallel approaches to the PDS need to be encouraged at the present time – one, where in the existing Public Distribution System, the RBI credit line is extended right up to the fair price shop; another where rice is made available to reliable NGOs on credit for distribution through organized groups of the poor repaid through their own labour and the third which supports through replication the Alternate Public Distribution System (APDS) designed and being run by the Deccan Development Society in the Zaheerabad area of Medak District. The third model should be our ultimate goal.**

6. An Employment Guarantee Scheme (EGS) is a necessary strategy for food security along side a PDS of the kind detailed above. The basic component of an employment guarantee scheme should be that if a minimum number of, say, 20 unemployed persons in a village demand employment, it should have to be provided in the mandal at the living wages, applicable to that area. This EGS should ensure that a part of the wages (but not the entire wage) is paid in food grains of fair average quality at the same price as fixed for the PDS grains. In other words, the poor households participating in a self-targeting EGS and a targeted Public Distribution System put together would receive a very substantial part of their household food grains requirements at prices affordable by them. This is why we need to have the PDS with a permanent fair price shop at its centre as a basic, strategic requirement for all our rural employment programmes. And not the works contractor as a conduit in employment programmes using food grains!

7. Amongst the most vulnerable sections of our population are our women and children, particularly those living below the poverty line. Often, in our programmes like ICDS the nutrition component is moved from long distances. Such nutrition component lacks local flavour and does not involve the local community. This approach is thus conceptually and other wise seriously flawed. This can be set right by the needs of the nutrition programmes being met through the PDS outlets where coarse cereals locally procured can be marketed at specially subsidized prices. A

permanently existing fair price shop designed in this fashion is a guarantee against nutrition interruption, a common failing in our nutrition-cum-health programmes.

8. A public distribution system designed in this manner becomes **an infrastructure for delivering** the requirement of the needs of the household in the context of its basic food needs entitlement up to a point and the nutrition and real wage component of the employment programmes and the nutritional component of the nutrition-cum-health programmes, all of which help people in distress cope with their predicament. **In short, a PDS becomes an essential infrastructure and an essential subordinate strategy** in efforts at eradication of poverty. Without food security of this kind as a first step rising levels of hunger cannot be addressed.

9. Given all the facts discussed above and especially the fact that just about 35 percent of all the cultivable lands in the State alone have assured irrigation facilities and considering that most of the poverty population in the State lives in the other 65 percent of the area, the real and sustained answer to the problem of food security will come only if we decentralize our agricultural strategies as discussed elsewhere in this report.

10. PDS should thus be looked upon as an alternate market for the poor, but it can function as market relevant to the poor only when insulated from factors of violent fluctuations of supplies and price. The relevance of the PDS for food security will depend on its playing an integrative role for household level food security, wage employment and nutrition programmes including the ICDS and MDM. The Government of Andhra Pradesh should refurbish the existing Public Distribution System on these lines.

## IV. A note on Panchayat Raj in Karnataka

By

K R VENUGOPAL

The latest order issued by the Government of Karnataka in October 2004 seeks to do expressly the following things:

1. It has transferred funds from the State and Central sectors in 26 Departments amounting to Rs.1, 887 crores to the Zilla Panchayat, Taluk Panchayats and Gram Panchayats. The amount transferred to the Gram Panchayat is Rs. 839 crores and that to the Zilla Panchayat is Rs.828 crores. The amount transferred to the Taluk Panchayats is Rs.220.00 crores.

**Of the Rs.1887 crores transferred to the Panchayat bodies Rs.536 crores relate to agriculture – soil and water conservation Rs.308 crores, minor irrigation 97 crores, agriculture 70 crores, horticulture 32 crores, Rural Development and Panchayati Raj 13 crores, fisheries 2.5 crores, sericulture 5.37 crores, animal husbandry 5.00 crores, cooperation 2.56 crores and agriculture marketing 0.41 crores.**

2. It specifically states, “parallel bodies should not be establish to implement the subjects devolved to PRIS. Such institutions existing at the District level should be reconstituted under the Chairmanship of Adyaksha or the Chief Executive Officer of the Zilla Panchayat”.
3. **World Bank and external aided projects should be implemented thorough PRIs only.**
4. An activity mapping among the three Panchayat Raj institutions has been drawn up which clearly states the role and responsibilities of the 3 tiers of the PRIs with respect to the functions devolved to them. For example, increasing agricultural production, assessment and distribution of inputs, credit, extension support, soil testing, post harvest management, soil conservation are all activities and the distribution of functions with regard to the subject has been spelt out clearly between the 3 tiers. For employment and training Rs.12.3 crores has been made available in addition to the agriculture outlays. Of this, the bulk of the amount amounting to Rs.11.51 crores has been transferred to the Zilla Panchayat while Rs.0.79 crores has been transferred to the Taluk Panchayat.

This is how ideal devolution of powers, functions and finances should be affected to achieve genuine self-governance. The opposite has been happening in Andhra Pradesh in recent years. This should be reversed on the model of the Karnataka

approach in the interests of good governance in general and of agriculture in particular.