

Research report on the impact of international farm-trade on the livelihoods of arecanut farmers and labourers in Karnataka and Kerala

By Parshuram Ray

Hypothesis: Seven years have passed since the WTO was established and many of the agreements impinging on agriculture have started implementation. During this short period, it has become obvious that the WTO's principal objective of creating a fair and market-oriented global trading system free from restrictions and distortions, while be a promised panacea, is in reality a threat to the livelihood security of resource-poor farmers and agricultural economy of developing countries.

According to the M S Swaminathan Commission on WTO concerns in Agriculture constituted by Kerala government, "despite cross cutting trade interest, the developing countries are striving to defend the interests of their national agricultural economies at every WTO negotiation forum, while the WTO system penetrates and seeks to control newer spheres of national economic life. It was the promise of substantial national economic gain with an increased access and benefit from world trade that prompted many developing countries, including India, to sign the Agreements. This is a promise that has been largely belied during the seven-year track record of WTO-regulated global trade, as documented now in a large and growing body of empirical research and analysis. For example, an FAO Study, published in 2001, surveyed the experiences of 14 developing countries during 1995-1998 and revealed that the increases in food imports into these countries have been far greater than the increases in their overall agricultural exports. World trade growth compared with that during the first half of 1990's was found slowing down and during this period of slump, whether caused by the WTO or not, synchronized with the existence of the WTO.

Widening of the existing gap in economic and political strengths between the

developed and developing countries and the enforcement of the WTO regime compliant national policy/legislative frameworks in developing countries are adversely affecting the livelihood and well-being of low-income and resource-poor groups in the latter countries.”

The Swaminathan Commission in its final report submitted in January 2003 further says that “the volatility of agricultural commodity markets, the inability of farmers in developing countries to face risks inherent from the violent fluctuations in international prices and emergence of a trade system where commodities produced under high domestic support and export subsidy can enter the developing country markets are real threats to the livelihood security of farmers from developing countries, who are not only resource- poor but also lack domestic safeguards to protect their livelihood. It is also seen that the AoA obligations under the special and differential treatments to developing countries in respect of market access have not been fulfilled by the developed countries.”

The Commission has held WTO regime directly responsible for the livelihood crises in Kerala. “Following the onset of the era of trade liberalization in farm products, as a result of the implementation of the Agreement on Agriculture (AOA) of the World Trade Agreement from 1995 onwards, Kerala’s agricultural products have experienced a price crash of unprecedented proportions. The brunt of this crisis has been borne by cultivators belonging to the small and marginal farmer category who constitute a major segment of the rural workforce. “

In December 2000, Prakash Singh Badal, the then Chief Minister of Punjab warned that, “the implementation of the WTO agreement in the present form would lead to bloodshed in the country. The signing of the WTO amounts to signing the death warrant for the farm sector.” Farming has indeed become a deathtrap for poor farmers of India. Thousands of farmers in the states of Andhra Pradesh, Karnataka, Tamil Nadu, Kerala, Maharashtra, Punjab and Rajasthan have been forced to commit suicide. Rising input costs, declining farm prices due to

globalization of agriculture and the increasing indebtedness of the farmers are the prime culprits behind these unnatural deaths.

Following a complaint by the US, the WTO decided in 2000 that India would have to remove trade barriers that previously protected its own, local producers. Ever since, Indian farmers have found it harder and harder to survive. Products that they once produced for the home market are now undercut by cheaper imported alternatives. The country now ships in Indonesian coconuts. The prices of coconuts in India have fallen by 80% as a result. Likewise coffee prices have collapsed by over 60 per cent, and the price of pepper has plummeted by 75%. But this is nothing in comparison with the market for edible oil. The Indian edible oil industry has effectively been wiped out. Low import duties have led to highly subsidized US Soya and Palm Oil from Malaysia flooding the market. Imports now account for 70% of India's domestic consumption of edible oil.

Prof. Utsa Patnaik of JNU who has done extensive research and written many authoritative papers on WTO's impact on Indian agriculture writes, "there used to be controls earlier on the export and import of agricultural products, and these have gone now. The result is that our producers are now exposed to the volatility of global prices. Global commodity prices are always highly volatile. This has to do with supply conditions. In the space of a few months, it is not unusual to see a trebling of prices and then as sharp a drop. If we take the concrete example of rubber or cotton production in the last decade, what actually happened was that when global prices were high, lakhs of small producers took loans, they even leased in land when they did not own enough, in hope of making a profit. What then happened was that if, as in cotton yields were not upto expectations, or as in rubber, there was a crash in prices, expectations of profit were not realized, and the producers were ruined. The extent of the volatility our farmers have been subjected to, combined with the cutback in institutional credit, has been such that even well to do farmers are facing a problem. That is very clear if we look at farmers in Punjab for instance, where evidence points to increasing levels of

indebtedness even in well to do strata. And this is mostly in the informal credit market, since there has been a very substantial crunch in institutional credit. There has been this well-publicized wave of suicides among farmers, of which there have been more than 800 over the last two years in Andhra Pradesh alone, mainly among cotton farmers. That of course is only the tip of the iceberg because there are several lakhs of farmers who are really mired in debt and are not taking this extreme step. But their position has definitely worsened to the extent that there has been a loss of land and other assets, and family members are forced to do daily wage labour."

Justice P.A. Chowdary who headed the Farmers' Commission of Experts on agricultural crisis in Andhra Pradesh says, "so far climate has been considered as the most unpredictable variable affecting the agricultural sector. But, the influence of global market forces, whose behavior is always not amenable to prediction and control, has become another factor affecting the progress and well being of farmers." Echoing the similar view, Communist Party of India (Marxist) state secretary B.V. Raghavulu says, "the recurring drought in the state was a minor factor behind the distress of people dependent on agriculture compared with the havoc wrought by market forces. The government encouraged farmers to shift from food crops to commercial crops as tobacco, cotton, chilies and castor seed. Small farmers who did so found themselves ill-equipped to cope with the market, which was governed by the WTO regime. The huge investments made on commercial crops went down the drain, while the debt burden went up. As the old debt is not repaid, the farmer cannot get a new loan. Left with no money, food and sympathy from his fellow villagers, he ends his life. Had he grown a food crop, he would at least have been left with something to eat."

According to Colin Hines, Caroline Lucas and Vandana Shiva, increased international trade in food is putting the livelihoods of small producers across the world at risk. The idea that farmers can make more money by growing food for export might, on the surface, seem a very sensible one. Unfortunately, it just does

not work. With more and more countries fighting for the same market, producers are forced to drop their prices in order to compete. The result is not more money for farmers, but less. This can be vividly seen in the coffee trade. Coffee is, after oil, the world's most valuable export. Between, 1995 and 2000, Vietnam used World Bank loans to triple its coffee output. This made Vietnam the world's second largest producer of coffee after Brazil, All well and good for the Vietnamese economy, but what about the farmers in the other 49 Third World countries that produce coffee? World coffee prices have collapsed and 20 million farmers worldwide now see their livelihoods at risk. A similar story is unfolding in the case of tea. China already provides 80% of the green tea traded on the international market. With growing western interest in green and organic tea's health-giving properties, China is now gearing up to meet an upsurge in demand. This is even if it means flooding the market with tea at rock bottom prices so as to ward off competitors like Sri Lanka and India.

Explaining the various processes behind the farming crisis in India Prof. Abhijit Sen of JNU who also chaired the National Commission for Agricultural Costs and Prices says, in the background of higher cost increases and lower risk-bearing capacity consequent to reduced public non-price support to agriculture, the opening up of the sector to international trade further increased the sources of uncertainty. Much hope was reposed in the outcome of the WTO agreement, which was expected to increase world prices further and also lead to greater price stability. The developments since the signing of this agreement have belied all earlier expectations, mainly because the developed countries managed to preserve almost all the distortions in international agricultural trade that suited them. World agricultural prices did increase for two years after the agreement was signed in 1994, but have spiraled downwards after 1996. In large part, it is these wild swings in international prices, which are the source of the present distress of Indian farmers. Unaccustomed to the vagaries of world commodity markets, and with reduced ability to cope with such risks, many farmers have been unable to meet obligations which were optimistically built up during years when prices were

high.

Most damagingly, policy-makers too were unable to cope effectively with the consequences of international price volatility. Import duties which had been reduced when world prices were high were increased only after considerable lag and in some cases, for example in the case of edible oils, the increased duties have been unable to neutralize the fall in world prices. In a closed economy prices and output tend to move in opposite directions, with higher prices mitigating incomes at times of output decline. But such automatic mitigation is much less in an open economy since world price movements can depress domestic prices even at times of low production. In the 25 years before 1995-96, there were only three years when the terms of trade had declined simultaneously with a drop in the index of agricultural production. But since 1995-96, the indices of terms of trade and of agricultural production have moved in the same direction every year. This is a direct effect of the implementation of the WTO agreements.

Case Studies

Cotton farmers' misery in Maharashtra.

Faced with mounting debt, a failed crop for the second year and declining price, cotton farmers in the Vidharbha region of Maharashtra are resorting to suicide as a way out of misery. More than 100 suicides have been reported since May 2001 in 12 districts, primarily in the Vidharbha region of eastern Maharashtra. A larger number of deaths were reported during 2002 than the previous year after a second crop failure and dipping cotton prices left farmers with no chance to repay their loans. Even a hand-to-mouth existence was rendered difficult by the state government's irregular payments for the cotton it procured last year. In 1997, the Vidharbha region faced a similar crisis when approximately 80 suicide cases were registered officially. Untimely rain had destroyed the kharif crop that year, leaving small farmers with little money and less hope to clear their debts. While the suicides both times may have been triggered by the vagaries of the weather, it is becoming increasingly clear that the root of the problem lies in the economic and other policies adopted by the government. Prof, Utsa Patnaik of JNU says, "such a crisis of mounting indebtedness and despair is unprecedented in independent India and it is the direct result of trade liberalization, exposure to global volatility and resulting price crashes.

Utsa Patnaik, in a paper titled "Deflation and Deja vu: Indian agriculture in the World economy", says the majority of cotton growers are small farmers. They are highly price-responsive and have been so since colonial times. She says that as world cotton prices improved in the early 1990s and unregulated exports were permitted, hundreds of thousands of farmers expanded the area under cotton.

They took large cash advances from traders and loans from banks to meet the extra seed and input costs on vast tracts of rain-fed land. One and a half million hectares of land was diverted from food grains to cotton between 1991 to 1996. Unfortunately the cotton crop is susceptible to a large variety of pests and the

unholy trinity of commission agents, fly-by-night pesticide dealers and seed suppliers. Cotton prices started declining in 1995-96 from 75 cents to an all time low of 35 cents in October 2001.

Adding to the farmers' problems is the increase in cotton imports, particularly from the United States. With the government lifting quantitative restrictions under the WTO treaties, cotton imports from the US increased from 21,221 tonnes in 1999 to 48,805 tonnes in 2000. "By permitting imports of cotton at 5 per cent duty, the central government has destroyed the domestic market. Prices have fallen drastically and the only people who have gained are those in the textile industry", says Vijay Javandhia, Leader of the Kisan Sanghatana based in Wardha. There is a glut of cotton in the world market at present. With more than one million tonnes of stock remaining from last year, cotton prices during the current marketing season are at their lowest since 1973, says the Washington-based International Cotton Advisory Committee (ICAC), an association comprising 42 countries growing and consuming cotton. "These prices, along with a failed monsoon, have been crippling the Indian small farmers," says the ICAC, which assists members in framing policy and providing technical advice.

More than 30 lakh farmers are dependent on cotton cultivation for their livelihood in Maharashtra. Vidharba accounts for 20 per cent of the cotton production in the country, which places Maharashtra second in cotton production in India. Approximately 30 lakh hectares, which is about 16.9 per cent of Maharashtra's net sown area is under cotton.

Until 1971 the cotton trade in Maharashtra was controlled by a nexus of private traders, commission agents and textile mill owners. In 1972, in order to protect farmers from exploitative middlemen and to ensure that they got a fair price for the crop, the state introduced the Monopoly Cotton Procurement Scheme (MCPS). Essentially, under the MCPS. the state government purchases cotton at the central government-declared

Minimum Support Price (MSP). To that price it adds a bonus. Until 1995, international cotton prices remained high and steady and the scheme yielded profits. When the prices crashed, the scheme began accumulating losses. The loss as of this year (2002) stands at a staggering Rs. 3,800 crores. Interest on this liability is Rs. 300 crores annually. The Maharashtra government is under tremendous pressure from the World Bank to dismantle the MCPS, the only safety-net for the cotton growers of Maharashtra.

Kerala

A large percentage of Kerala's population depends for its livelihood on cash crops, mainly coconut and rubber. With the inclusion of coconut oil in the Open General Licence (OGL) list and the reduction of import tariffs on edible oil, the prices of coconut have fallen sharply, in fact below the minimum support price. Large-scale import of natural rubber in 2000 depressed the market for rubber. All plantation crops in which Kerala has a substantial stake, namely coffee, tea, rubber and cardamom, have now to compete with low-cost imports. Liberalization has made Kerala's economy fragile and vulnerable.

The impact of the liberalization policies on the cash crops and the dramatic fall in their prices has broken the confidence of the State's farmers. The price of coconut oil came down from Rs. 5,553 a quintal in 1996-97 to Rs.2,500 a quintal in September 2000, as a result of its inclusion in the OGL, and the subsequent reduction in the import tariff of edible oils from 25% to 15%. What followed was a flood of imported edible oils. If the total import of edible oils, including palmolin, was eight lakh tonnes between April and October 1996, it shot up to 16.7 lakh tonnes during the same period in 1999. The result was a drastic fall in coconut oil prices. In 2,000, the support price operations in respect of copra was a failure owing to large-scale arrival of cheap edible oils. It was Rs. 3,250 a quintal and market price was only Rs, 1950 a quintal. Even after procuring 80,000 tonnes of copra, the government could not make any impact on the low open market price of coconut or coconut products. The middlemen and cooperatives were perhaps the

only ones to gain. Similarly, rubber which fetched an average price of Rs. 52 a Kg in 1996, sold at Rs. 28 by September 2000. Rubber fetched the highest price for Kerala's nine lakh farmers in 1995, at Rs. 70 a Kg. Now natural rubber prices hover around Rs. 26, nearly Rs.8 below the support price announced by the government. The liberalization of farm-trade has given a devastating blow to the livelihoods of Kerala's farmers and plantation-labour.

KARNATAKA

In a special issue of the Frontline News Magazine on Farming Crisis (February 2, 2001) Parvathi Menon reported about the agrarian distress in Karnataka. "Paddy procurement in Karnataka has hardly got off the ground. The price of paddy is between Rs. 400 and 500 a quintal this year as against Rs. 730 to 800 last year. The government has offered minimum support price (MSP) of between Rs. 450 and Rs. 680 depending on the grade. Maize prices have fallen from between Rs. 750 and Rs.950 (depending on the grade) a quintal last year to between Rs. 300 and 350 this year. Jowar, which was selling at Rs, 1,200 to Rs. 1,300 a quintal in the last season, has fallen to between Rs. 350 and Rs. 400,

Oilseeds prices have seen a dramatic fall as a direct result of imports of palm oil, cotton seed oil and sunflower oil. Arecanut, widely grown in the coastal regions of Karnataka, has seen a steep fall in price after it was put on the open genera] licence (OGL) list of imports. A number of these commodities - maize, pulses, oilseeds, coconut and arecanut, for example - are imported at subsidized costs under the OGL. In September 1999, supari in the Mangalore market was selling at Rs. 154 a Kg. Last September the price fell to Rs. 78".

Oilseeds crisis

India has become the biggest importer of oilseeds in the world. Cheap imported edible oils in the last five years have had a direct impact on oilseed prices, which have registered a steep fall. The area under oilseeds cultivation has been steadily declining because prices are no longer remunerative. In 1998, groundnut was

grown on 6.37 million hectares, sunflower in 0.80 million hectares and soyabean on 6.30 million hectares in Karnataka. The acreage in 1999 was 5.70 million ha, 0.50 million ha and 5.50 million ha respectively. D.V, Prasad, Managing Director of the Karnataka Cooperative Oilseed Growers Federation Ltd., reportedly said Frontline, "The death-knell for the oilseeds sector is around the corner. Sunflower acreage in Karnataka in 2000 is less than half of what it was in 1999. Farmers do not find oilseeds remunerative. Also, 60% of the oil extraction units in Karnataka have closed down. There were 115 units operating five years ago. Now there are hardly 10."

Coffee crisis

The effect of three years of falling coffee prices has been disastrous for India's two lakh coffee growers and 10-lakh strong plantation labour force. Growers are in debt, plantation labour is getting laid off and once lush coffee estates now lie neglected. The crisis brought about by the sharp decline in prices has been precipitated by the vagaries of free trade that govern the industry internationally. The present crash in prices has been brought on by a global glut in supply and the holding of large stocks by roasters (traders) in the consuming countries. Although not a major coffee exporting country, India, with an annual production of a little over 3,00,000 tonnes (2001-02) is a large producer. Tied as it is to the international market, the Indian coffee plantation sector is feeling the impact of the slump. Small growers who own less than 10 hectares but constitute over 98% of coffee growers in India are the worst hit, as is the 10 lakh strong plantation labour force.....The first to be hit in such a crisis is labour..... Growers are deeply in debt and are unable to make repayments to financial institutions. Many planters have actually abandoned their estates.

The downward trend in prices began in 2000 and intensified over 2001 and 2002. The price of Arabica, which averaged Rs.90 a Kg in 1999, dropped to Rs. 63 a Kg in the last quarter of 2001. Over the same period Robusta fell from Rs. 68 a Kg to Rs. 33 a Kg. India exports 80% of its coffee produce, and there has been a sharp

fall in both export quantities and values in the last two years. While the volume of exports has fallen by about 30,000 tonnes (from 2,53,524 tonnes in 2000 to 2,19,017 tonnes in 2001) 'the value has fallen from Rs. 1,685.24 crores to Rs. 1,113.56 crores in the same period.

Crisis in tea

The tea industry is also facing distress. Tea is Rs. 6000 crore industry in India. Tea prices have been on a steady downswing since 1998, when they peaked. Auction sales, including domestic and export markets, show that prices have come down from the average of Rs. 76.43 a Kg in 1998 to Rs. 61.71 in 2000 and Rs. 66 in 2001. The medium varieties were hit the most, they were sold at 25 to 40% discount.... The export situation is far worse. In rupee terms, exports declined by around 30% from Rs. 2,309 crores in 1998 to Rs. 1604 crores in 2001. The decline in the value of exports - to an average of Rs. 89.24 a Kg from Rs. 109.80 a Kg in 1998 - was more than that in the domestic market. However, in the hope of better days to come producers did not cut down production, which was 853 million Kg last year. As a result for the last one and a half years, a large number of gardens have been operating substantially below production cost. This has led to a number of closures and has put lakhs of jobs at stake. The tea industry, considered to be the second-highest employer in the country, has a total permanent workforce of over one million. An additional one million people depend on it indirectly for their livelihood.

A Case Study on the livelihood crises in Arecanut growing Areas of Karnataka and Kerala

The crisis in Arecanut farming is a classic example of the ruinous impact of WTO regime on the Indian agriculture and livelihoods. Karnataka and Kerala account for 72 per cent of the total production of 3,13,000 tonnes of areca. There are over six million farmers engaged in areca cultivation, 85% of whom are small and marginal farmers. Arecanut fetched Rs. 80 to Rs. 90 a Kg in 1998. A failure of the white

variety of the crop to the extent of about 40 per cent pushed prices up, and between July and October 1999, prices went up to Rs. 140 to Rs. 170 a Kg. In 2000 the Areca was moved to the OGL list from the restricted list and licenses issued to importers. The cost of imported areca was much less. Imports and a good domestic crop in 2000 pushed down the prices of Chali Supari to Rs. 65- Rs.75 a Kg. Since then arecanut farmers are paying the price of free-trade in farm-goods with heavy losses due to price crash and arecanut farming in India stands on the brink of collapse.

A Joint Representation sent to the Prime Minister on August 1, 2002, from MPs, MLAs and MLCs representing Arecanut growing regions and representatives of Arecanut Co-operative institutions of Karnataka says, "Arecanut business in almost all arecanut trading centres in the state has come to a standstill. This will have serious repercussion on the overall business, finance, education, banking and other economic activities in the region. For instance, it is estimated that the Arecanut farmers in the region are forced to bear the overdue and the financial burden to the extent of Rs. 1,000 crore to both institutional and as well as the non-institutional sources of finance. If the situation continues it would sound the death-knell to the livelihood security of millions of people depending on Arecanut in Karnataka. "

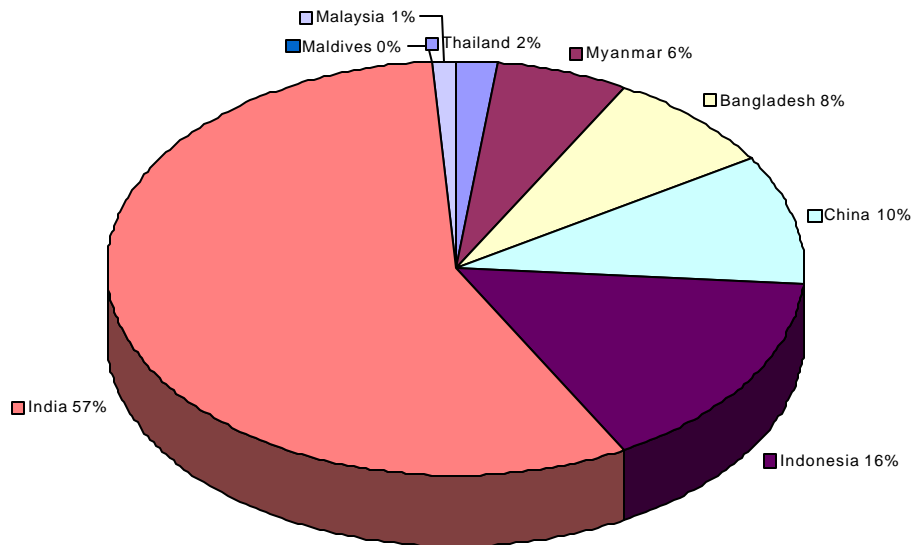
As per the official estimates, 2.68 lakh hectares in the States of Karnataka, Kerala, Assam, Meghalaya, Orissa, Tamilnadu, West Bengal, Maharashtra and Goa is the area where Arecanut is grown and the annual production is estimated at 3.33 lakh MTS. It is said that nearly 20 lakh Families covering a population of one crore and another one crore Farm Labourers, Processing workers, Petty Traders and Pan Walas depend on this crop for survival.

Arecanut (*Areca Catichu Linn*) is a slender stemmed palm and is a native of Malaya. It is cultivated primarily for its kernel obtained from the fruit. It is the common masticatory nut, popularly known as arecanut, betelnut or supari. The

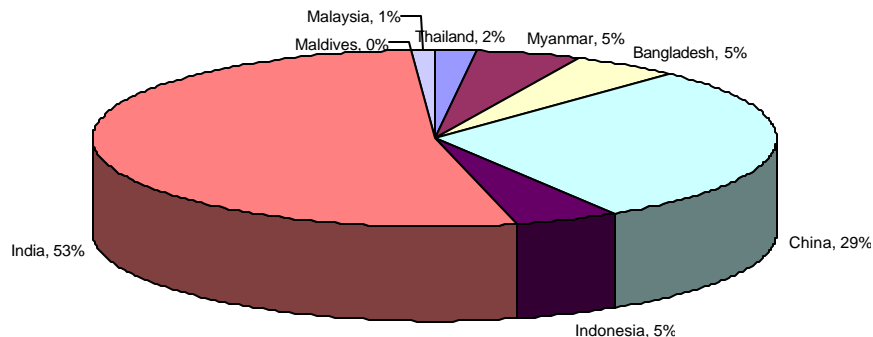
Kernel is chewed by the people in tender, ripe or processed form along with betel quid. Arecanut is known to have many medicinal properties. It is also known to stimulate the central nervous system. The habit of 'Pan-Supari' chewing finds a unique place among millions of people. Chewing of 'Pan-Supari' also beautifies the mouth. In the domestic market of India, one can find different forms of pan masala and scented supari and their popularity is increasing now-a-days.

Commercial cultivation of arecanut is done in India, Bangladesh and Srilanka. However, it is grown as a forest crop in Indonesia, Malaysia, Burma and some of pacific Ocean Islands. India occupies the first place in respect of area under areca and production. India produces nearly 57 percent of the total world production of arecanut. Please see the following pie diagrams.

Contribution of different countries in the area under arecanut during 1999.

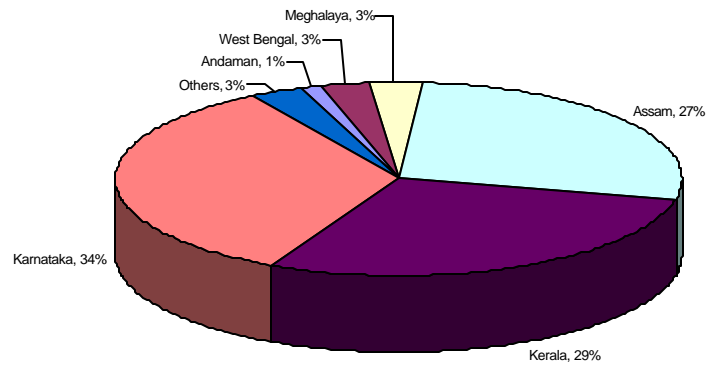


Contribution of different countries in the arecanut production

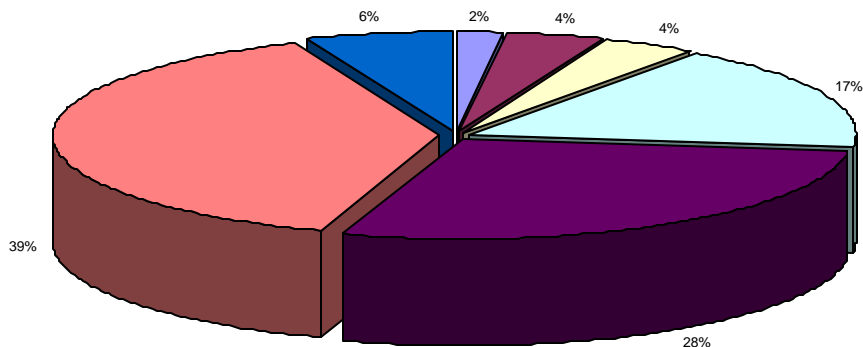


Area and Production: In India, arecanut is largely grown in the plains and foothills of Western Ghats extending from Bombay to Kanyakumari and in the North eastern region - West Bengal, Assam, Meghalaya, Tripura etc. As a whole the cultivation of arecanut is mostly confined to the states of Karnataka, Kerala and Assam where it accounts for about 89 percent of the area. The total area under arecanut in 1998-99 was 372 thousand hectares and the total production was 415 thousand tonnes which was 268.7 thousand hectares and 333.9 thousand tonnes respectively in 1997-98. As a whole the trend for area, production and yield of arecanut since 1994 - 95 upto 1998 - 99 reveals that all of these are showing a positive sign. Karnataka dominates both in terms of area and production of arecanut, in terms of area it is around 33 percent and for production it is about 39 percent followed by Kerala and Assam. Please see the following pie diagrams.

Contribution of different states in arecanut cultivation



Contribution of different states in arecanut production



Indian Arecanut Farmers are cultivating the crop in a very scientific and modern way after investing large amount and the cost of cultivation is also very heavy and hence, the selling price of Arecanut must be commensurate with the cost of cultivation. Arecanut is planted in the valleys of Malnad region of Karnataka where no other crop can be cultivated. This plant requires 6 to 7 years to yield after planting and every year recurring expenses has to be borne by the farmers. As against this, arecanut imported from South East Asian countries like Malaysia

and Indonesia does not entail any production cost because it grows naturally in the forest and besides a nominal annual fee charged by the Forest department it costs nothing. It is just another forest produce and of very poor quality compared to Indian arecanut.

The successive governments in India since 1930s were acutely aware about the threats posed by cheap arecanut imports from South- East Asian countries and therefore always provided sufficient protection to Indian areca producers. The Indian arecanut economy flourished only because of the ban on imports. The recorded history of import restrictions in arecanut goes back to 1930s. The economic depression of 1930s had adversely affected the arecanut economy of India. However, the entry of German Submarines (U Boats) to Indian Ocean during the Second World War in 1939 provided a very effective barrier against arecanut imports from South-east Asian region because Indian Ocean became an active war zone.

In 1946, the first Interim Government headed by Jawaharlal Nehru directed its Finance Minister Sir John Mathai to impose a levy of two *Annas* on imported betelnuts in its maiden budget. The Indian Arecanut committee, established at Calicut by Indian Council of Agricultural Research under the Union Ministry of Agriculture in 1947, further helped the arecanut economy by suggesting effective protection to domestic cultivators. Its first Secretary K K Nambiar was sent to Malaysia to report on the arecanut cultivation practices there. His report for the first time revealed that arecanut in South East Asian countries is just a forest produce which is auctioned by the forest department. The contractors purchase the standing crop in the forest and harvest it by engaging "Gorillas" from the forest.

Thus the production cost of Malayan arecanut is only the expenditure incurred on collection of fruits, drying, processing and marketing unlike the very high production cost required in India. This revelation has been documented in the book titled 'Arecanuts in Malay' written by K K Nambiar and published by Central

Arecanut Committee, Calicut. The stability of arecanut price continued with the Government of India fixing minimum price of imported arecanut to avoid under invoicing by importers around 1960. This protection provided sufficient barrier against cheap imports. The establishment of CAMPCO in 1973 provided further stability to the arecanut economy of India.

The Arecanut Growers of Karnataka and Kerala in a written memorandum given to the then Commerce Minister Mursoli Maran on April 30th 2001 said, “Mostly the arecanut growers are having small and marginal holdings, and the plantation of arecanut farm is highly labour oriented. The arecanut which was fetching a reasonable price of Rs.160 per Kg. has suddenly decreased to Rs.100 per Kg. due to the decision of the Govt. to permit import of arecanut. If appropriate action of “Prohibiting the import” of Arecanut is not taken, the livelihood of the agricultural farmers and their dependents, small and marginal growers of arecanut will be ruined. This will have adverse affect on the economy of this region. Hence we request your good selves to take the bold steps to prohibit the import of Arecanut to our country and save the lakhs of poor agricultural labourers and small holders of Arecanut gardens.

1. Till prohibition of Arecanut import is made, we request to increase the import duty from 35% to 100% with immediate effect.
2. Issue instructions to all the concerned to prevent illegal entry strictly.
3. Take anti-dumping action.
4. Till arecanut is put in prohibited list, issue quality testing measure and let the quality be checked at C.P.C.R.I., institute of Vital (near Mangalore), a Govt. of India Laboratory or CAMPCO Laboratory Mangalore where all equipments and experts are available.”

Arecanut suffered its worst ever crisis during the early seventies and to tide over the same a Central Organisation by name CAMPCO (the Central Arecanut and Cocoa Marketing and Processing Cooperative Ltd) was formed in 1973 with the assistance of the Governments of Karnataka and Kerala. To study the crisis then, the then Government of Mysore appointed an expert Committee under Mr.Paulus which gave an exhaustive report and the problems facing the Arecanut trade. After this Report there has never been any systematic study of the Arecanut Market.

Consequent to this Report, a Central Organisation under the nomenclature CAMPCO was registered at Mangalore with participation in equity by the Governments of Karnataka and Kerala.The Arecanut market stabilised thereafter and has been on a steady rise except for a short term crisis during the year 1987. Because of the steady income the Arecanut provided, the Farming Community, the Farm Labourers, the Processing Workers and the petty Traders adjusted to a fairly reasonable lifeslyle. It is worthwhile to mention here that 90% of the arecanut farmers are small and marginal farmers, their holdings not exceeding 1 or 2 acres. The Arecanut price reached a fairly comfortable level during the year 1999 in respect of White variety of Arecanut reaching a figure of approximately Rs. 150 per Kg. The Market for the next year opened with high hopes, the opening price being Rs.130 per Kg. Subsequently depending on this price, the Farmers hoping that the price would increase, pledged their Arecanut for Agricultural operations and borrowed loan at 75 to 80% of the then prevailing Market. But then the price showed a continuous downward slide and the prices are hovering around Rs.60 per kg. at the moment, This does not match even the loan borrowed, leave alone the interest thereon. Consequently the entire economic activity in the arecanut growing areas has been thrown out of gear. The price as of now is insufficient even to cover the cost of production. Apart from affecting the crop prospects in the coming years, it has thrown the small and marginal farmers, the agricultural labourers and the processing workers and the petty traders to almost stark poverty. There is a hue and cry all around and the farmers and the workers are greatly agitated.

In a memorandum submitted to the Union Agriculture Minister, the Areca Growers Forum President K. Rama Bhat wrote in 2001, "We came to know that after the imposition of 100% Import duty on Arecanut some traders in the country have begun to import Arecanut from foreign countries under the pretence of importing Dry-Fruits. We wish to draw your kind attention to the Circular No.81/95-CUS dated 11.07.95 under which import of Arecanut in the guise of Dry Fruits was completely stopped. Now again, the Traders have resorted to the same trick of importing Arecanut (Betelnut). Needless to say if it is allowed to continue, the imposition of 100% duty on import of Arecanut will be totally futile, so far as the price factor is concerned. We therefore request you to use your good office to take up this matter with Ministers of Commerce and Finance to prevent such import of Arecanut in the guise of dry fruits in the larger interest of Arecanut farmers of our Country."

S R Rangamurthy, the President of Campco in a letter written to the then Union Minister of State for Finance, V. Dhananjaya Kumar, said in 2001, "You may be well aware that due to increase in domestic production, Govt. of India had stopped import of Arecanut in the year 1968. Nowadays Arecanut is being imported from neighboring Countries such as Sri Lanka, Indonesia, Singapore, Thailand etc. on a large scale since Govt. of India has put Arecanut in the Restricted List as per Notification No. 35(RE-99) 1997-2002. When the Country itself is self sufficient in Arecanut production, necessity for import of Arecanut does not stand to reason. Also the import is not from SAARC Nations as Arecanut is not grown in these Countries, except a small quantity grown in Sri Lanka. Therefore even from SAARC Agreement point of view import does not justify the necessity. Further, while small quantities have been permitted to be imported, large quantity of Arecanut is arriving in the guise of Dry fruits and in various other forms and is making illegal entry to the country.

This apart from causing revenue loss to the Govt. is upsetting the domestic market conditions. We would like to emphasize that a large number of farmers in the State

of Karnataka and Kerala are small and marginal land holders and are entirely dependent on the income from Arecanut crop for their livelihood. Also a large number of landless labourers are also dependent on Arecanut cultivation for their survival.

I therefore request you to kindly utilize your good office to persuade the Commerce and Industries Ministry, to the following, so as to safe-guard the interest of the Area Growing Community of the Country :

- (1) To remove Arecanut from Restricted list and put it under the total prohibited list.
- (2) To issue instructions to all the concerned to prevent illegal entry of Arecanut strictly.
- (3) Not to grant import license for importing Arecanut.
- (4) To suspend at once the grant of licenses pending.”

In a letter dated 6th September 2000, written to the then Agriculture Minister, Nitish Kumar, Campco's Managing Director said, "It is reported that about 40,000 MTs of Arecanut were imported by the private parties to India and the price of imported Supary was in the range of Rs.25/- and Rs. 30/- per kg. When compared with the price of Indian Supary, the imported supary seems to be cheaper. This created a hazardous situation in the marketing of indegeous Areca. Foreseeing this, CAMPCO represented to the Govt. of India, Ministry of Finance and Agriculture to take suitable preventive measures and to save the Areca farmers.

The Central Government recently, conceded to our request and enhanced the import duty on supary to 100% from the existing 35%. As a result, the price of imported supary became high and traders began to turn to the local markets. But the impact of hike in duty existed for a short period only. Even though the Central Government enhanced the Import Duty on Supary to 100%, the Arecanut grown here could not fetch the fair price level which the Areca growers expected to get.

The main reasons are that at present, as per official records available, Areca is grown in 2,68,900 hectares and total production per year is to the tune of 3,33,000 MT. But as per the unofficial sources it is learnt that production in the total area will come to the extent of five lakh tonnes in an year. India is self-sufficient in production of Areca and there is no need to import any quantity of Areca from Countries like SriLanka, Malaysia, Burma, Thailand, Indonesia or from any other neighbouring countries. Since arecanut is being brought to the Indian territory illegally, the farmers of our country could not get remunerative price for their produce. Moreover, even after increasing the import duty to 100%, the Private Traders are selling areca at the lower price since the Countries which export Areca to India reduced the selling price suddenly so as to ensure uninterrupted sales. It may be noted that only in India areca is cultivated as a commercial crop. In other countries, Areca is grown as wild crop (forest produce) and cost of cultivation is comparatively nil. That is why they can sell the product even at a very low price. In order to support the areca growing farmers the following measures are suggested on which, the Central Government has to give urgent attention, in order to help this Cooperative and Areca growers.

At present, Arecanut is put under restricted commodity list. It is necessary to put the same in prohibited commodity list. If the Central Government put the imported Arecanut under prohibited Commodity list. the import of Arecanut will be stopped completely and the Indian farmers will definitely get fair economical price for their produce grown by them. Moreover, Customs authorities have to be instructed to see that arecanut is not imported in any other name or in any other category of dry fruits and nuts.”

The Arecanut Growers of Sirsi in a written memorandum submitted to Anant Kumar, Union minister for Rural Development and Poverty Alleviation, stated in 2001, “The import of arecanut has to be controlled. Though we have sufficient arecanut available for domestic consumption, large quantities are being imported. With a view to support the local growers, the Government of India increased the

Import Duty from 35% to 114% during 2000. This has not given desired benefit because of under-invoicing of the arecanut prices and also the Import Duty benefit enjoyed by the SAARC Countries. The quality of the arecanut imported is not at all comparable to the local quality. To avoid under-invoicing, we request that the Import Duty be charged on "*Ad Quantum*" basis rather than "*Ad Valorem*" basis prevailing now. It is further requested that the invoice price also be fixed to avoid under-invoicing. Since the arecanut being imported is of very low quality, we request that a competent Agency which has expertise in the field of arecanut be nominated to assess and certify the quality of the arecanut being imported. “

Excess Imports of Betelnuts and Cardamom is made in Nepal and finally these goods find entry into Indian Markets and they affect the stability of prices of these commodities in the country resulting into heavy losses to the farming community. Quoting a news item that appeared in Economic Times dated 27th November 1998, V S Sonde, Hon. Secretary of North Kanara District Chamber of Commerce, Industry and Agriculture says, “Large scale smuggling operation through Nepal territory affects the stability of prices of these commodities. Cardamom a potential export crop has failed to compete in the world Market against Gautamala which is invading through Nepal. The naturally grown Arecanut in Malayan Forests flood the Indian Markets via Nepal and affect the stability of prices of cultivated Arecanut of our Country.”

Although import duty on Betelnut was increased to 100% from 35% on 7th July 2000, its impact could not be felt in the domestic market. The State Government's arrangement to purchase the commodity at Rs.60/- a kg. did not help. According to V S Sonde, “the reason for all this is the lacuna in not fixing "Specified Tariff Value" on Betelnuts imported for levying import duty. As a result the up-country betelnut markets in State like Uttar Pradesh, the betelnut is sold at Rs.30/- to 35/- a kg. paying import duty 100% on the value shown as Rs.10 per kg. in the invoice bill of the importer. Thus 100% levy is nullified for want of "Specified Tariff Value". At present there is "Specified Tariff Value" for commodities like Steel, Palmolein Oil

etc. in their imports to protect the domestic production of these commodities.. The Betelnut production having reached self-sufficiency in the country around 1961, Government of India stopped imports of Betelnuts then and had fixed "Specified Tariff Value" in those years on Betelnut import to face the competition of imported naturally grown Betelnuts of Malaya Forests as against cultivated Betelnut in the Country. We sincerely suggest that a firm demand for fixing "Specified Tariff Value" not below the purchase value as fixed per kg by State Government now and if possible slightly more than this need be insisted upon and seeking a notification from the Government of India in this behalf. We are sure that this would provide the solace to farming community in this hour of their grief.”

In a letter written on December 7th, 2001 to Ajit Singh, the then Union Agriculture Minister, V S Sonde said, “Even after levy of the import duty at 100%, the landing price of imported betelnut had remained at Rs. 30 to Rs. 32 only and 30,000 tonnes of Betelnut had landed in the country during the year. There has not been any impact on improvement in prices of raising the import duty resorted to 100% from 35%. Hence this request letter. Just as there is provision on Items like steel, palm oil imports, etc. to levy duty on specified tariff value like \$180 per tonne on imported steel etc., to protect steel manufactured in the country and use of palmolin for processing, the man-cultivated betelnut in India has to survive against imported natural forest crop of Betelnut as in Malaya by providing a specified tariff value irrespective of invoice value for levy of import duty. Then only it would have impact in improvement of domestic betelnut prices stabilizing in the country. This is not new for Betelnut imports in levy of import duty on specified invoice value irrespective of price quoted in the invoice, since this provision was part of the import policy on betelnut as existent in 1960s. We hereby request you to kindly fix the specified price for tariff on Betelnut at Rs.100 per k.g. irrespective of invoice price and provide immediate relief in addition to vigilance arranged at customs.”

According to the Managing Director of Karnataka State Agriculture Produce Processing and Export Corporation LTD-KAPPEC –(A Government of Karnataka

Enterprise), from Sri Lanka imports are freely allowed and the duty is 22.02% only since there is a free trade agreement with that Country as Sri Lanka is SAARC member nation. KAPPEC Managing Director in a letter dated 2nd June 2000 written to the Horticulture Secretary of Karnataka, said that “Arecanut is a main commercial crop of Karnataka and many farmers are dependent mainly on the cultivation of this crop in the Malnad areas of the State. In the present Exim Policy (1997-2002) of Govt. of India, the Import of Arecanut is placed under Open General Licence (OGL) category. It means that this commodity is allowed to be imported freely without any quantitative restrictions. The only condition is that an importer has to surrender 5 times the value of imports in the form of Special Import Licence. These special import licences are available in the market for purchases at a nominal premium of 0.5-0.75%. It is reported that at present around 1,000 Mts. of Arecanut is being imported into the Country every month at very lower prices and has resulted in the suffering of native growers. The landing cost of imported arecanut after paying the maximum customs duty of 44.04% comes to Rs. 55.15 per kg. Mainly imports are coming from Indonesia, Thailand, Burma and Sri Lanka. It is pertinent to mention here that during 1999-2000 beginning of the season (i.e. December 1999 and January 2000) the prices of Arecanut were ruling in the range of Rs. 125/- to Rs. 130/- Per kg and the price during the corresponding period in 1998-99 (i.e. December 1998 and January 1999) was around Rs. 160/- per kg. At present the arecanut prices are in the range of Rs. 90/- to Rs. 92/- per kg due to heavy imports because of the current policy of the Govt. of India. Even then there are no takers since the imported arecanut is available at a much lesser price. “ For detailed countrywise import of arecanut please see the following table.

Table.1 Countrywise import of arecanut in India.

(Quantity in tones, Value: '000m Rs.)

country	1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000*	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Bangladesh											65	1457
Bhutan									2	21		
Hong Kong											41	1006
Indonesia	483	5844	2061	31294	2159	35406	17	516	987	19876	419	10254
Malaysia	18	225	81	1034								
Myanmar	15	548	1127	32077	3264	102766	10405	328145	238	7782	12	387
Nepal	3	11					4	21				
Pakistan					54	954	4	216				
Singapore			272	3384	470	7804	54	1174	18	637	58	1020
Sri Lanka	25	397	1371	22744	3604	65066	333399	95769576	5463	159242	2426	80231
Thailand			179	4142								
AU					10	161						
USA					4	75						
Total	545	7025		94675	9565	212232	10823	339648	6707	187557	3022	94356

* Provisional

Source: Directorate General of Commercial Intelligence and Statistics, Kolkata.

KAPPEC M. D. further said, "in this connection, we have also held detailed discussions with the Regional Joint Director General of Foreign Trade in Bangalore regarding this issue and found that since India being a signatory to the World Trade Organisation and has a commitment to the world trade body we have very less to do to protect our farmers. However he has suggested the following measures which can be thought of by the Government of Karnataka to safeguard the interest of the farmers of the state.

1. To impress upon and put pressure on the Government of India, Ministry of Commerce to completely ban the import of Arecanut.
2. To put this commodity under the canalized list and the same can be canalised through any state agency like KAPPEC where we can have a direct control on the imports and can decide imports based on the domestic production and take care of growers' interest.
3. To levy heavy import duties (as high as 150%) so that imports become uneconomical. "

In another letter written to the Joint Director of Horticulture of Karnataka on 13th November 2002, KAPPEC Managing Director said,"The apprehension raised by the Kerala Reforms Mission in their representation addressed to the Hon'ble PM are in fact true and are even applicable to the Arecanut farmers in Karnataka State also. Government of India's free policy of allowing import of Arecanut from Indonesia, Thailand, Myanmar etc led to the steep fall in prices of Arecanut in the country, which has affected the interests of native farmers. It is also true that the market intervention schemes of the Government may not have the desired impact as long as the import is not suitably adjusted to the requirement of the Arecanut consuming sector. Moreover market intervention schemes cannot be kept for a long time and even the Government will have to face the problem of marketing of the produce that is procured under market intervention operations. In the past also KAPPEC had requested the Government to take up this issue with the Government of India since Karnataka is one of the largest producer of Arecanut in the country."

According to KAPPEC, after the hike in import duty, although imports came down, but “illegal imports via Nepal and Bangladesh have started where the import duty is only 10% on arecanut. At present there are no specific tariff values for agriculture and spice commodities. Customs authorities will only go by the immediate last custom assessed value of invoices or by the reputed international publications where these rates are being published for e.g: Public Ledger, which is being published from London. Under-invoicing by the vested interests and some of the importers is prevalent in almost all the commodities, which are imported into the country. In order to arrest the present situation, we suggest that instead of import duty on percentage basis, the duty can be fixed on per kg basis, which is prevalent in Sri Lanka at the moment. The Govt. of India can fix the import duty for arecanut as Rs. 50-60 per kg instead of 100%. This per kg duty also can take into account the cost of production and other processing charges being incurred by the arecanut farmers. Alternatively our Embassies located in the arecanut producing countries may be requested to intimate from time to time the prevailing market prices of arecanut there so that this will also be an authenticated document to be produced before the customs authorities to assess the value of imports. In addition to this, the Chambers of Commerce or other trade bodies located in the arecanut growing countries may also be contacted by the grower organizations like CAMPCO and get the market rates of arecanut and the same can be produced to the customs authorities for assessment.”

The Kerala Reforms Mission in a letter written to the Prime Minister Atal Behari Vajpayee on 9-9-2002 says, “The most important reason for the decline in the market is Import Policy of the Government. In India, there was absolutely no import of arecanut during the period 1974 - 75 to 93 - 94. But in 1994 - 95, we imported 545 tonnes of arecanut. In 2000-01, the quantity of import became 29350 tonnes (ie. A rise of 5385.3 % in a span of five years). It is clear that the domestic price was steeply falling down when the imports reached at it’s peak and the market tactics became unfavourable to Indian market. Under the pretext of ‘Dry Fruits’, large quantities of arecanut are imported to India at concessional tariff rates. There

may be importers who are fabricating the prices to a lower level in the source country and thereby evading taxes. We think there will be a smuggled share also. All these are threatening the Indian market. Imports from Indonesia, Thailand, Myanmar, Bangladesh, Srilanka etc. have become real threat to Indian farmers. Based on the official statistics, 16421 tonnes of arecanut was imported from Indonesia in 2000-01, whereas the total production of arecanut in Indonesia in the year 2000 was only 32610 tonnes which in turn sends alarming signals. Average price of arecanut imported from Indonesia, Thailand etc. is only Rs. 28-30/- per kg and the quantity coming through the illegal route will have comparatively less value. The low quality product imported from these countries is sold in the Indian market by mixing it with the comparatively higher quality Indian product, which in turn adversely affects the Indian farmers.”

In a memorandum submitted to Kerala Chief Minister A K Antony on 17th April 2001, All India Areca Growers Association and Areca Farmers Movement both based in Kasargod,said,“Arecanut is one of major crops of Kerala. Kasaragod district grows arecanut intensively and scientifically as a main crop. Thousands of families depend on farming, labour & business of arecanut here. So much so that the mainstay of district’s economy is arecanut. Price of arecanut that was around Rs. 150/- per Kg last year has collapsed to Rs. 40/- per Kg since nearly a year. As such it is not even sufficient to meet the cultivation cost, leave alone the production cost. Farmers are finding it difficult to meet the day to day expenses, Unfortunately, there has been many suicides in our area because of this shocking situation. According to official estimates of the state, because of the price collapse of arecanut, farmers in the state have lost 927 Crore Rupees in the last one year.”

Impact of Trade Liberalisation on Arecanut Farmers & Labourers

Field Survey Report

To study the impact of trade liberalization on the livelihood of arecanut farmers and labourers in the states of Karnataka and Kerala, I conducted field research for one month covering Uttar Kanara, Dakshin Kanara, Shimoga and Davangeri districts of Karnataka and Kasargod district of Kerala. To assess and understand the impact of price crash in arecanut on the areca growers and labourers, I carried out a random survey in more than 10 areca growing villages spread over 5 districts of Karnataka and Kerala. During this survey I conducted open-ended interviews of more than 100 Areca farmers and over 50 labour families. Besides visiting these 10 villages, I went to another 15 villages to study the individual cases of areca farmers' suicides in these five districts.

The magnitude and severity of livelihood crises created by price crash due to indiscriminate import of arecanut is to be seen to be believed. Since more than 90% of areca farmers in these pre-dominant areca districts of Karnataka and karala are small and marginal, besides solely dependent on areca cultivation for their livelihood. The impact has been direct, unbearable, debilitating and in many cases fatal. More than 60 farmers in the Kasargod district of Karala have committed suicides in last three years, most of them areca farmers. I visited 6 victim families in a single day in the Kasargod district, a hilly and difficult terrain with mostly home-steads. I visited 3 victim families in North Kanara district, one family in shimoga and over half -a- dozen in Channagiri Taluka of Davangiri district of Karnataka. In almost all cases of areca farmers' suicides, the heavy indebtedness of the farmers during last three years because of steep fall in areca prices has been directly responsible for this unfortunate tragedy.

More than 95% of areca growing families interviewed were burdened with heavy loans from banks, cooperative societies and private money -lenders. Till 1999,

most of these areca farmers were leading a comfortable life and earning decent livelihood. These families enjoyed very high status in society and non-areca growing farmers of other regions were jealous of areca farmers' prosperity.

Among the 100 families interviewed, there were less than 5 who were not borrowing money for their daily survival because they had large areca gardens and they had some bank savings deposited during pre-1999 period when areca prices were ruling very high. I came across only one farmer family who has not taken any loan, because he himself was a money- lender and a very big farmer.

Over 95% of areca farmers are under heavy loan burden, have completely stopped even repayment of interests to the banks and societies and depend on the mercy of banks, cooperative societies and money lenders to meet their survival needs. They are facing tremendous psychological distress because their earning from areca gardens at the current price are not sufficient to even meet their interest liabilities, what to talk of principal repayment or maintenance of family. Among the interviewed farmers, many said that they were feeling like committing suicide because life has become unbearable and there is no ray of hope on the horizon. The current areca prices are less than - a -half of the ruling price till 1999.

The livelihood crises in arecanut areas is not limited to growers alone. The entire economy of these areca growing areas has been ruined. Whether it is petty traders, retailers or street vendors, the crises has hit every body. The entire economy of the region has come to a standstill. There is no flow of money in the market because the entire economy of this area is dependent of the purchasing power of arecanut farmers. Since growers themselves are finding it difficult to survive, the dependent and allied sectors of the economy are facing similar distress conditions. The entire chain of arecanut economy is in a shambles.

As a community, labourers are the second most affected people, farmers being the hardest hit. I interviewed more than 50 labour families from 5 villages. These

labourers are entirely dependent on Areca gardens for their livelihood. Till 1999, they could get work for the whole year. The average daily wage was Rs.80-100 for male and Rs50-60 for female. But after the price crash of Areca in 1999, the daily wage for male has been reduced to half at Rs.40-50 and that for female to Rs. 25-30. Moreover, they find it difficult to get even 8-10 days work in a month now because areca farmers are themselves engaged in the proverbial “struggle for existence”, hence unable to employ labourers in their areca gardens. Out of 50 labourers interviewed, there was not a single one who is getting two square meals a day. Most of them feel lucky and happy even if they get one square meal in a day. They are not getting even one square meal. Most of them survive on *Ganji* (distress-time food of liquid rice) and wild roots, stems and green grasses available from forests and plains. These labourers are literally on the verge of starvation. Asked about their food and livelihood security during pre- 1999 period, all of them without a single exception said that upto 1999, they could not even imagine of skipping a meal or ever worried about their food or livelihood security. The children and women have been the worst victims. Many of children live on only mid-day meals served in their schools. Many of the children said that at best they get some “boiled grass” before going to bed. Out of 20 children interviewed (10 boys and 10 girls) all of them were scared even at the mention of words like ‘holiday’, ‘Sunday’ or ‘long vacation’ because when school is open they get at least mid-day meal in their school. During the closure of schools, the children literally starve. Many of the children narrated chilling stories of hunger in their families. It was most disturbing to hear from these children that they don’t even go and ask for food from their mothers. Because they know that there is no food in home and hearth is not burning.

It was interesting to note that not a single labourer complained against areca growers for low wages or unavailability of work. These labourers are acutely aware about distress condition of areca farmers and they know that their unemployment and low wages have been caused by price crash of arecanut and many farmers’ hearths are also not burning. During my field survey, I came across a new

phenomenon. I came across three labour families whose members had committed suicide because of distress condition in their family caused by lack of work and low wages. Most of the labour families belong to SC and ST communities. Last year, one SC family's all the six members committed collective suicide because of distress caused by poverty and unavailability of work in areca gardens in the Kasargod Distt. of Kerala. These labourers have been earning their livelihood from working in areca gardens for decades and centuries and are so "attached" with these gardens that they do not think of migrating to towns and cities in search of work even when they are hungry. Before three years they had not experienced anything like this. All of a sudden their livelihood has been destroyed by price crash of areca caused by liberalization of trade.

....The End....

Short Case Study-1

Livelihood Crisis in Uttar Kanara

By Parshuram Ray

Sadanand Bhatt is a small arecanut farmer of Unchalli village in Sidhapur Taluka of Uttar Kanara district. He has a small arecanut garden of 27 Guntas (1 acre = 40 guntas). This small areca garden is the sole source of livelihood for 3-member family of Bhatt. Sadanand Bhatt is a traditional areca grower and his areca garden is 500 years old. But this centuries- old livelihood system of Bhatt is on the verge of collapse. The arecanut price has crashed beyond imagination. After the removal of quantitative restrictions on imports of arecanut in 1999, the Indian arecanut market has been flooded with cheap imports from Thailand, Malaysia, Indonesia and other countries. The domestic prices of arecanut as a result of cheap imports started falling in January 2000 and have not improved till date. The centuries- old livelihood security of Sadanand Bhatt is now compromised and jeopardized. His family is on the verge of starvation. Says Bhat, "we are in serious trouble. I have taken a loan of Rs. 1,25,000 from bank. Every year it is getting accumulated. I am unable to repay even the interest amount. I am disgusted and fed up with life. Our lives and livelihoods have become very uncertain. The operating cost of the areca garden is increasing but prices have crashed by more than a half of the ruling price 3 years back. However, we have to carry on life. Most of the time we live on Ganji (boiled liquid rice) only. For meeting basic requirements of daily life we have to borrow from one source or the other".

Sadanand Bhatt's is not an isolated case. All the 28 households in Unchalli village are arecanut farmers and it is their sole source of livelihood. All are facing deep financial distress and have taken heavy loans from banks, societies and private moneylenders. Not a single areca farmer of this village is free from loans.

Chippage is a village located at just five minutes drive from Sirsi town. Almost all

the households of this village are traditional areca growers and it is their main source of income and livelihood besides small paddy holdings. Most of these areca growers are small and marginal farmers owning less than an acre of areca garden. Almost all of them are going through a very difficult time for last three years due to price – crash of arecanut. Their life was quite comfortable till 1999 and even small areca garden could provide livelihood security and regular income sufficient to fulfill their daily requirements. Now that traditional livelihood security of Chippage is destroyed. Farmers have to run from pillar to post for getting even small amounts of loans to meet their basic needs. The only reason these farmers are not starving is that they have not converted their entire landholdings into areca garden and they still cultivate paddy for their domestic consumption even though it is shrinking fast.

Umapati Mahabaleswar Hedge of Chippage is a small traditional areca grower with only 14 guntas areca garden. However, he still cultivates paddy in 30 guntas of his land. His four-member family of Havyak Brahmins (traditional arecanut cultivating community) is passing through difficult times. Since, areca cultivation is a labour –intensive occupation, he used to engage labourers for most operations in areca garden till 1999. But for last three years they are unable to engage labourers and have to manage the garden themselves because the price-crash of areca has created serious financial difficulties for them. Mrs. Ratnavati, wife of Mahabaleswar Hegde said “till 1999 our life was quite comfortable. But now we barely manage life. I am worried about my children’s education. Our future has become very uncertain. If the price of arecanut remains at the current rate for 2-3 years, we would be sunk”.

Ganesh Mahabaleswar Hedge is another traditional areca grower of Chippage. He has a 12 guntas areca garden and 30 guntas of his land is under paddy. Last year he got 2.5 quintals of areca which could not fetch even Rs. 10,000. However he got 7 quintals of paddy from his land. That has saved him from starvation. His wife Sunita flanked by two school going daughters says “we have borrowed 1.5 lakhs from bank and society. Last year my husband got injured and we had to borrow Rs.

75,000 for his treatment. Now we are in a very difficult situation. Had we converted our entire land into areca garden and had not cultivated paddy in 30 guntas, we would have been forced to beg. We are unable to repay even the interest amount of the loans. When we think of loan, we cannot sleep at night. We have received notice from bank and society. An uncertain future is staring us. We are very concerned about the self-respect of the family. We are worried that bankers may come and confiscate our house and humiliate us. If the areca price situation continues like this, it will be difficult to get two meals. Future is completely dark. Today itself the situation is so bad that we cannot even imagine to face a worse situation”.

Arvind Ganapati Dev is another areca farmer of Chippage but relatively a big one. His joint family of 3 brothers with 16 total members has an areca garden of 5 acres, 3.5 acres of paddy land and 2 acres of coconut garden. However, his condition is no better. He has taken loan of 4 lacs from banks and societies. Dev got Rs.7 lacs for his areca produce in 1999 while the total sale value of his areca produce last year was only Rs. 3 lacs. 1.5 lacs was the maintenance cost for the areca garden. Says Dev “If the areca price continues like this it would be very difficult to survive. We are already in deep trouble. Our life has become miserable. Thinking about future uncertainty in arecanut, it is difficult for us to sleep. All the 35 families of Chippage village are facing financial distress and everybody has taken heavy loans. The total outstanding loan in my village is more than Rs.1 crore. Since there is no future in arecanut we are now looking for alternative livelihoods.”

Srikant Shambhu Hegde is another areca grower of Chippage. The price– crash of arecanut has already taken a heavy toll on his mental health and he is suffering from severe mental depression. “Even when some guests come at my home, I do not feel like talking to them. I am depressed. Every moment I am worried about loan repayment. My outstanding loan amount has now increased to Rs. 5.6 lacs. I would like to repay it back as soon as possible. In my village all the areca farmers are under similar distress and want to get rid of loan. But we do not know how to do that”.

Shambhu Hedge has 1.25 guntas areca garden and 1.5 acres of dryland. While the total areca produce of 1999 fetched him Rs.2 lacs, he could not get even Rs 90,000 from the sale of areca produce last year. Hedge adds, “if the arecanut price does not improve, it will be difficult to survive. Areca growers’ life has already become miserable. Culturally, these areca growers are mild people, they are not used to protest and agitation. But they will be forced to come out on the road. Now, time has come for areca growers to raise their voice of protest against the forced import of arecanut and its illegal entry in our country.”

Manjunath Ramachandra Bhatt, an areca farmer of Huggigadde village in Sidhapur Taluka of Uttar Kanara committed suicide on 15th June 2003. Manjunath had left behind a suicide note which said, “because of heavy loan burden, I am committing suicide”. Bhatt had 33 guntas of areca garden which was his sole source of livelihood. He had taken loan of Rs. 80,000 from banks and society and Rs. 40,000 from a private moneylender. He had to fork out Rs. 25,000 as annual interest for this loan amount. His mother Lolakshi Bhatt says, “the bankers had served notice and came once or twice but private lenders used to come frequently and ask for repayment. He was mentally very depressed and used to sit alone and did not like to talk to anybody”. Subroy Ramchandra Bhatt, his younger brother, was doing diploma course in electronics but after this tragic incident he has discontinued his education and now looks after his areca garden. Says Subroy, “sharp decline in arecanut price is the main reason behind our misery. Areca is our only source of income. Intercrops like banana, blackpepper, cardamom and betelvine hardly fetch Rs. 3000-4000”. His mother Lolakshi Bhatt, wiping her tears aside and controlling her emotions says “our life was quite comfortable till 2000. But for last three years due to fall in areca rates, we are facing severe hardships. Every areca farmer has taken heavy loan. We will have to search for the one who has not taken loan. If the areca rates continue at the present level, it will be very difficult for us to survive. We are now very worried as to how will we earn our livelihood”.

Another farmer of the village, Shiva Ammu Gouda and his three brothers stay together in a joint family of 19 members. Gouda family has 2 acres and 10 guntas areca garden. This areca garden has been their traditional livelihood and only source of income. Till 2000 things were comfortable and Gouda family could earn a decent living for this joint family from the areca garden. But for last two years due to price-crash in arecanut, they have started going for labour work in others' gardens. Due to price fall there is very less demand of labour. Now they work as farm labour in areca gardens only. In the neighbouring village daily wage for male worker is Rs.40 and for females Rs. 20-25 only. Due to price crash areca farmers engage labourers only for very urgent operations. So, labourers find it difficult to get work even at low wages. The entire arecanut economy has collapsed. Labourers dependent on daily wages in areca gardens are literally on the verge of starvation. Gouda family is so poor and in desperate condition but they do not have BPL card. They buy rice from the market at Rs. 10-12 a Kg. They do not get any subsidised food grain from the ration shop. They have just a red card which entitles them for 5 litres of kerosene at subsidized rates.

Gouda, a traditional areca farmer could hardly get Rs 1 lac by selling his entire areca produce of last year, while he got Rs. 2 lacs for his produce in the year 1999. This sharp decline in areca price due to forces and processes beyond their control and comprehension has turned a once self-dependant and proud farming family into a labourers family in just three years, their livelihood ruined, all hopes shattered and forced to lead a life of abject poverty, dark future and always worried about the next meal".

Unchalli village of Sidhapur Taluk in Uttar Kanara has 28 families of areca growers and 25 landless labour families. All the labour households of this village are from S.T. community. Till the year 1999, the daily wage for male workers was Rs. 70-80 and Rs. 40-50 for female. But fall in areca price has led to sharp decline in wage rates. Now male workers hardly get Rs. 40-45 and females Rs. 20-25 only. Moreover, there is very less demand for labour because the whole areca economy

is facing distress.. They get work only in the harvesting season. For the remaining period they have to sit idle. These labourers have been so dependent and attached to the areca gardens that they hardly know anything about the outside world or the livelihood opportunities in cities and towns.Says Padmavati, an S.C. lady “Before year 2000, we were getting work in areca gardens for the full year but now from June to September we have no work at all”.

Govind Hegde of Unchalli village in Sidhapur Taluka is a traditional areca farmer with two acres of areca garden to sustain his family of 5 members. Lamenting the current financial distress of areca growers, he says “Till 2000 areca growers of my village could lead a luxurious life but now it is somehow we are managing our lives. Till 99 we engaged labour for every work but now we have also started working in our gardens. Because of price fall in arecanut we have curbed many of our expenses. Out of 28 areca growers in my village, more than 20 are under heavy loan burden.”

R.G. Bhatt is another areca farmer of Unchalli. He has 1.5 acres of areca garden and 1 acre of paddy to support his 12 member family. He has taken loan of over 6 lacs from banks, societies and private money lenders. The annual interest payment liability alone comes to Rs. 1.5 lacs. He is unable to pay the interest, so loan amount is accumulating day by day. He used to get Rs. 2 lacs from his areca garden till 99 but now he hardly gets Rs. 1 lac from the areca produce. Asked as to what is he going to do if areca prices do not improve, Bhatt says in a choking voice “ there is only one thing for me – to consume poison and commit suicide. I am very worried. But what can I do? I am unable to pay school fee for my children. I have assured school authorities that I will pay it next month. I will have to borrow from some one to fulfill my promise.”

I.T. Bhatt is a small areca farmer as well as an areca trader of Unchalli. He has 1.5 acres of areca garden and a family of four to sustain. He has been doing village level trading in arecanut for long and till 1999 he had a smooth business. But now

he is groaning under an unbelievable debt burden. He has taken a farm loan of 12 lacs and trade loan of 8 lacs. For this outstanding loan amount of 20 lacs, he is supposed to pay an annual interest amount of Rs 3,20,000. He is unable to pay the interest amount and loan amount is getting accumulated. Bhatt is trapped in a fatal and vicious debt trap due to steep fall in areca rates. He is suffering from severe depression. The neighbours fear that he may commit suicide anytime.

Areca labourers' plight

Ganapati Narayan Shetty is a labourer of Goranmane village in Sidhapur Taluka of Uttar kanara district. There are 8 members in his family. He is a traditional areca coolie and his entire family has been dependent on areca gardens of the village for their livelihood. From time immemorial they have done nothing but coolie work in the areca gardens. But this centuries-old livelihood of areca labourers is ruined now. The daily wage rate in areca gardens has come down to less than a half of its rate 3 years back. The fall in daily wage has been directly proportionate to the fall in areca prices. Arecanut labourers are the hardest hit community by price crash.

Narrating his plight in the last 3 years, Ganapati Narayan Shetty says “we are in deep trouble for the last three years. Earlier we had a happy life and stable livelihood. We could get work in the gardens for the full year but now we hardly get 10-15 days of work in a month and that too in only harvesting seasons. The daily wage rates have declined by more than a half. Earlier I was also very healthy and strong like you (pointing towards the author) but due to crises in areca economy I have become very weak and unhealthy.” Shetty’s father had purchased two acres of land from his daily wage earnings and they were cultivating paddy in that land till 5 years back. Seeing the high prices of arecanut four years back they converted their paddy land into areca garden. Shetty has been investing in areca farm for last four years without getting any return. Now he only laments for converting his paddy land because that could have at least ensured his household food security.

Manjunath Seth is another labourer whose 6 member family has been totally dependent on areca gardens for their livelihood. He has 3 children, an old mother and wife in his family. His wife also goes for daily wages in areca gardens. Narrating his tale of misery Manjunath says, “earlier we used to get work round the year but now we hardly get 8-10 days work in a month. The wage rate has also fallen because of price crash in arecanut. Earlier we could lead a happy and comfortable life, we could afford good and healthy food, but now we do not have enough to eat. We are worried about the next meal and struggling for our survival. From January to May it is very difficult to get work. It is a lean period. So we can afford only Ganji (Liquid boiled rice with salt). During July – September we work in paddy fields and get some breakfast from the landlord. We take meal only in the evening. When somebody falls sick in the family we cannot afford any medicine. There is no end to our woes and misery”.

Annap Seth, another arecanut labourer in the village is very desperate. He says that he finds it difficult to get even 4-8 days work in a month. “Due to price crash it is very difficult to get work. Earlier our wage rate was very high and we were busy for the whole year. We never worried about our livelihood security. But all this has become a matter of past. If the areca rates continue at the current level, we will have no option but to commit suicide.”

Ishwar Sethi has 18 guntas of areca garden and 2.5 acres of paddy land. But his one is also a labourers’ family and this land was purchased during the boom time of areca economy when they could earn a lot even from daily wages. But now this land has become a burden for him. He is now under the debt-burden of 2.5 lacs. He has been hit from all sides. The decline in areca rate as well as fall in daily wages. This year he could get only Rs. 30,000 by selling his areca produce of 5 quintals while his arecanut produce in the year 1999 fetched him Rs. 70,000. Sharing his sense of loss and disappointment, Ishwar Sethi says, “our life was very comfortable and happy till four years back. But now we are in deep trouble. If the areca rates do not improve in the near future, we will be sunk for ever. Four years

back I had a loan of only Rs. 30,000. But now this has risen to 2.5 lacs. How can I repay this loan. I am not getting even 8-10 days work in a month. Earlier we were getting regular work. Prices of essential commodities have increased but our income has sharply declined. How can we survive. For 2-3 months we survive only on Ganji. We cannot get anything to eat except Ganji during the month of May-June. We have not got even BPL card. In this village where more than 22 families of poor labourers live, only 2 of them have got BPL cards. Now god is our only hope”.

Shanker Narayan Janardan Hegde, an areca farmer in Ammachi village of Sidhapur Taluka committed suicide on 27th September 2001. He was under heavy debt burden. His outstanding loan amount rose to 4lacs. He had taken Rs. 1.5 lacs from APMC (Agriculture Produce Market Committee) and 2.5 lacs from private moneylenders. Hegde had 1 acre and 10 guntas areca garden. Due to sudden crash in arecanut rates and poor yield due to some disease, the loss in earnings became unbearable for him. He had a family of 5 to support. In the suicide note left behind, Hegde had written, “I am myself responsible for my death. The rate of areca declined and the yield was also very poor. So, I was forced to borrow heavily. I did not tell my family members about this loan because they might not have allowed me to borrow. Now it is not possible for me to repay this loan amount. I am facing severe distress and hence I am committing suicide.”

Most of these areca farmers resorted to high borrowing with hopes of higher returns from areca gardens. With that hope belied, their lives and livelihoods are now precariously hanging on further borrowings only. This thin thread of borrowing is the only lifeline of arecanut farmers. Breaking off this thin thread will be the end of their lifeline too. This is the characteristic fatal trap of so called free – trade and open economy.

Rekha is Hegde’s elder daughter and Vinay Shankar is his younger son. Besides his wife and old mother, there is one younger brother of Hedge who is mentally

retarded. Rekha has discontinued her education after her father's sad demise. Rekha was a brilliant student and she had secured 73% marks in her PUC exams. With no earning member in the family even getting food to survive is difficult, what to talk of education. Her younger brother is also finding difficult to continue his studies because he is regularly being harassed by the bankers and private money-lenders. Everybody in the family is now worried about Rekha's marriage. Rekha wanted to do higher studies but after her father's death she does not feel like studying anymore. Sharing her trauma and dilemma Rekha says, "after my father's death, everyone is talking about my marriage only. I have become the biggest burden for the family. I have lost all interest in life. My younger brother is so small. He does not know anything about the work. If I am married off, who will look after my mother and grand mother. I am at a loss as to what to do. Seeing high rates of areca 4 years back, my father took heavy loans, hoping to return it soon with the high rates of arecanut. That false hope has proved fatal for us".

Kotemane Village in Ellapur Taluka of Uttar Kanara district is a traditional areca farmers' village. All the 20 families of areca growers are fully dependent on arecanut for their livelihood. All of them are Havyak Brahmins (traditional areca cultivating communities). Arecanut cultivation was so profitable and sustainable source of livelihood that they never spared a thought about other means of livelihood. Arecanut growers enjoyed a very high social status and economic glamour until 1999 when the typhoon of globalisation gave them a fatal blow. Now all of them are only a shadow of their past. This village of 20 areca farmers has outstanding loan amount of more than a crore. And now they are literally living off borrowing. For buying every single essential item for the family, they resort to borrowing from societies and private money lenders. Banks have stopped advancing loans to them because all these farmers have stopped paying even interest dues to the banks. The areca farmers of Kodemane have fallen in the literal debt-trap.

Ramachandra Narayan Hegde is a small arecanut farmer of Kotemane. He has 30

guntas areca garden and 1 acre paddy. This is the sole source of income for his family of six. He has a loan burden of 5 lacs. This year he got 8 quintals of areca from his garden. Its sale value was Rs. 50,000, but not a single rupee came into his hand because that amount was not enough to fulfill his interest commitments to the society. He borrows from village society for every single need of the family. And the entire areca produce in turn is already committed to the society. His loan amount was only 2 lacs in the year 2000 but due to price crash of areca, Hegde has been unable to pay even the interest amount in the last two years and so loan has risen to 5 lacs.

Surya Narayan Ramachandra Bhatt is another areca farmer of Kotemane. He has also a debt burden of 5 lacs. He has 30 guntas areca garden and 1 acre of paddy land. Says Bhatt, "Four years back the loan amount used to be in the range of 1 to 2 lacs. But due to price fall of arecanut, the debt amount has accumulated to 5 lacs. Borrowing is a family tradition of ours. Our parents and grand parents also resorted to borrowing. But they used to borrow only small amounts and repay it back every year. However, our loan amount has become a constant worry for us. Due to high rates of arecanut our living standard went up sharply till the year 1999. Now the areca rates have declined but we find it difficult to lower down our living standard in the same proportion. Therefore we resort to heavy borrowing".

Sridhar Ishwar Bhatt is a traditional areca grower from Nadguli village of Sirsi Taluka. He has a 5 acres areca garden. Narrating the plight of areca growers, Bhatt says, "Till the year 99 we could manage the life comfortably. But now I have to borrow from society to meet all my family expenses. We are now in deep trouble. Most of the farmers of my village are in similar condition. Most of them have been living off borrowing. Many of them have borrowed 3-4 lacs".

Harihar Mahabaleshwar Hegde, an areca farmer of the same village adds "at the current rates of arecanut, giving higher education to daughters would be very difficult. Had the prices been normal, we could afford it. Though sons and

daughters should get equal opportunities, in distress conditions daughters' education becomes the first casualty. If the areca rates continue like this, I fear for my life in the coming days”.

Ganapati Shankar Joshi of Karsuli village in Sirsi Taluka has 1.5 acres of areca garden and 2.5 acres of paddy land. This family of 8 members has an outstanding loan of Rs 3 lacs. Says Joshi, “everything in our life has come to a stand still due to price fall in arecanut. We manage our life by borrowing from some or the other source. I have to marry two grand daughters and one son. I need atleast Rs.1 lac for every marriage. I have no option but to borrow that amount from some one. If the society does not oblige me, I will go for private loan at very high interest rates. Till the year 99 our life was quite comfortable but the price crash in arecanut has stolen that comfortable life and stable livelihood.”

....The End.....

Short Case Study-2

Livelihood crisis in Shimoga

By Parshuram Ray

Shimoga district of Karnataka is a major areca growing area. More than 60% of population in this district of Malnad region depends on arecanut for their livelihood. However, three Talukas of the district namely Sagar, Hosanagar and Tirathalli are almost totally dependent on arecanut. The price crash of arecanut has jeopardized the livelihoods of more than 90 percent population of these three areca dependent Talukas. Areca farmers of this area have very small landholdings of areca and the old paddy lands have also been converted into areca gardens. With no other source of income, the price fall of arecanut has pushed these farmers on the verge of starvation and under vicious debt-trap. Big landholding is no insurance against this crisis either. Bigger the areca garden, so big is the loan burden and severe financial distress and mental depression. Everyone in this traditional areca growing area of Shimoga is literally living off borrowing from banks, societies and private money lenders.

Pointing out the important role played by arecanut in the economy of Shimoga, Subba Rao, Regional Manager of Canara Bank, Shimoga says, “the main source of livelihood in Shimoga district is arecanut especially in the Southern part of the district. Around 50–60% of population depends on this crop for their livelihood. The fluctuations in rates have a direct impact on the whole economy of the district. When the rates are good, the whole district is full of activities. Once the rate comes down, people become dull and so does become the entire economy of the district. People cannot meet even basic necessities of their lives. They adjust their living standard to low rates of areca. When the rates were high, farmers would voluntarily come and make deposits in the banks and spend liberally on health and education needs of the family. But now the entire economy has come to a standstill with crash in areca rates.”

D.R. Ashok is a big areca farmer of Dumma village in Hosanagar Taluka of Shimoga. He belongs to landed community of Lingayats. He has 20 acres of land—10 acres of areca garden and 10 acres of paddy. So big is his debt burden. His loan amount has now risen to 10.5 lacs. The annual interest amount alone comes to over 1.5 lacs. He is not in a position to pay even interest amount. Narrating his suffering and difficulties Ashok says “To pay the interest I have to borrow from someone. To run the family and maintain the areca garden, I have no option but to borrow. Now, to meet every single need I resort to borrowing. But this cannot continue forever. I am suffering from severe mental distress and do not get sleep during night. This year we could celebrate Vijayadashami by offering just Pooja (prayer) and had nothing to spend on festivities. I have not told my family members about the heavy loan burden. The sudden rise and sudden fall in the prices of arecanut are both responsible for our plight. Because when the prices shoot up our living standard also jumped up and now we find it very difficult to adjust our lives to the new harsh realities created by fall in areca rates.”

G.K. Ramachandra is an areca farmer from Jene village of Hosanagar Taluka. He is a traditional areca grower and belongs to Smartha Brahmin community. He has an areca garden of 2.5 acres and 7 acres of paddy land. He is groaning under a debt burden of Rs 14 lacs. His areca produce of last year could not fetch even 2.5 lacs while he earned over 5 lacs for his areca produce in the year 1999. His annual interest amount alone comes to over 2 lacs. He is unable to pay even the interest not to talk about instalment. He resorts to borrowing to meet every single expense. “If societies do not pay I will look for loan from other banks. I am under severe mental depression. This year we celebrated Vijayadashmi by offering Pooja only. We could not spend a single rupee during the festival. 4 years back my loan burden was only 3 lakhs. Life was very happy and comfortable till the year 1999. Fall in arecanut rate is singularly responsible for our plight. The government has allowed import of areca at very low rates. The fall in domestic price was only inevitable. Our income from intercrops like—banana, black pepper and cardamom is only negligible. Almost all areca farmers are under heavy debt and facing similar

problems. I am unable to sleep at night. I am suffering from diabetese caused by severe mental distress due to heavy loans,” laments Ramachandra.

G.S. Anant Rao is another areca farmer of Jene Village in Hosanagar Taluka of Shimoga. There are 125 farming families in this village. Most of them are small and marginal farmers. Only 2 percent are big farmers. Almost all the areca farmers of Jene are under heavy debt-burden. Anant Rao has 8 acres of areca garden and 7 acres of paddy. His outstanding loan has crossed over 15 lacs. Obviously, he is unable to repay instalment and interest for the last 3 years. His loan amount in the year 2000 was only Rs 7 lacs. But after the fall in areca rates, the loan has accumulated because he is also meeting all his expenses by borrowing only. Says Anant Rao, “all the areca farmers are under heavy debt burden. Many people have outstanding loan amounts of over 15–20 lacs in my village. This price crash has put a big question mark before our lives and livelihoods. We are in for serious trouble. If the areca rates do not improve, many farmers will have no option but to consume poison to escape from this unbearable trauma.”

Chennappa Basappa Gouda from Vasave Village of Hosanagar Taluka committed suicide on 24th September 2003. Unable to bear the debt burden of over 15 lacs and harassed by private money lenders for repayment of their loans, Gouda found no option but to end his life. An areca farmer with 3.5 acres of areca garden and the areca rates of 15,000–18,000 per quintal in 1999 created false hopes of future returns from the garden and Gouda went for a house loan of 15 lacs. But fate had other plans. Even before he completed his palacial house, areca prices started falling and all the hopes of a rosy future were shattered. Gouda has left behind his wife Ratnamma, daughter Shobha and a son. Shobha’s marriage is now top priority on the family’s agenda. Shobha was studying in PUC but discontinued her studies since this tragic incident. Shobha has a completely uncertain future and the family does not know as to how would they earn their livelihood and repay the loans. Repayment of loans is the first thing in Shobha’s mind but she is clueless.

With no one to support, the Gouda family is on the verge of destitution and starvation.

Shoba says that her father had confidence that he would earn enough from his 3.5 acres of areca garden and repay back all the loans. But the root grub disease spoilt 1.5 acres of areca plantations and the prices of areca also fell down to a half. The root grub was spreading towards the other parts of the plantation too. That shattered even false hopes he had. Root grub is a disease, which attacks monoculture of areca plantations frequently. That is why in the traditional areca growing areas half of the land used to be under areca and the remaining half under paddy. The paddy fields used to work as barrier and prevent further spread of the disease. But mad rush for cash made areca farmers forget this ecological prudence and they have put their entire landholdings under areca. Moreover, paddy used to ensure household food security. Says Ratnamma, Gouda's widow "had half of the land been under paddy, even if arecanut plantation was spoiled by disease, paddy would have helped us. I think that half of land must be under paddy." Shobha says that her father had initially planned to spend Rs 10 lakhs on the new building. But as the construction work went on, the cost rose to Rs 15 lakhs and the high rates of areca at Rs 18,000 a quintal induced Gouda to borrow such a huge sum of money. But the rates crashed and so did all the hopes and expectations of Gouda.

Shridhar Prasad is a small areca farmer of Kugwe village in Sagar Taulka. He has an areca garden of 1 acre and 8 family members to sustain. This areca garden is the sole source of income for his family. He has taken loan of Rs 1,75,000. For two years Prasad has not paid even interest amount. PLD bank of Sagar has initiated proceedings for auctioning his land. Says Prasad, "if they come for auctioning, I will borrow from someone and repay it. Now it has become very difficult to run my family. Even if we drink Ganji (rice gruel) we pretend as if we had a full meal. For buying even daily essentials, I do it on credit only. Today I bought some ration from the provision store promising that I would pay back when I get next crop of areca."

Prasad finds it difficult to narrate his suffering and his choking voice testifies to his mental trauma and crushing poverty. His family does not get even one square meal. This village has 18 households with 38 acres of areca gardens. All the areca farmers are living off borrowing. One areca farmer has taken Rs 4 lacs loan. 6–7 areca farmers are already facing auctioning of their gardens and house properties. The farmers are desperate and clueless as how to run their life with so low returns from the areca gardens. The current areca rates are not sufficient to even meet the operational costs of gardens. With no other source of livelihood now these areca farmers are engaged in the proverbial “struggle for existence.”

L T.Thimappa, President of the Areca Growers’ Association of Sagar sub-division says that condition of areca farmers is assuming alarming proportion in Sagar sub-division (consisting of Sagar, Hosanagar and Tirthalli talukas). With most of the areca farmers being small and marginal and areca being their sole source of survival the price crash in arecanut has pushed them on the verge of hunger, penury and under unbearable debt-burden. Says Thimappa, “In Sagar sub-division, on an average there is 6 lakhs loan burden per acre of areca garden. Even for paying their interest amounts they have no option but to borrow further. Unless a person has an income from other sources, he can not survive.”

In March 2003, one PLD bank sitting director who was a big areca farmer committed suicide due to heavy loans and hopeless future of arecanut. Nagaraj Gouda of Hosagonda, located at a 10 km distance from Sagar could not face the fall in his living standard and loss of social status caused by fall in areca rates and found escape only in death.

Commenting on the pitfalls of single-crop commercial farming, Mr Shantaram, Vice President of MAMCOS’(Malnad Areca Marketing Cooperative Society) board of directors says, “if all the farmers go for Vanilla or arecanut or only one cash crop, it is very dangerous. The sharp fluctuations in their prices are very dangerous for farmers. Therefore, the farmers should cultivate mixed crops like paddy, areca,

vanilla, cardamom, banana etc. They must go for food crops. Although it is not always economically so lucrative but food crops save them in crises. Food is not the only need today but it provides insurance against distress. The farmers are committing suicide because they could not repay the loans they had taken from banks and money lenders, hoping very high returns from just a single crop. It is fatal to do so.”

Explaining the plight of areca farmers of Shimoga who have converted their entire cultivable lands into areca gardens, L. T. Thimappa, President of the Areca Growers Association of Sagar sub-division in Shimoga district says, “the farmer who has also cultivated paddy apart from arecanut is secured for his future. Even in the current economic distress he has food with which he can survive. This is his management plan for domestic food security. On the other hand areca grower is totally dependent on areca crop alone for his livelihood. He has to buy everything from the market. In the current crises they are starving, borrowing and begging for their survival. They have nothing at home to eat. And they are always uncertain about tomorrow because their food security is dependent on the mercy of grocery merchant.”

Thimappa adds, “earlier all the areca growers had some paddy land too. But they have converted their entire land into areca garden without sparing a thought about their future food security. This is the biggest mistake they have committed. There are some small farmers in the plains who grow paddy in their fields and work as labourers in the areca gardens. These people are more secured for their food requirement. But people in our area cannot grow paddy because our land is not suitable for paddy. These areca growers are also going for coolie work for their survival. They have to do this because they cannot hide their true condition for long. This trend started 3 years back and it is increasing to the extent that the situation has become unbearable. If the areca prices do not rise and situation does not improve, then many people would start committing suicide as it seems there is no way out.”

Commenting on the factors and processes responsible for pushing areca farmers into fatal debt trap, Mr M.V. Jairam, President of the PLD Bank, Hosanagar said, “these arecanut growers who were once earning very good income from arecanut stopped growing other intercrops just because they were not manageable or they were not giving good income. This led to the total neglect of these crops by areca growers. Once they started earning Rs 14000–16000 per quintal for arecanut, they forgot that they could compensate their expenses of maintaining areca gardens through these intercrops. Our forefathers used to grow these crops themselves but now these farmers do engage labourers for every single work. It takes away a lot of their money. Secondly, when the areca prices were ruling high, we took it as permanent and started living an extravagant lifestyle. Now with the steep fall in the prices, it is obviously very difficult to lower down that level. Now they do not find their incomes sufficient to meet even interest liabilities.”

Explaining the role and responsibility of the banking sector for the vicious debt trap of the areca farmers, Jairam says, “I remember 2–3 years back, these banks and government agencies used to send us messages that we have to advance as much loan to these farmers as they want. We used to be told by these agencies that unless we finance them, we would not thrive. So we started telling these farmers to take as much loan as they wanted. All the banks started racing to meet a lending target. Those days, these farmers were having a good time and we were lending them as much amount as they sought. The prices of all the crops like arecanut, pepper, cardamom etc were very high which gave them a false confidence and then led them into this fatal debt trap.”

Talking about the areca growers’ rising indebtedness and their inability to repay Jairam says, “how can they pay the interests of the principal amount when they are hardly managing their lives. Here they produce 10 quintal per acre on an average out of which they sell 4 quintals to repay the loans. Moreover in the last two years the yield has declined to 7–8 quintals per acre. At the same time they have to marry their daughters, educate their children and celebrate many festivals too. All

this entails heavy expenses but we have to live with our relatives, so we have to do all this. That has worsened our position.”

Jairam is himself a big areca farmer, so he knows the predicament of areca growers very well. Says Jairam further, “90% of the areca farmers are small and marginal and unable to repay the loans. These farmers go to the societies and borrow money for every necessity of their daily life. They are just struggling to survive. They borrow loans from a certain person and payback the dues of the societies and after getting that loan amount back from the societies they return back to the private lenders. This is the general practice in these areas. These private loans are given at very high interest rates and farmers find it difficult to repay even the interests. So it creates a vicious trap. This does not happen in our bank because we give long-term loans and do not give back the repaid loan amount. But societies give loans back. The farmer borrows money from private lenders and pays back to societies because they do not want to show themselves as defaulters. Again borrowing money from the societies they pay back to the private lenders. All these processes are pushing the farmers deeper in the trap of indebtedness. Most of them are unable to repay the loans and are going to face serious difficulties in the future. So we have stopped lending them. Earlier it was a safest advance to the arecanut grower on account of rising prices. But today we do not think so. Lending them is highly risky now.”

Mallikarjun, an agricultural graduate and areca farmer himself has seen and observed the problems of areca growers from close quarters. Says Mallikarjun, “I do remember interactions with the branch managers of various banks in the later part of 80s and even up to early 90s. The credit offtake those days was not very high because District Central Cooperative Bank was meeting the short term credit need and there was not much credit offtake even for the term loans from commercial banks which were supposed to do this during those days. Most of the branches were unable to meet their lending targets. Many of my friends in North Kanara, essentially areca growers used to say that their arecanut gardens were

self containing and self-sustaining with multi-storeyed crops like areca, pepper, cardamom etc. They were not dependent on any external inputs because arecanut was supposed to be organic- based and green manure was freely available from nearby forests. Other crops were cash crops like pepper, cardamom etc. They had paddy for domestic food security. Besides, the gardens also had cucumber etc for vegetables. North Kanara was self-sufficient even for honey. They had classic system of sustainable and healthy livelihood. I remember the boys of areca farmers of North Kanara being highly educated. Most of them got their higher education from Dharwad and Hubli Universities. Now it is shocking to learn about their chronic indebtedness to the tune of Rs 15–20 lakhs.”

Commenting on the processes which have brought areca farmers to this dead-end, Mallikarjun further said, “when areca prices went up very high and these farmers started getting very lucrative returns from their gardens, their living standard also went up and lifestyle changed. They started building big houses, buying cars and other costly consumer goods. They started living a lavish life. But there is nothing wrong with it. After all areca farmers are not living in isolation and they are also influenced by growing cult of consumerism. They started hosting good number of parties and lavish dinners and all this became status symbol for them. There has been a complete change in their mindset and values. Their social, cultural and economic values have entirely changed. I think the change in their mindset pushed them in this vicious trap.”

.....The End....

Short Case Study-3

Livelihood Crisis in Chennagiri

By Parshuram Ray

Though price crash in arecanut has severely affected all the areca growers, the traditional and non-traditional arecanut areas have different set of problems. Commenting on this, Shantaram, Vice President of MAMCOS in Shimoga said, “4–5 years back areca rates were very high and farmers were self-sufficient and happy. Now rates have fallen on account of indiscriminate import of arecanut. The supply which has exceeded demands has jeopardized our lives and destroyed our livelihoods. In the traditional areca growing areas, the land-holdings are too small. But earlier the whole family used to work in the garden and normally they did not hire labourers. But when the prices went up, they all forgot to work and started hiring coolies for every single operation in the garden. Now prices have fallen and they cannot afford to hire labourers. Still they find it difficult for them to work in the gardens because they have become lethargic. This has become a major problem for the people of traditional areas of arecanut.”

But non-traditional areca areas have different set of problems. Shantaram said further “in the non-traditional areas like Chennagiri; dams have been built up for water supply. For example, Bhadra dam on Bhadra river and Bhadnoor dam on Tunga river. In the land revenue records, Chennagiri has been recorded as dry land for food crops like Jowar, ragi, etc. But due to steep rise in the areca rates a few years back, they converted their food grain lands into areca gardens and could manage to produce more than what was produced in traditional areas because of their large land-holdings. For growing any crop other than food crops, these Channagiri farmers are supposed to take permission of the government. But farmers did not care about it and even government did not bother to execute this undertaking. Consequently it has created very serious problems. First, due to shortage of water, farmers went for bore wells and now even they are drying up. As

a result of that the arecanut gardens are dying too. Second, due to over production of arecanut they brought competition in the market for traditional growers and traders and now due to falling prices they have created problems for themselves too. Now Chennagiri Taluka is alone producing more arecanut than all the three traditional areca producing Talukas of Shimoga put together because of their large landholdings. The indiscriminate expansion in areca garden touched Bangalore as well. But now due to price crash all these people are facing severe distress.”

Chennagiri Taluka of Davangiri district in Karnataka is now a classic example of ecological disaster and economic catastrophe wrought by commercial farming of arecanut. This entire Taluka, traditionally one of the most prosperous and fertile zones of Karnataka, has turned into a “graveyard of commercial farming” The water table has gone below 1000-1200 feet, thousands of borewells have dried up and more than 50-60 percent of areca plantations have died. There has been alarming rise in debt burden among areca growers of Chennagiri. The debilitating nature of farm indebtedness in Chennagiri is self-evident from the figures of outstanding loan amount among areca farmers from TUMCOS society alone. See the following figures.

Year	TUMCOS Outstanding Loan in Rs. Crores
1998	3.46
1999	4
2000	5.13
2001	8.35
2002	13.35
2003	15.56

Source: TUMCOS Chennagiri

The crazy race for conversion of traditional foodgrain lands into areca gardens to earn big profits has led to disastrous growth of acreage under arecanut in Chennagiri Taluka. In just last 10 years there has been a six-fold rise in arecanut areas in this Taluka. See the following figure:

Year	Area in Hactare
1992	1918
1993	2103
1994	3800
1995	-
1996	4080
1997	4582
1998	6120
1999	8458
2000	9245
2001	9350
2002	13870
2003	14098

Source: MAMCOS, Chennagiri

Medugondanahalli is a big village in Chennagiri Taluka of Davanagiri district in Karnataka. This village has over 100 families, out of which more than 70 are areca farmers. M.P. Malledevaru is an arecanut grower of Medugondanahalli. He has 5 acres of areca garden out of a total 16 acres of cultivable land. His areca garden was planted just 20 years back and this area is a plain land and ecologically not suitable for arecanut cultivation. But craze for quick cash made many farmers like Mallede varu convert their foodgrain farms into areca gardens in the last 10-20 years. Now all of these areca growers of Chennagiri are facing severe “ water-famine”.

Says Malledevaru, “ 10 borewells have already dried up in my areca garden and even remaining 2 give little water. The period of water-starvation started 3 years back in this village and first borewell dried up in the year 2000. Water table in my village has gone down below 1000 feet. Till early eighties water was available with good force at a depth of 80-200 feet. Even in the early nineties our borewells could give water at 300-400 feet depth. But now even at 800-1000 feet depth, we get very poor yield of water and that too only for short period. Currently we are installing 10 HP 20 stage X 30 feet motors. But earlier in 1985 5 HP 6-8 stage motor was sufficient. In the 10 dried borewells I have sunk atleast 6 lakhs. Water table is going down fast because people have gone for massive areca cultivation and borewells are the only source of water here. People are drilling borewells at a

very fast pace. Now there is no future for areca growers and areca gardens in Chennagiri”.

Patel Shivamurthippa is another areca grower of Medugondanahalli. He has a 3-acre areca garden. He had sunk 5 borewells, out of which 3 are already dry. The remaining 2 give very little water. The areca plants are also drying and the gardens are almost dead. This is a story of not only Malledevaru or Shivamurthippa but every areca grower in Medugondanahalli.

Maravanji is another village in Chennagiri Taluka bearing the brunt of water starvation caused by indiscriminate conversion of foodgrain lands into areca gardens at commercial scale. There are 60 households in Maravanji, out of which 30 are areca growers. B.M. Ishwarappa is a big areca farmer of this village. He has an areca garden of 25 acres. He has another 25 acres under other crops. He has an outstanding loan burden of Rs. 7 lakhs. Out of his 25 acres of areca garden, 12 acres is 40 year old and remaining 13 acres is new garden planted just 3 years back.

Narrating his tell of woes, Ishwarappa says, “ I had sunk 8 borewells in my old garden and all of them have now dried up. Another 16 borewells I drilled in my new areca garden and all of them have failed. I have sunk Rs 7-8 lakhs into these borewells. In last 4 years I have invested 12-14. lakhs in my areca garden. Whatever I got as return, it was invested back into the garden only “. Most farmers in my village are desperate. Out of 30 areca farmers of my village, 5 were bringing water from other villages located 15-20 km away. The Societies have stopped giving loans to areca farmers. Jewellery, house and land – everything is mortgaged to banks. The areca farmers are in deep trouble. People have stopped going to the market because they have no money. Even marriages are being postponed. Areca farmers have stopped sending their children to schools and colleges. Female education has been the worst victim. Daughter’s education has been sacrificed at large scale. This financial distress is creating very serious health

problems too. Life of areca growers has become depressive and disappointing. Even those people, who were leading a luxurious life 5 years back, find it difficult to lead even an ordinary life. Unbearable circumstances may force them to end their lives”.

Pandumatti is a very large village in Chennagiri Taluka. Out of total 1000 families inhabiting this village, more than 900 are areca farmers. With more than 2000 acres of areca gardens in this village, more than 50% of areca growers are small and marginal, 40% are medium and 10% are big farmers with large landholdings. But all areca farmers are facing severe financial distress due to fast depleting water table, steep fall in the areca prices and accumulating loan burden. Out of this 2000 acres of arecaland, over 1750 acres have already dried up. The remaining 250 acres will also dry out within few months. More than 10,000 borewells have dried up in this village alone. Water table has gone down below 800-1000 feet. The borewells started drying up 5 years back. Some areca farmers of this village are bringing water by tanker from a distance of 18 kms. Villagers say that the financial distress has become so severe that large number of people may commit suicide. This year no body has repaid even the interest amount, all of them have become defaulters. People spend sleepless nights and life of these areca growers has become a nightmare.

Gopenahalli is another big village of Chennagiri Taluka struck by the ‘twin bullets of water-fall and price-fall’ simultaneously. This village has over 800 households, out of which 500 are areca growers fully dependent on gardens for their livelihood. Out of a total of 1500 acres of areca gardens, more than 25-30% plantations have dried out and the crop loss is more than 80%. The current water table has fallen below 1000-1200 feet. This village has been getting its drinking water supply from a village 12 km away from here since 1996 from a submersible pump. More than 10,000 borewells in this village have already dried up in the last three years.

Rajasekhar is an areca farmer of Gopenahalli. 10 acres areca garden is the sole source of livelihood for his 12 member family. More than 20% of areca plants are already dead and crop loss has been more than 80%. He had drilled 25 borewells and all of them have dried up. 3 years back water was available at 600 feet. Next year it went down to 800 feet and now it is below 1000 feet. Only 2 borewells in his garden are giving some water. From last year Rajasekhar is bringing water from Bettakadur village located at a distance of 8 km. He has bought 20 guntas of land in that village for Rs 1 lakh and drilled borewells there. He is bringing water from Bettakadur to his areca gardens through PVC water-pipeline. He has incurred an expense of Rs. 10 lakhs on laying water pipeline alone.

Rajasekhar has an outstanding loan burden of Rs. 14 lakhs – 10 lakhs from TUMCOS Society and 4 lakhs from nationalized banks. He has borrowed Rs 2 lakhs from private money lenders too. He is paying an annual interest amount of Rs. 2 lakhs to TUMCOS and other banks. The interest rate for TUMCOS loan is 18%, for PLD bank 14% and for private loan it is 24%. He borrows from one source and pays back to the other one and this loan recycling has led him into a vicious debt-trap. Still he is not prepared to go for other crops. Says Rajasekhar, “4-5 years back our living standard was high. 99% of areca growers have taken loans. There are many areca growers in my village who have borrowed to the tune of Rs. 15-30 lakhs from various banks and societies. 50% of areca growers of my village have mortgaged their lands for loans. Despite all these problems, we will continue to cultivate areca only. We are even prepared to bring water by tankers and lorries. For 4 months during summer, we will buy water to protect our areca plants. Then we will wait for god.”

He further says, “we are not getting sleep during night. We get rather tension only. From this year 20-25 people have left this village in search of livelihood. If arecanut situation continues like this for another 2-3 years, we all will migrate to cities like Bangalore and work even as labourers to save our lives”. This village has a loan burden of more than Rs. 10 crores.

Kupendrapa is another areca grower of Gopenhalli. He has 10 acres of areca garden. He has drilled 40 borewells but now only 3 are giving water. 37 are already dead. He has sunk Rs. 40 lakhs in these borewells. Says Kupendrappa, “Many people in our village have been forced to postpone the marriages of their sons and daughters. No person is prepared to marry his daughter to an areca grower’s son because of heavy loan burden, fall in water table and price crash in arecanut. Our life has become very risky. Every areca grower in this village has taken at least Rs.10-12 lakhs loan. This problem of loan burden did not exist 5 years back. All the areca growers used to take only crop loans or development loans of very small amount only and they used to repay back on time till 4 years back. The loan burden has assumed “epidemic proportions” only in last 3-4 years. We do not know whether we will survive this epidemic”.

K.N. Thipeswami was a very prosperous areca farmer of Gopenhalli. His big bungalow, drawing room full of precious artifacts and costly sofas, and Cielo car parked in front of his house bear testimony to Thipeswami’s prosperity. But Thipeswami’s seems a proverbial case of ‘all that dazzles is not gold’. Behind this facade of richness and glamour lies a tragic ‘riches to rag’ story. These symbols of prosperity definitely testify to Thipeswami’s rich and proud past but beneath them lies a tense present and uncertain future. These symbols are deceptive and hide the harsh truth of Thipeswami’s bankruptcy.

Thipeswami has an outstanding loan burden of over 20 lakhs – 8 lakhs from TUMCOS, 8 lakhs from Canara Bank and 3 lakhs from Indian Bank, besides loans from private money lenders. His annual interest burden alone comes to over 3 lakhs. Narrating his desperate situation, Thipeswami says in his chocking voice, “ for me it is now difficult to repay the interest and loan amount because of price crash in arecanut, fall in yield due to drought and falling water table. If the present rate of areca and water crisis persist for few years more, I will have no option but to remove the areca plants and go for foodcrops.”

After division in family in the year 1982, Thippeswami purchased 7 acres of land and brought it under arecanut. Till the year 1999, his garden was giving him very good income and he could afford a luxurious lifestyle. But in just 3 years, he has been reduced to a life of fatal indebtedness, abject poverty and a dark future. Says Thippeswami, “if this situation continues, even if I am physically alive, it will be worse than being dead”.

Thippeswami had drilled 70 borewells in his garden but now only 2 of them give a little water. The water table in his areca garden has gone below 1000 feet. 10 years back it was easily available at 250 feet. He is now bringing water from Medugondanahalli village located 7 kms away from his garden and Bettakadur village located at 10 kms distance from his village. He has invested over Rs. 30 lakhs on water alone. But all this investment is unable to protect his garden from ‘ecological nemesis’. Areca plants are dying. More than 90% of yield has dried up and fallen down.

Thippeswami says further “till now we were paying Rs. 100 as daily wage to labourers working in our gardens. But now we can not afford that. So, coolies (labour) who were dependent on areca gardens are starving here. Alcoholism is growing fast in my village because of anxiety, tension and financial distress faced by areca families. Coolies life in the neighbouring villages of Bettakadur and Tallikattee has become very difficult, so they are migrating now. Coolies come and ask for work in the gardens. But we find ourselves helpless. We have no money or foodgrains to give as daily wages. We feel so bad about all this”.

K.S. Manjunath is another areca grower of Gopenhalli. He had a 6 acres areca garden and all the plants dried up due to water-shortage. He has removed his entire areca plantation and now cultivating vegetables instead. After all the 12 borewells in his areca garden failed he started bringing water from another village located 6 kms away. The laying of pipeline alone costed him Rs. 3.5 lakhs. Even that Herculean effort could not save his plants from nature’s fury. He has a loan

burden of Rs. 5 lakhs. His areca garden was 70 years old and this was the first areca garden in his village. Lamenting his trauma, Manjunath said, “ I tried my best to save the plants’. I did not spare any effort but I could not protect the plants. Now we can not grow areca. We would now give first priority to food and grow foodcrops. The pain and agony of removing the areca garden was so severe that some other farmer might have committed suicide. But I mustered courage and did not take that step. It was very difficult moment for me. Now even getting food is a problem. Our lives and livelihoods have been damaged beyond repair. But now I hope my new foodcrop would be enough for my survival”.

K. Chandrappa, another farmer of Gopenhalli, has an 8 acres areca garden and drilled 15 borewells but only 3 are giving a little water. He is also bringing water from another village and last year invested Rs. 3 lakhs on laying pipeline alone. Frustrated by all this Chandrappa said, “ now I will not make any investment in areca garden”.

B. Shivalingappa is an 80 years old areca farmer of Gopenhalli. His areca garden was spread over 24 acres. This entire areca plantation of Shivalingappa died of ‘water-hunger’ just this year. He had drilled 25 borewells but all of them failed this year. He has removed his entire areca plantation. His areca plantations were 10-50 years old. He had sown foodcrops in 12 acres. But due to drought that foodcrop has also failed. He has a loan burden of over Rs. 20 lakhs. He has not been able to repay the interest amount for last 2 years even though one of his son is lecturer in a college. Narrating his plight this old areca farmer said, “Now I will go for food crops. But to do that I need atleast Rs. 5-6 lakhs to uproot the roots of felled areca plants. I am very depressed. Life has become disgusting. We are in deep trouble. My advice to the farmers is that they should not go for areca cultivation. For earning a sustainable and secure livelihood they should cultivate only foodgrains. Only cereals and seasonal crops should be grown. They should not go even for the fruit crops because they need a lot of water. We have already paid a very heavy price for growing water-intensive crops. Conservation of water

should be given top priority.” But will the champions of cash crops and proponents of commercial farming care a hoot for Shivalingappa’s pearls of wisdom ?

M.S. Eshwarappa, an areca farmer of Rajagondanahalli lost his entire areca garden of 5 acres. All the 9 borewells he had drilled dried up. Eshwarappa had a loan burden of over 12 lakhs. Unable to bear the shock of dead areca garden and alarmed by this huge loan burden, Eshwarappa found the only escape route and committed suicide.

Rajagondanahalli village of Chennagiri Taluka has over 200 households. There are more than 100 areca farmers in this village. The total area under arecanut is over 400-500 acres. The water table in the village has gone below 1000 feet. 80-90% of areca plantations are already dead. Out of the total borewells of over 1500, more than 90% have already dried up. On an average each areca grower of this village has a loan burden of over 4 -5 lakhs. All of them are in deep trouble. Due to very high rates of arecanut the farmers went for large-scale cultivation of arecanut which in turn led to fast depletion of water table. In this village water was easily available at a depth of 400 feet just 4-5 years back. But now this village is under the grip of water famine and no amount of money is enough to protect this village from the wrath of nature.

Shiva Kumar, an areca farmer from Sadhulingayat community in Garga village of Chennagiri Taluka was another areca farmer who committed suicide this year. He had an areca garden of 3 acres and had drilled 3 borewells. All these borewells dried up this year. Slowly and slowly all the areca plants died. Shivakumar removed these dead areca plants by his own hands. But the trauma of removing dead areca plants was so unbearable that he committed suicide. His father Shivappa says, “ he committed suicide because of loan burden and areca crop failure. He had taken loans from banks, society and private moneylenders. Gullehalli village cooperative society had served notice for repayment of its loan. Private moneylenders were also pressing him for repayment

of their loan. All this became too much for him.” Four days after Shivakumar ended his life, his father received a compensation amount of Rs 1 lakh from the State Government.

Garga is a big village with over 500 families living here. There are over 100 areca growing families and more than half of this village's population earns its livelihood by coolie work (daily wage) in areca gardens. Out of more than 1500 borewells in Garga, over 90-95% have dried up. Water table has gone below 1000 feet. The area under areca garden is spread over 400-500 acres. 90% of areca plants are already dead and more than 30% plants already uprooted. The collective loan burden from banks and societies is over 1.5 crores. But the amount of loan taken from private lenders is more than 10-15 times more than institutional loans. The coolie families living in the village were fully dependent on daily wages earned from areca gardens in the area. With most of areca gardens drying up, these labourers' sources of income have also dried up. They are on the verge of starvation.

Basavarajappa, another areca farmer from Garga has 12 acres areca garden and 5 acres of dryland. Out of 29 borewells drilled in his garden only 2 are giving a little water. The rest are dead. 3 years back his entire garden had only 3 borewells and water from them was enough for the areca plants. But now the average water table in this village has fallen below 1000 feet. Basavarajappa, who earns an additional monthly salary of Rs. 2800 from his job as postmaster, has outstanding loan burden of Rs. 15 lakhs. Out of this, 12 lakhs is private loan taken at the interest rate of 24%. Last year he paid Rs. 3.5 lakhs as interest alone. 2.5 lakhs of this went to private lenders only.

Says Basavarjappa, “we are living in a critical condition. We do not know what to do. We are thinking of migrating to cities and earn daily wages. If this condition continues, all of us will migrate from here. In areca families of my village, hardly 10% are able to get two meals. The remaining 90% hardly get one meal or just live off Ganji. Some are getting a little help from their relatives who are not affected by

areca crises. In this village more than 50 girls are waiting to be married but not able to get married because of financial distress caused by arecanut crises. There have been more than 10 engagements of girls but their parents have postponed their marriages. There are more than 300 boys ready for marriage. But nobody is coming to give their daughters in this big village. Only one marriage (boy) was held this year. Last year 10 marriages were held and 2 years back 20 marriages. But before year 2000 when everything was normal, on an average more than 50 marriages used to be held every year in my village”.

Rudresh, a small and poor areca farmer in Bushenhalli had an areca garden of 30 guntas. The garden was 6 years old only. It was yet not yielding. The intercrops sown in the areca garden were sole source of income for a family of 4 members. Rudresh had drilled 3 borewells in his garden by taking loans. He had borrowed Rs. 2.5 lakhs from private lenders and Rs. 1.5 lakhs from banks. All the three borewells dried up this year. With two children and one wife to support and all the sources of income drying up, life became unbearable and Rudresh committed suicide on August 30th 2003. The widow and children of Rudresh have no body to support. The family is on the verge of destitution and starvation. Some relatives have been meeting government officials for the compensation amount but bureaucratic wrangling is immune to the suffering of the family and one may not be surprised if the widow along with her two kids resorts to the same escape route her husband took.

Nagaraj is another areca farmer from Bushenhalli. He has a 10 acres areca garden and 15 borewells were sunk for irrigation of areca plants. All the 15 borewells have dried up. Says Nagaraj, “areca growers are living in a critical condition. I have a loan burden of over Rs. 4 lakhs. Almost all areca growers are in distress condition. Intercrops have also failed. Food- crops like maize and jowar have also failed. The water table in the village has gone below 800 feet and more than 1000 borewells have failed in my village alone. Most of the loan amounts were taken for drilling borewells only”.

B.G. Mahadevappa is an areca farmer of Pandumatti. He had 1 acre 10 guntas areca plantation. This year all his borewells dried up and entire plantation died. The water table in his garden had gone below 900 feet. Mahadevappa uprooted his dead plantation and has sown maize in that field. This year more than 20 areca farmers of Pandumatti have uprooted their areca plants and sown maize and other food crops. But Mahadevappa is yet to take the lesson. He is again planning to plant arecanut only. What a fatal attraction!

.....The End.....