



# INDEBTEDNESS AND AGRARIAN CRISIS: MICRO-LEVEL EVIDENCE FROM VICTIM FARM HOUSEHOLDS IN MANDYA DISTRICT OF KARNATAKA

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## ABSTRACT-----

*The agricultural sector continues to play a crucial role in the Indian economy in terms of income generation and employment, yet it faces persistent structural challenges that have intensified agrarian distress in recent decades. Against this backdrop, the present study examines the nature and dynamics of indebtedness among victim farm households in Mandya district of Karnataka, a region significantly affected by farmer suicides despite its relatively advanced irrigation infrastructure. Drawing on micro-level evidence, the study explores the patterns, sources, and determinants of farm indebtedness and its linkage with the broader agrarian crisis.*

*A substantial dependence on non-institutional sources of finance, often at high interest rates, exacerbates the debt burden and increases financial vulnerability among victim farmers. In several cases, mounting debt and the inability to repay loans contribute to severe distress, culminating in farmer suicides and leaving behind economically and socially vulnerable households. The study concludes by stressing the need for comprehensive and targeted policy interventions aimed at strengthening institutional credit systems, ensuring remunerative prices, promoting sustainable agricultural practices, and enhancing social security measures. By providing micro-level insights, the paper contributes to a deeper understanding of agrarian distress and offers policy-relevant suggestions to address the growing crisis of farm indebtedness in regions like Mandya.*

**KEY WORDS:** *Indebtedness, Agrarian Crisis, Victim, Farm Households and Mandya.*-----

## I. INTRODUCTION

The agriculture sector has long been the backbone of the Indian economy, playing a vital role in national income and employment. This sector contributes approximately 16 per cent of the country's GDP for FY24 at current prices by registering an annual growth of 3.6% and supports about 46.1 per cent of the population (Economic Survey, 2024-25). The share of agriculture in total GVA of economy has declined from 35% in 1990-91 to 18 percent in 2023-24 due to rapid growth in the industrial and service sector. However, in recent decades, the agrarian sector has been increasingly characterized by structural vulnerabilities, including declining farm incomes, rising input costs, market uncertainties, and climate variability. These challenges have contributed to a deepening agrarian crisis across several regions of India, with distress manifesting most tragically in the form of farmer indebtedness and suicides.

According to the NCRB report (2022), Karnataka stood up at second place after Maharashtra in the number of farmers' suicide cases reported in the year 2022. Of the total 11,290 cases were reported across the country, around 4,248 farmers end up their lives in Maharashtra, constitute at 37.6 percent in total farmer suicides, whereas 2,392 in Karnataka which constitute 21.18 percent. Mandya, Mysore and Ramanagara districts are found to be more suicide affected districts in Cauvery belt region of Karnataka, they together accounted by 16 percent of the total farm suicides with majority of them are sugarcane growers in the state. As per the data provided by the Department of Agriculture, Govt. of Karnataka, a total number of 475 farmers committed suicide alone in Mandya district during 2015-16 to 2020-21. The data on land holdings shows that, marginal and small farmers, with holdings of less than 2 hectares, constitute nearly 95 percent of the total landholdings in Mandya district.

The Mandya district, often referred to as the "Sugar Bowl of Karnataka" due to its prominence in sugarcane cultivation, presents a compelling case for examining the micro-level dynamics of agrarian distress. Despite relatively better irrigation infrastructure supported by the Cauvery river system, many farmers in Mandya face acute financial stress. Increasing dependence on high-cost inputs, fluctuating crop prices, and limited access to institutional credit have forced farmers to rely heavily on informal sources of finance, often at exorbitant interest rates. Indebtedness has



emerged not merely as an economic issue but as a multidimensional crisis affecting the social and psychological well-being of farm households. In several instances, the inability to repay accumulated debts has led to extreme distress, contributing to farmer suicides and leaving behind vulnerable households grappling with economic insecurity and social marginalization. Understanding the nature, sources, and consequences of indebtedness at the household level is therefore essential for designing effective policy interventions. This article seeks to provide micro-level evidence from victim farm households in Mandya district, focusing on the patterns and determinants of indebtedness and its role in perpetuating the agrarian crisis.

## **II. OBJECTIVES OF THE STUDY**

The main objectives of the study is to enlighten the indebtedness status of victim farm households in the Mandya district based on primary data and also make descriptive statistical analysis of their debt pressure as a main factor for farmers suicides. The specific objectives of the study are as follows;

1. To analyze the extent, nature and sources of indebtedness among victim farm households in the study area.
2. To assess the magnitude and determinants of debt stress among farm households in the study region.
3. To examine the relationship between indebtedness and agrarian crisis.
4. To suggest policy measures for reducing agrarian crisis by strengthening the financial resilience of victim farm households in Mandya district.

## **III. METHODOLOGY OF THE STUDY**

The Mandya District has been selected for the present comprehensive study due to the relatively high incidence of farmers' suicides reported in the region. Mandya is one of the thirty-one districts of Karnataka and has witnessed a significant number of farmer suicide cases in recent years. According to the official records of the Department of Agriculture, Government of Karnataka, a total of 442 farmers committed suicide in the district during the five-year period from 2015–16 to 2019–20, making it one of the most severely affected regions in the state.

The present study is mainly based on primary data, supplemented by limited secondary data to obtain relevant statistical information and contextual background. Out of the 442 reported suicide cases, 300 victim farmer households were selected for the study. The data were collected through a structured interview schedule, which facilitated the systematic collection of necessary information from the respondents. The head of the victim farmer households, particularly those who were actively engaged in farming activities, were considered as the primary respondents for the study. This approach enabled the researcher to obtain reliable and first-hand information regarding the socio-economic conditions, indebtedness, and agrarian vulnerabilities of the affected households.

For the purpose of data analysis and interpretation, appropriate statistical tools such as frequency distribution, arithmetic mean, cross-tabulation, and the chi-square test were employed to analyze the collected primary data and draw meaningful conclusions. These techniques helped in identifying patterns, relationships, and significant factors associated with farmers' suicides in the study area.

## **IV. AGRICULTURAL CREDIT –SOURCE AND THEIR UTILIZATION BY THE VICTIM HOUSEHOLDS**

Credit has been recognized as the life blood of all economic activities. Like all other producers, farmers also essentially need credit for their farming practices. According to an old proverb, “Credit supports the farmer as the hangman’s rope supports the hanged.” This statement is fully true in the context of Indian farmers who have been struggling with poverty smile long. But, for stimulating the tempo of agricultural production, an adequate and timely credit is most essential. Farmers can be availed required credit from the two important sources; they are formal and informal or institutional and non-institutional source of credit.

The details of share of indebted victim farmers taking loans from institutional source can be viewed from Table-1 that, among 300 sample victims, majority of them availed loans from Co-operative Societies which is accounted at 77.3 percent, followed by commercial banks (56 percent), SHG Bank linkage programme (44.3 Percent) and Regional Rural Banks (39 percent). It will further indicate that among institutional source co-operatives and commercial banks have been occupied a key position in providing agricultural credit in the study region (Figure-1).

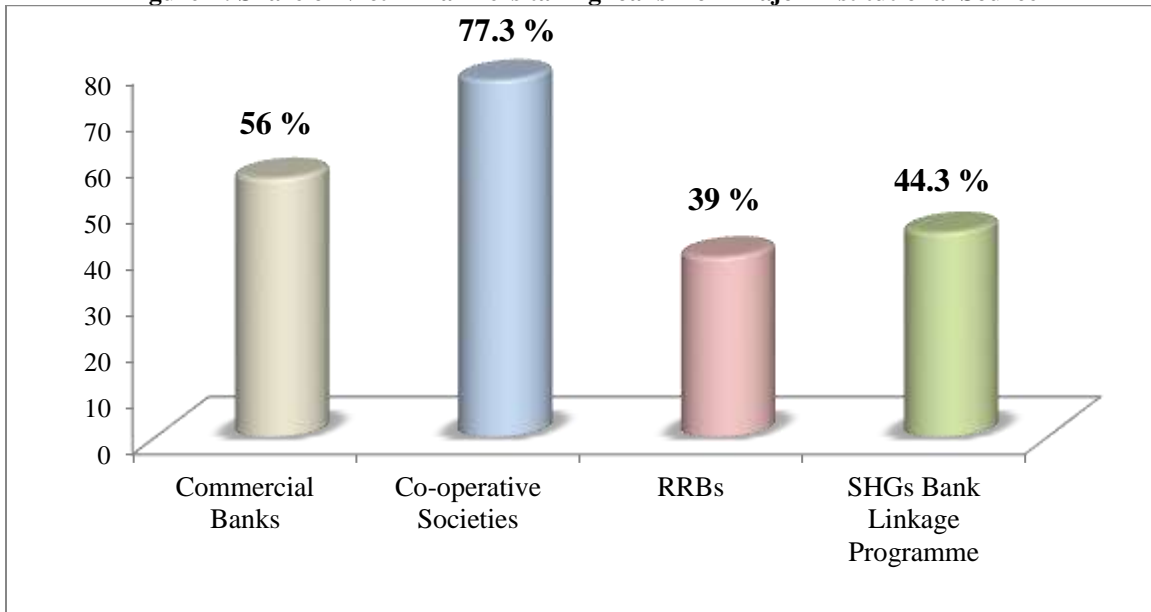


**Table-1: Share of Indebted Victim Farmers taking Loans from Institutional Source**

Sl. No	Source of Credit	No. of HH from total sample who availed Loans	% of HH to total sample who availed Loans
1	Commercial Banks	168	56.0
2	Co-operative Societies	232	77.3
3	RRBs	117	39.0
4	SHGs Bank Linkage Programme	133	44.3

(Source: Primary Data)

**Figure-1: Share of Victim Farmers taking loans from major Institutional Source**



The below Table-2 is clearly depicted that, debt position held by the victim farmers and their amount of debt availed mainly from various institutional sources. Majority of suicide farmers have had an average debt position ranging from 2.0 lakh to 3.0 lakh which constitutes at 40.33 percent in total institutional debt, followed by farmers held the debt position from 3.0 lakh to 4.0 lakh (24.67 %). About 12 percent of farmers have availed loan amount equal to 4.0 to 5.0 lakh, but less than one lakh and above 5.0 lakh loan amount borrowed by farmers constitute relatively low percentage as compared to others. It found that marginal and small land holdings families have much indebted than the large farm size category in the study region.

**Table-2: Distribution of Victim Farmers by the Amount of Debt taken from Institutional Source**

Sl. No	Institutional Credit (Rs)	No. of HH	Percent
1	< 1,00,000	18	6.00
2	1,00,000-2,00,000	32	10.67
3	2,00,000-3,00,000	121	40.33
4	3,00,000-4,00,000	74	24.67
5	4,00,000-5,00,000	36	12.00
6	Above 5,00,000	19	6.33
	Total	300	100.00

(Source: Primary Data)

Apart from institutional credit farmers were also largely depends on non-institutional sources for meeting their credit needs, farmers have obtained adequate loan amount by approaching money lenders at high rate of interest and it is available on time without following any cumbersome legal procedures and documents sought by the financial institutions. The details of major non-institutional credit sources of victim farmers are viewed from Table-3. The members of sample victim households reported that, nearly 83.3 percent of victim farmers have borrowed huge amount of loan from money lenders at high rate of interest which obviously create debt pressure among suicide farmers and

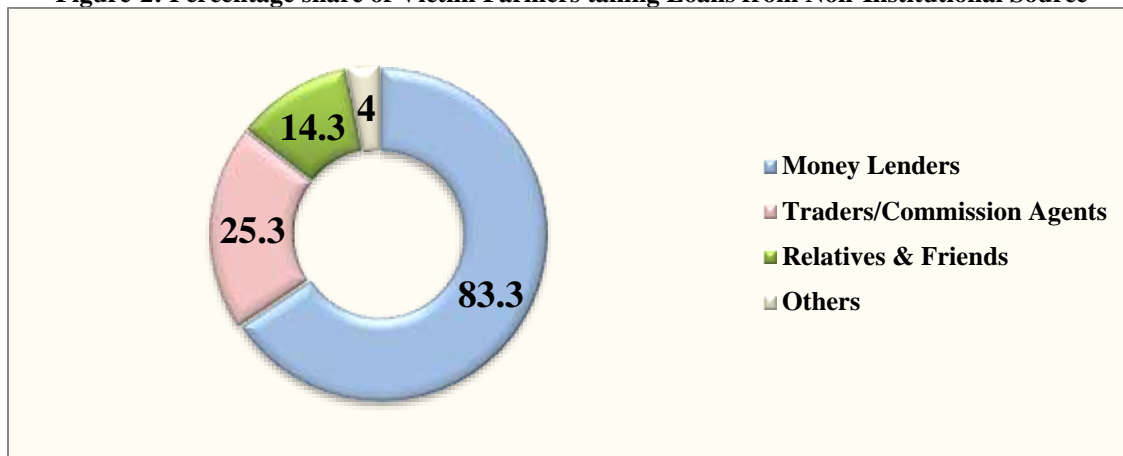
traders / commission agents accounts with 25.3 percent, victims were also taken small amount of loans from their relatives and friends (14.3 percent), and other source constitutes 4 percent in total non-institutional source of the victim farmers (Figure-2).

**Tabl-3: Share of Indebted Victim Farmers taking Loans from Non-Institutional Source**

Sl. No	Source of Credit	No. of HH from total sample who availed Loans	% of HH to total sample who availed Loans
1	Money Lenders	250	83.3
2	Traders/Commission Agents	76	25.3
3	Relatives & Friends	43	14.3
4	Others	12	4.0

(Source: Primary Data)

**Figure-2: Percentage share of Victim Farmers taking Loans from Non-Institutional Source**



It is observed from Table-4 that, debt position held by the victim farmers and their amount of debt availed mainly from non-institutional sources. Most of the victim farmers had borrowed large amount of debt mainly from money lenders, which was ranging from 4.00 lakh to 5.00 lakh at 3 to 6 percent of interest per month and constitutes at 36 %. It is the main sources of credit through which farmers can easily access adequate loan amount on time. Though 27 percent of farmers have availed loan amount equal to 3.00 to 4.00 lakh, 18 percent of farmers had a debt position between 2.00 and 3.00 lakh, 11.3 percent had taken more than 5.00 lakh loan, remaining debt position of less than one lakh and 1.00 to 2.00 lakh accounted 1.3 percent and 6.3 percent respectively among debt ridden suicide farmers. The study noticed that amount of debt and subsequent rate of interest borrowed from non-institutional sources was relatively higher than the institutional sources among victim farm households. This would create a pressure of repayment of debt among suicide farmers, the inability of farmers in repayment of old debt ultimately pushes the farmers to commit suicide.

**Table-4: Distribution of Victim Farmers by the Amount of Debt taken from Non-Institutional Source**

Sl. No	Non-Institutional Credit (Rs)	No. of HH	Percent
1	< 1,00,000	4	1.3
2	1,00,000-2,00,000	19	6.3
3	2,00,000-3,00,000	54	18.0
4	3,00,000-4,00,000	81	27.0
5	4,00,000-5,00,000	108	36.0
6	Above 5,00,000	34	11.3
	Total	300	100.00

(Source: Primary Data)

### Debt Pressure as a Prominent Reason for Farmer Suicides in Mandya District of Karnataka

The 'Indian farmers were born in debt, lived in debt and died in debt' (Darling, 1925). This is what Sir Malcolm Darling, a famous British researcher and writer, who wrote in 1925 after studying the condition of farmers. So, the



problem of farmer’s indebtedness is not a new concept; it has had a long history. Among the associated factors found with farmer suicides, most of the studies have been found indebtedness is the predominant single factor associated with farmer suicides. Indebtedness has been identified as a major reason for farmer suicides in the Radhakrishna Committee Report (2007) and the study by Deshpande (2002). Acute indebtedness has been cited as one of the prime reasons of farmers’ distress (Assadi, 1998; Revathi, 1998; Mishra, 2006; Jagadisha and Ramakrishnappa, 2018). As per the data available from National Crime Records Bureau, at national level, the prominent cause recognized for farmers’ suicides is indebtedness (20.6 percent).

The indebtedness viewed as one of the major causes for committing suicides of farmers in the study area. It is evident from the Table-5 that, the debt pressure has a major role to play in causing farmers suicides as 83.9 percent of the total victims faced debt pressure from money lenders before they took the extreme step. Majority of the victim households in the study area reported that the interest charged by the money lenders was as high 3 to 5 percent per month. Interestingly, from poor financial conditions of the small and marginal farmers inevitably took extreme step of committing suicide.

**Table-5: Indebtedness Status (Moneylenders) of Farmer Suicides by Land Size**

Land Size (acres)	Yes	No	Total
< 2.5 Acres (Marginal Farmers)	92 (78.0)	26 (22.0)	118 100 %
2.51 - 5.0 Acres (Small Farmers)	121 (85.8)	20 (14.2)	141 100 %
> 5 Acres (Medium Farmers)	37 (90.2)	4 (9.8)	41 100 %
Total	250 (83.9)	50 (16.1)	300 100 %

(Source: Primary Data)

From the Chi-square test result (Table-6), it is observed that p-value is 0.029 (chi-square = 7.029) which is less than the significant alpha level of 0.05 (at 95 percent confidence level). Hence it seems to statistical evidence to conclude that the suicide rate of farmers is higher among marginal and small farming community especially those taking loans from non-banking sector.

**Table-6: Cross Tabulation between Type of Farmers and Source of Indebtedness as reason for Farmers’ Suicide**

Type of Farmers	Percentage of Farmers’ Borrowing Loans from		Total
	Banking Sector	Non-Banking Sector	
< 2.5 Acres (Marginal Farmers)	30.1	69.9	100.0
2.51 - 5.0 Acres (Small Farmers)	43.3	56.7	100.0
> 5 Acres (Medium Farmers)	47.8	52.2	100.0

(Source: Primary Data)

Pearson Chi-Square Value = 7.029

Asymptotic significance (p-value) = 0.029\*

From the Chi-square test result (Table-7), it is observed that p-value is 0.204 (chi-square = 4.590) which is greater than the significant alpha level of 0.05 (at 95 percent confidence level). It states that, whether loans are obtained from the banking or non-banking sectors, the rate of farmer suicides is unchanged regardless of the level of annual income.



**Table-7: Cross Tabulation between Annual Income and Source of Indebtedness as reason for Farmers’ Suicide**

Annual Income	Percentage of Farmers’ Borrowing Loans from		Total
	Banking Sector	Non-Banking sector	
<= 25000	34.4	65.6	100.0
25000 to 50000	45.5	54.5	100.0
50000 to 75000	47.6	52.4	100.0
75000 to 100000	46.9	53.1	100.0

(Source: Primary Data)

Non-Banking Sector means loan taken from private money lenders, (NBFI)

Pearson Chi-Square Value = 4.590

Asymptotic significance (p-value) = 0.204\*

It is viewed from the Table-8 that, loans were mostly taken for productive purposes by the victims, which further evident that, 64.6 percent of victim farmers had taken loans for meeting current expenditure for crop cultivation, 47.3 percent availed loan for capital expenditure for farm equipments, 32.3 percent used fresh loan amount for old debt repayment, and 24.6 percent of farmers taken a loan for undertaking agricultural subsidiaries like dairy farming, sericulture etc. while less number of victims used loan amount for marriage of son/daughter (13 percent), meeting consumption expenditure (10.6 %), children education (6.3 %) and other purposes (5.3 %).

**Table-8: Farmers Debt by Purpose of Loan**

Sl. No	Purpose of Loan	No. of HH from total Sample who answered ‘Yes’	% of HH to total Sample who answered ‘Yes’
1	Current Expenditure for Crop Cultivation	194	64.6
2	Capital Expenditure for Farm Equipments	142	47.3
3	Capital Expenditure for Land Development Works	58	19.3
4	Expenditure for undertaking Agricultural Subsidiaries	74	24.6
5	For making Partial/Full repayment of Old Loans	97	32.3
6	Expenditure for Non-Farm Business	28	9.3
7	Consumption Expenditure	32	10.6
8	Marriages and Ceremonies	39	13.00
9	Children Education Purpose	19	6.3
10	Medical Expenses	11	3.6
11	Other	16	5.3

(Source: Primary Data)

## V. MAJOR POLICY RECOMMENDATIONS

The present study has been made sincere efforts to understand the agrarian crisis mainly caused by increase in indebtedness among farming households at micro level by collecting primary data in the study region. Further the study intends to make some important policy suggestions which are necessarily help in reducing the suicide tendencies among farming community and tackle agrarian crisis coupled with more financial stress in Karnataka, more particularly the Mandya district.

1. Government should take appropriate strategies and action plan to reduce farmers dependence on non-institutional sources of credit such as moneylenders.
2. It is suggested by majority of victim family members that, Government should implement farm loan waiving scheme when failure of crops due to drought or flood to provide temporary relief to distressed farmers. This would develop the confidence among the farmers and they will not come under depression.
3. Minimum Support Prices (MSPs) for major crops based on their cost of production must be ensured, and middlemen problem must be eliminated by creating a direct reach facility for the farmers to sell their output in easiest possible way.



4. Farmers in the study region have engaged in the cultivation of sugarcane and paddy. The delay by sugar factories to pay dues to farmers and the sudden crash in prices of crops has also reported by victim families. Therefore, the government should take severe action against sugar mills that have fails to clear dues of sugarcane suppliers.
5. The government must take strong initiatives for creating additional income and employment opportunities for the marginal and small farmers by supporting subsidiary occupations like dairying, sericulture, poultry and fisheries etc.
6. Pension scheme also needs to be extended to victim families, particularly for suicide farmers widows. So that special assistance programme needs to be implemented by the government for the affected victim families. This will enable them to sustain their livelihoods.
7. Special efforts should also be made to develop new technologies suitable to rainfed and small-scale farming so as to enable them to diversify their production towards high value commercial and export crops.

## CONCLUSION

The analysis of indebtedness and agrarian distress among victim farm households in Mandya district reveals a deeply entrenched cycle of vulnerability shaped by structural, institutional, and socio-economic factors. The study highlights that farm indebtedness is not merely a consequence of individual financial mismanagement, but rather the outcome of persistent income instability, rising input costs, price volatility, and inadequate institutional support systems.

At the micro level, the findings indicate that a significant proportion of farmers depend on non-institutional sources of credit due to limited access to formal banking channels, cumbersome procedures, and lack of timely credit availability. This dependence often exposes them to high interest rates, compounding their debt burden. Crop failures, driven by climatic uncertainties and water scarcity, even in a canal-irrigated region like Mandya further aggravate the repayment capacity of farmers.

In conclusion, addressing agrarian distress in Mandya district requires a comprehensive and integrated approach that goes beyond short-term relief measures. Strengthening institutional credit delivery, ensuring remunerative prices, promoting sustainable agricultural practices, improving irrigation management, and expanding social security nets are essential.

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