



KERALA INDEPENDENT  
FARMERS ASSOCIATION

# Farmers' Indebtedness Survey

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September 2022



FARM  
DEBT

## Message



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Chairman, KIFA

The 'Kerala Independent Farmers Association (KIFA)' has significantly altered how farmer organisations are organised and how farmer issues are resolved in just two years of its inception. Right from start, KIFA has been using data and technology to address the problems encountered by Kerala's farmer community that seem intractable.

Farmers' debt and suicide rates have climbed in Kerala over time, but nobody, not even the government, seems to know with certainty how much debt and stress the farming community is under.

In order to determine the scope and depth of indebtedness of farmers in Kerala, KIFA, a pioneer in agricultural advances and data-based decision systems, undertook an indebtedness survey. The survey's results are described in detail in this report.

## What the Survey Shows Up

1. Extent of indebtedness in Kerala's farming community -72%
2. The Malabar region is the most indebted, followed by Travancore and Cochin.
3. Cardamom and pineapple farmers are most indebted in terms of average debt.
4. 26% have more than one loan.
5. 65% of them have pledged all their land holdings.
6. 68% of them have taken out gold loans in addition to agricultural loans.
7. The average amount of loan taken is Rs. 546,850.
8. 29% have borrowed less than Rs. 2 lakh.



9. 16% have taken out loans in excess of Rs 10 lakh.
10. Scheduled commercial banks are the most preferred followed by co-operative banks for taking agricultural loans.
11. 57% are having their current house pledged as well.
12. 29.6% have some bank arrears.
13. 20 % have full arrears in the bank with no repayment at all.
14. 14% received a confiscation/recovery notice.
15. Actual confiscation completed at 2%
16. 60% are facing regular wildlife attacks.



## Summary

The Kerala Independent Farmers Association (KIFA) performed a methodical study on farmer indebtedness to better understand the amount of financial stress experienced by farmers in Kerala. The study's findings are both revealing and extremely unsettling.

Kerala's level of debt is significantly higher than the country's average, which stands at 50.2% (according to the NSSO's 77th round, which was done in 2019). Kerala's rate of indebtedness is 72%, according to the current study by KIFA. The same was 70% for Kerala as per NSSO's 77th round, conducted in 2019. So, in three years' time, the rate of indebtedness in Kerala is showing a marginal increase.

Malabar, Kerala's least developed region, is the most indebted; 77% of farmers there acknowledge to being in debt, compared to 70% in Travancore and 68% in Cochin. In the NSSO 77th round, the average debt of farmers in Kerala was likewise significantly greater than the national average. Kerala farmers were having an average debt of Rs. 242,482 in the same study, compared to the national average debt of Rs. 74,121. The only state with a reported average debt larger than Kerala's, which was Rs. 245,554, was Andhra Pradesh.

According to the recent KIFA study, Kerala farmers have substantially higher average debt than in the NSSO 77th round. The average debt of Kerala farmers in the NSSO 77th round was Rs. 242,482, whereas, the average debt revealed by KIFA's current survey is Rs. 546,850, which is 2.3 times higher.

The KIFA analysis uncovers a number of other troubling trends in addition to the noticeably greater average level of debt. The farming community in Kerala doesn't seem to have enough access to institutional finance, despite Kerala being a state with a higher bank branch density. This is clear from the fact that 68% of Kerala farmers have taken additional loans in addition to their usual agricultural loans by pledging gold.

Only 48% of farmers were able to take advantage of the Kissan Credit Card (KCC) linked interest subversion plan (also known as a 4% interest loan with gold as security). This clearly falls short of expectations. The majority of farmers (58%) choose ordinary loans

without subsidies despite the government offering them 4% interest loans under the KCC scheme, which suggests that there are substantial problems with access or availability of the KCC-linked 4% loans.

Another key finding is that 63% of people who have taken loans have pledged all their land to the bank. Its dire implication is that if they fail in the repayment, leading the banks to confiscate the land, they will become landless.

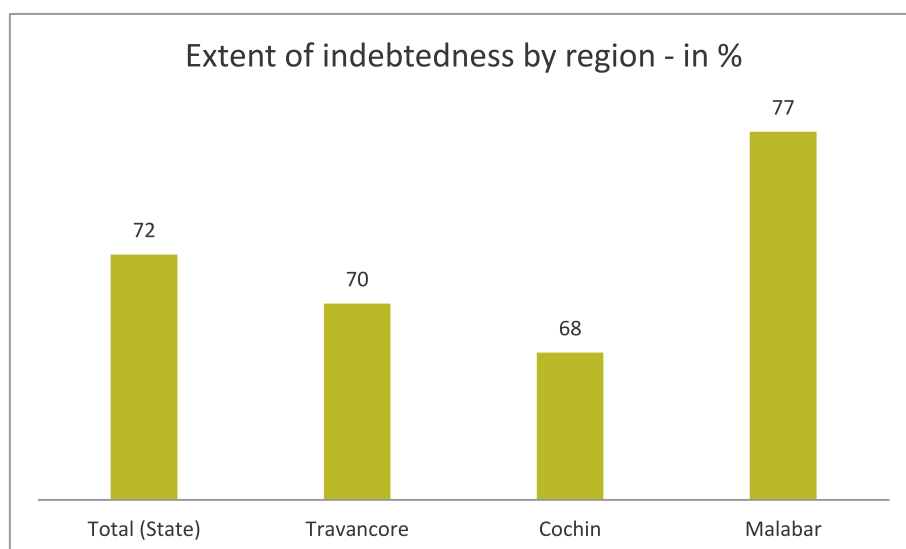
The most stressed farmers are those that grow cardamom and pineapple, both in terms of their level of debt and the typical number of loans they have taken. For both cardamom and pineapple producers, the average loan amount taken is 1.3 times greater than the state average. Compared to the state average of 72%, the percentage of indebtedness among farmers of pineapple and cardamom is much higher, at 80% and 78%, respectively.

With only 51% of farmers making regular payments with no outstanding dues, the payback situation is quite worrying in Kerala. 20% of farmers have full arrears with no payback at all so far, while 29% of people have some outstanding debt. Both the overall arrear rate of 49% and the complete arrear rate of 20% indicate grave structural issues that Kerala's agriculture sector currently faces.

A total of 14% of farmer debtors in the state have received notices of confiscation or recovery due to non-payment of loans, with Travancore having the highest percentage at 21%, followed by Cochin and Malabar.

Actual confiscation proceedings are reported by 2% of farmer debtors, while 15% are fighting cases in courts regarding eviction and confiscation. The most desired government assistance by farmers is an interest waiver, followed by an extension of the repayment period and a remission of any accrued interest penalties. 60% of farmers report wild animal attacks as the main cause of crop losses, followed by natural disasters and pest attacks.

## 1. The Extent of Indebtedness



72% of farmers who participated in the survey said that they have taken a loan pledging their agricultural land, and 26% have more than one loan.

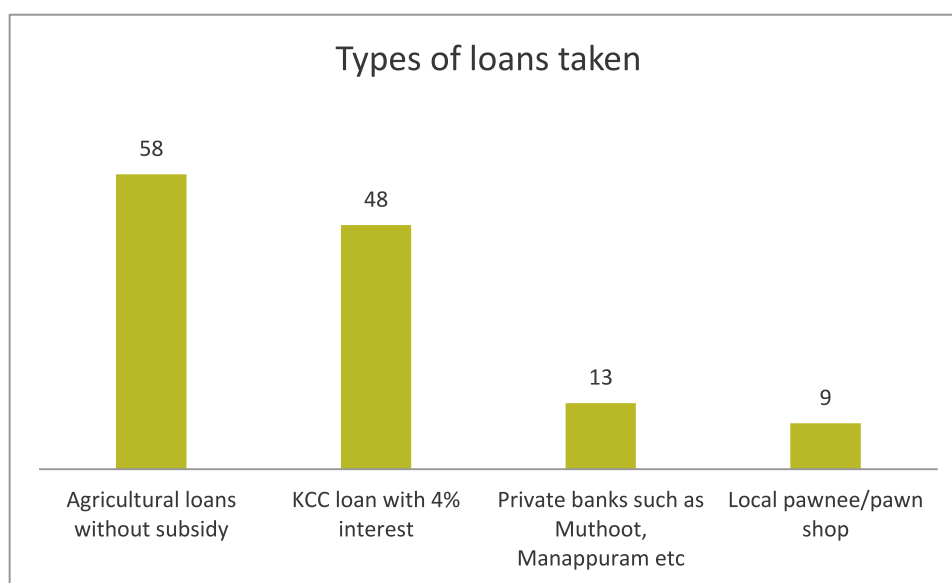
- a. The indebtedness level is highest in the Malabar region (77%), followed by Travancore (70%) and Cochin (68%).
- b. In terms of land ownership, indebtedness is highest among those who own 1–2.5 acres of land (79%), followed by those who own 2.6–5 acres of land (76%), and lowest among those who own more than 5 acres (64%) and those owning less than one acre (64%).
- c. In terms of crops cultivated, the highest indebtedness was reported among pineapple farmers (80%), followed by dairy farmers (79%), cardamom (78%), and cocoa (76%).
- d. Indebtedness among the two most important crops in Kerala, namely rubber and coconut, is as follows: rubber 73% and coconut 71%.
- e. Paddy farmers are relatively lower in indebtedness at 65%.

## 2. Pledge Levels in Gold

In addition to loans by pledging agricultural land, 68% of farmers have also taken loans by pledging gold as well.

The gold loan levels are the highest in Travancore at 72%, followed by Malabar at 70% and then Cochin at 61%.

### 3. Types of Loans Taken



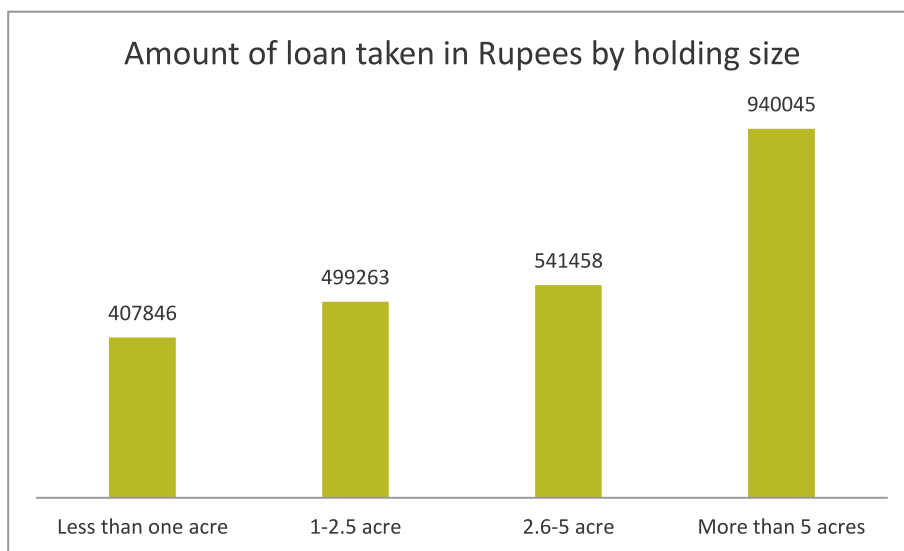
- 58% of people have taken loans from banks such as Canara Bank, Federal Bank, SBI, or co-operative banks without any subsidy.  
*Loans from scheduled private banks are highest in Malabar (62%) and lowest in Travancore (54%).*
- The reach of subsidised loans to farmers at a 4% interest rate is only 48%.  
*Malabar has the highest percentage of KCC loans (51%).*
- 13% of people have taken loans from private companies such as Muthoot, Manappuram, etc.  
*Loans from private banks are the highest in Travancore (22%).*
- 9% of people have taken loans from local money lenders.  
*Local money lenders' incidence is highest in Travancore at 16%.*

### 4. Extent of Land Pledged

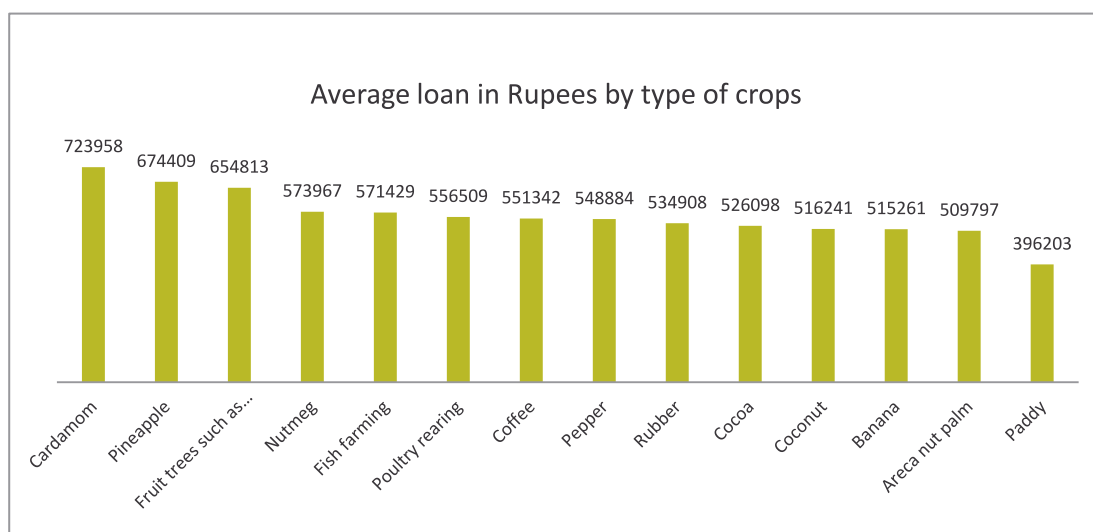
Among those who have taken loans, 66% have pledged all their land, 23% have pledged half or more land, and 12% have pledged less than half of their holdings.

## 5. Amount Borrowed

- At a state level, the average loan amount is Rs.546,850, with Travancore having the highest at Rs. 671,756, followed by Cochin at Rs. 532, 915, and Malabar at Rs. 471,212.
- The amount of loan increases by the extent of land owned, with those having more than 5 acres of land having almost double the average loan size.

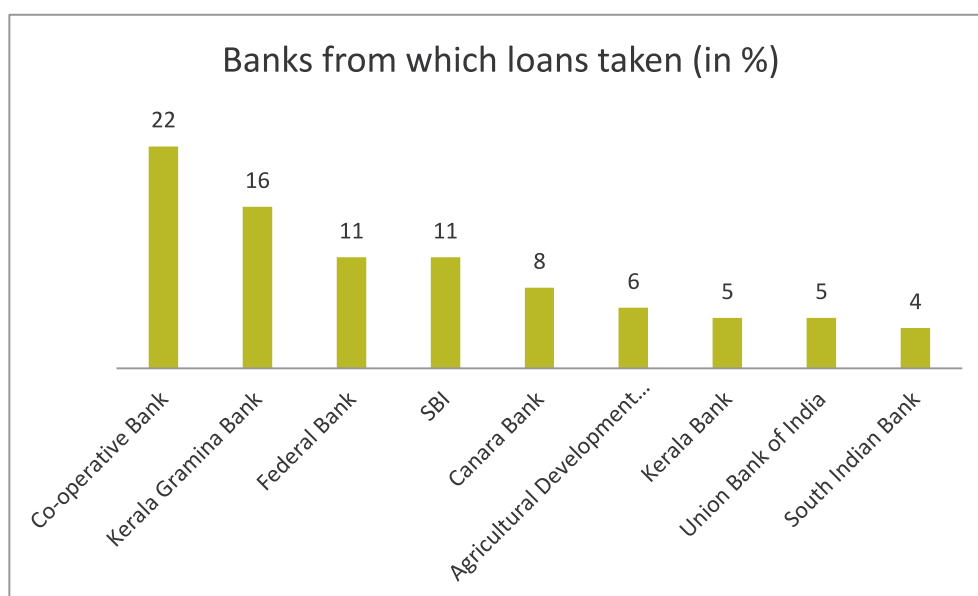


- Cardamom farmers are the most indebted in terms of the average loan taken, followed by pineapple and fruit trees such as rambutan and mangosteen farmers.



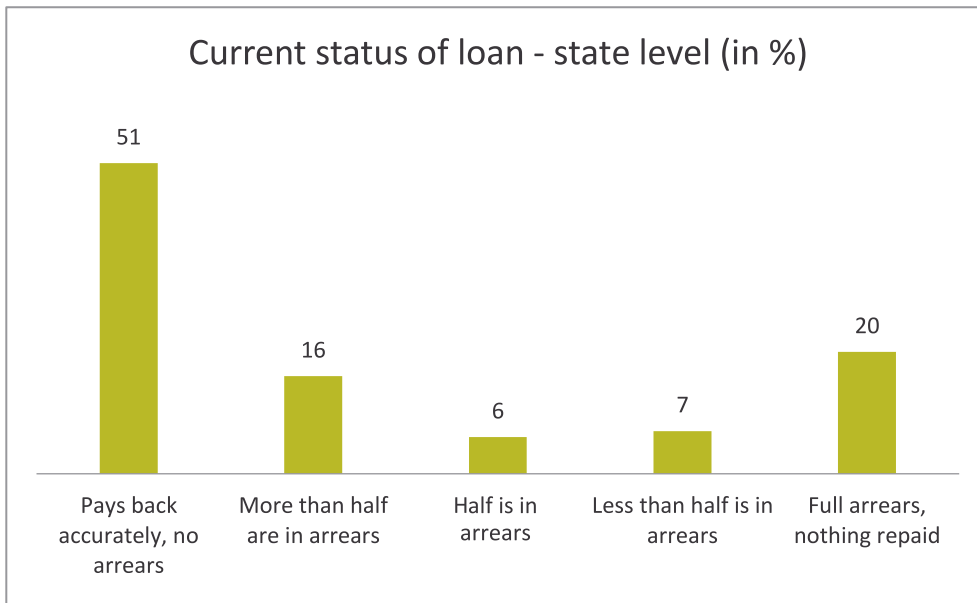
## 6. Banks Where Loans are Obtained

1. As a group, scheduled-commercial banks take the lead in terms of loan disbursals, with 42% of people taking loans from such banks.
2. However, as separate entities, cooperative banks are the most preferred banks for taking agricultural loans, with 24% of people taking loans from cooperative banks.
3. In the Malabar region, Kerala Gramin Bank leads with 27% of the share, while in Travancore and Cochin, co-operative banks lead (among non-commercial banks).



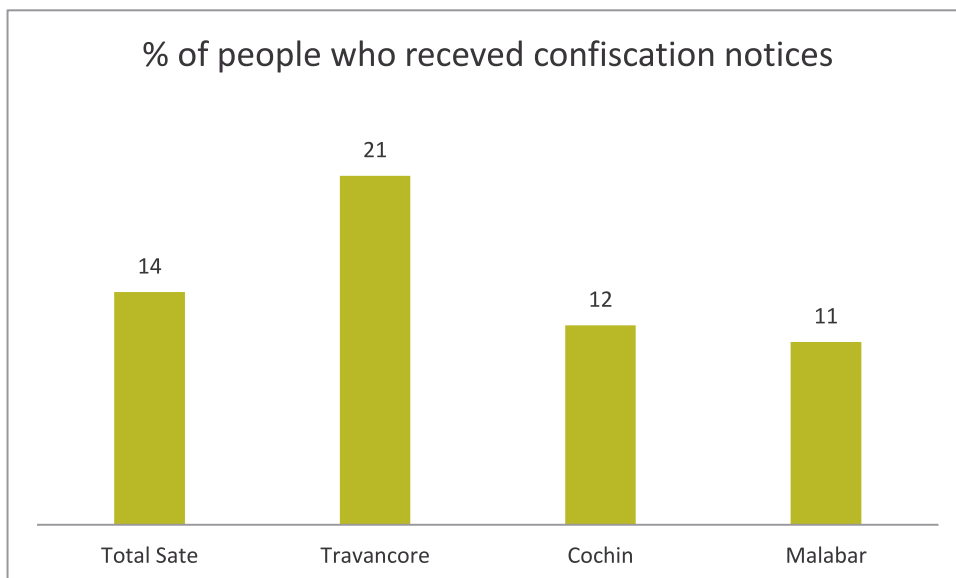
## 7. Loan Status at the Moment

1. 51% of people claim to be repaying loans on time with no arrears at all. 29% of people have some arrears and 20% have full arrears and haven't repaid anything.
2. The extent of full arrears is highest among those who have less than one acre of land and the full arrear level decreases as land holding increases.
3. The full arrear rate is the highest among paddy, pineapple, and cardamom farmers (22% each).



## 8. Confiscation/Recovery Notice Status

1. At a state level, 14% of people have received confiscation/recovery notices, with Travancore having the highest rate of notices at 21%, followed by Cochin and Malabar.



2. Private banks and local money lenders lead in terms of recovery notices with a 25% rate, while KCC loans and other loans from banks have a recovery notice



rate of only 7% and 12%, respectively.

3. Confiscation proceedings are highest among those who have less than one acre of land (22%), it is 11% among those who have 1-5 acres of land, and then it increases among those who have more than 5 acres of land (14%).
4. In terms of types of crops, confiscation proceedings are highest among cardamom farmers (20%), followed by coffee (15%), pepper (15%), and clove farmers (14%).

## **9. Actions Taken Following the Receipt of a Confiscation Notice**

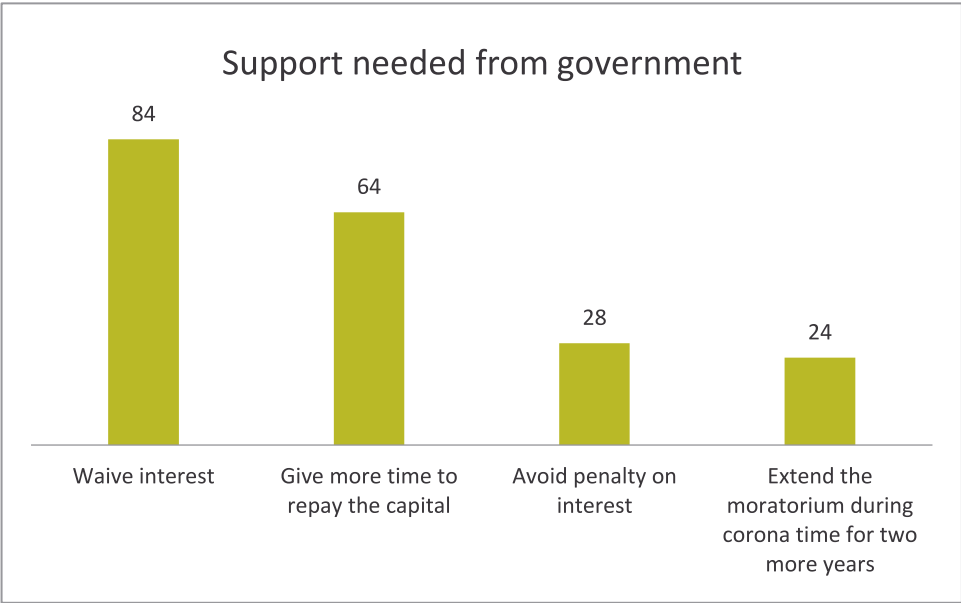
45% of people said that they are trying to get a settlement with the bank with a reduced amount, 15% have filed a case in a court of law and are fighting it currently, 16% are trying to get other means of settlement with the bank, and 29% have done nothing about it.

## **10. Have Confiscations Taken Place Already?**

2% of total respondents claimed that the confiscation was already done, and the Travancore and Malabar regions led in the rate of confiscation. The rate is highest among those who have 2.5-5 acres of land (5%).

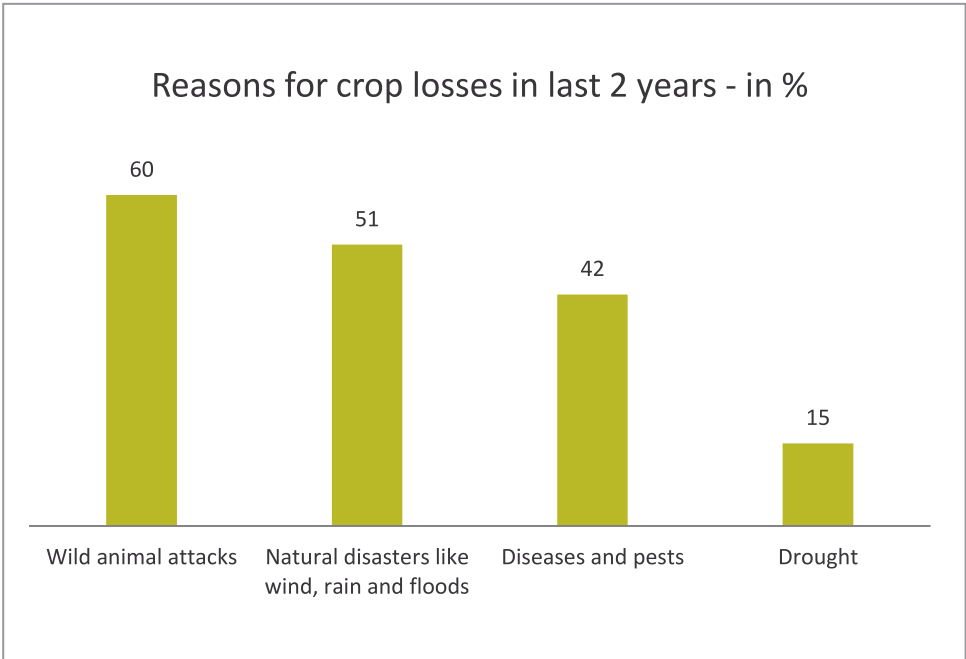
## **11. What Assistance Do Farmers Expect from the Government?**

Farmers' most desired government intervention is interest waiver, followed by more time to repay and avoidance of interest penalties.



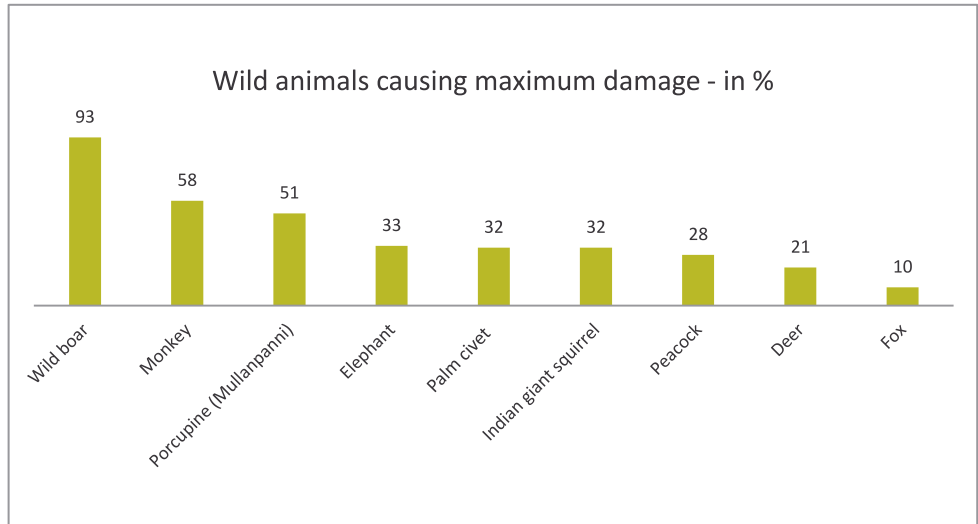
## 12. Reasons for Crop Losses in the Last Two Years

Wild animal attacks are reported by 60% of farmers, followed by natural calamities and pest attacks as reasons for crop losses.



### 13. Which Wild Animals are Causing the Most Damage?

Wildboar, monkeys, porcupines, elephants, palm civet, and Indian giant squirrel are the key species causing maximum damage to the farmers.



## Study Details

<b>Total sample achieved</b>	1572
<b>Region</b>	
Travancore	505
Cochin	391
Malabar	676
<b>Average farmland owned</b>	2.97 acres
<b>Type of farming done</b>	Percentage-wise
Own land only	80
Leased land only	3
Both owned and leased	17
<b>Fieldwork period</b>	From May1 to June 10, 2022
<b>Methodology</b>	Online interviews using mobile phones /computers

## Research Team

### Lead researcher



### Alex Ozhukayil

Alex Ozhukayil has more than 18 years of quantitative research experience in the field of consumer research across Asia and the Middle East. He was working as Director of Research in Kantar, Saudi Arabia when he quit the job and started KIFA.

### Co-researchers



### Ratheesh K. Narayanapillai

*Managing Partner, IDS Research and Consultancy*

Rathish has more than 15 years of expertise conducting market research in the Middle East and India. He is currently the managing partner of IDS Research and Consultancy, a research boutique based in Dubai.



### Sangeetha Krishnan

*Analyst, IDS Research and Consultancy*

Sangeetha has more than 20 years of experience in the field of data analytics and modelling. Currently, she is working as the lead analyst for IDS Research and Consultancy.

## About KIFA



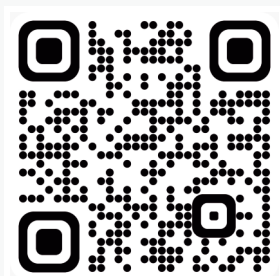
A farmer collective based in Kerala, KIFA works on issues affecting farmers and the agricultural sector. KIFA is committed to intervening on behalf of Kerala's exploited and marginalised agricultural community and taking all appropriate steps, including legal action, to tackle their issues.

It operates as a non-governmental organisation and has no connections to or affiliations with any political, religious, or ideological organizations. It is a private initiative created for the benefit of the public and possesses empowerment, service, and expressive orientations.

[www.kifa.co.in](http://www.kifa.co.in)

<https://www.facebook.com/groups/kifa.official>

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KIFA Facebook group



KIFA WhatsApp entry group