



# Farm Income Instability And Its Impact On Farmers Mental Health In India

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## ***Abstract***

Agriculture the backbone of India no doubt plays a crucial role in India's economy which provides a support system to the considerable portion of the rural people. However the income of the farmers in India characterized by significant instability arising due to many factors like price fluctuation, uncertain climate condition, high rise input costs, shatter land holding of the farmers and most importantly fluctuating market access. Income instability not only affects the agricultural sector but also affects the socio-economic atmosphere of farmer's household. This seminar here will focus on farms income instability and its impact on farmer's mental condition in India. The study is completely based on secondary data which is collected from published government reports, National Sample Survey Office (NSSO), National Statistical Office (NSO) , Reserve bank of India , NITI Aayog and research studies. The research paper here explores the pattern of farm income, price fluctuation and income diversification over time. Particular attention is given to small and marginal farmers as there number is high and they constitute the majority of agricultural household in India. This paper summarizes about the farmers well-being including economic security, consumption capacity and finally psychological well-being. The study explores that how deeply income uncertainty contributes to stress, reduced consumption capacity and overall insecurity in livelihood among farmers. Farm income totally linked with the challenges in Indian agriculture which includes monsoon, limited access to institutional credit, price fluctuation and imperfect market. While policies as MSP, Crop

insurance schemes, Subsidies and income support programs helps to reduce the risks. By focusing on an extensive policy approach on price stabilization, risk management strategies, institutional credit and income support system we can enhance the economic security and can improve the overall well-being of farmers.

**Key Words: - Mental Health, Instability, Food security, Consumption Capacity**

## Introduction

The livelihoods of a large section of the rural population are supported by agriculture directly or indirectly, which also makes a significant contribution to employment and food security in India. Although with the economy's increasing diversification and structural change, a sizable portion of people still rely on farming weather directly or indirectly for their income. However, India's agricultural revenue is basically fragile and extremely Vulnerable to various uncertainties. Variations in farm incomes particularly for small and marginal farmers are caused by price volatility, climatic variability, increasing input price, scattered land holdings and poor market access.

Since farm income instability has wide economic and social impacts, it has been a major worry in recent years. Agricultural income is seasonal and emancipated, unlike paid work and often depends on variables like market price and monsoon performance that are beyond farmer's control. Unexpected income fluctuation can have a negative impact on savings, investing in agriculture, repayments and consumption patterns which can lead to a rise in debt and financial instability. Frequent income volatility puts farming households under emotional and psychological pressure in addition to compromising the sustainability of agriculture.

The topic of farmer's mental health has appear more frequently in academic and policy debate, particularly when it comes to agricultural suffering. Since mental health has many known and unknown aspects, this study examines at it from the socioeconomic angle, which is emphasizing stress and psychological strains caused by financial uncertainty rather than from a medical point of view. Debt, income instability and economic instability can all have a big impact on farmer's standard of living and mental well-being.

Considering this, the study looks at India's farm income instability and explores how it affects farmer's mental health from a financial point of view. Drawing from existing research, the wants to investigate the structural reasons for income volatility and highlight its implications for the welfare of the farmers. The research enriches a larger conversation on rural welfare and sustainable agricultural development in India by establishing a connection between income patterns and mental health outcomes.

## Literature Review

The structural issues facing Indian agriculture have been extensively studied in relation to farm income instability. According to a number of studies, the intrinsic volatility of agricultural revenue comes from its dependence on monsoon rainfall, price swings and market flaws. Rising input costs for deeds, fertilizers, and irrigation have decreased net returns for many small and marginal farmers, according to research on cultivation costs and farm profitability. According to academics, income insecurity is made worse by fragmented landholdings and few prospects for diversification, especially in areas that receives rain. A significant percentage of farm households receive modest and irregular incomes, which leaves them susceptible to economic shocks, according to empirical assessments based on data from the Situation Assessment Survey and the national sample survey (NSS).

Rural distress and its socio economic implications have been studied in a parallel body of scholarship. Financial hardship among agricultural households is largely caused by crop failure, excessive interest rates, and dependence on unofficial ending sources,, according to studies on rural indebtedness. According to

studies done in several Indian states, long term financial difficulties frequently result in stress, worry and decline in general wellbeing. More recent studies have started to investigate the connection between farmer's mental health and financial instability, whereas the majority of earlier research concentrated on economic indicators like income levels and debt burden.

Psychological discomfort is typically linked to economic risk rather than just medical issues in the literature on farmer's mental health in India. Researchers contend that farmers experience chronic stress due to institutional deficiencies, market risks, and income volatility. Economic instability has an impact on social standing, health spending children's education, and consumption capability, all of which have an impact on emotional stability and general life satisfaction. However the majority of research treats mental health and agricultural income fluctuation as distinct fields of study, with little coordination between the two aspects in a single analytical framework.

Therefore, there is a relative lack of studies that specifically examine how income volatility acts as an economic driver of farmer's mental health at the national level, despite the fact that there is a significant amount of research on agricultural revenue instability and farmer misery separately. The gap highlights the need for a thorough analysis that links income dynamics and psychological well-being from an economic standpoint, which is what the current study aims to provide.

## Conceptual Framework

The idea behind this study is that one of the main economic factors affecting farmer's mental health is agricultural income volatility. In India we have the unpredictable climate condition, price shifts, growing input price and structural limitations like tiny and widespread landholdings all contribute to the uncertainty surrounding agricultural revenue. In contrast to job with guaranteed wages, farm income is seasonal and highly vulnerable to outside shocks, making farming households financially insecure. This study defines income instability as regular and erratic changes in agricultural income over time. In addition to diminishing economic stability, these variations hinder farmer's ability to save, invest and plan economically. Repeated income shocks frequently leads to increase in debt, unstable consumption, and limited access to basics for agricultural households. These financial challenges cause emotional and psychological strain.

In the context of this paper, mental health is treated from a socioeconomic rather than a clinical standpoint. The term relates to the mental health of farmers, comprising their emotional stability, stress levels and anxiety levels caused by financial stability and security of life. Poor general well-being, chronic stress, and helplessness are all consequences of ongoing economic instability. Thus this is how the conceptual linkage might be shown. Decrease in mental well-being is the result of income instability leading to financial insecurity, debt and consumption stress.

Furthermore, government assistance programs, crop insurance, income diversification and institutional credit availability are examples of mediating factors that might mitigate the negative effects of income volatility. Although changes in income farmers who have more varied revenue streams and greater institutional support may feel less psychologically stresses. In order to improve farmer's mental health and to support sustainable rural development, the framework highlights that stable farm income is not just an economic goal.

## Causes of Farm Income Instability in India

In India a number of interlinked structural, environmental and market based factors lead to farm income instability. Because of the substantial amount of uncertainty in the agricultural business, farm revenues vary significantly from season to season and year to year. The following elements have a major impact on Indian farmer's income fluctuations.

- I. Price Volatility and Market Fluctuation: - price volatility is one of the primary elements contributing to the unpredictability of farms revenue. Trade policies, global market initiatives, and speculative

activity and demand supply imbalances all affects agricultural prices. Between the planting and harvesting seasons, farmers frequently see large swings in output prices. Farmers are unable to affect market pricing since the majority of them are price takers with little power to negotiate. Many farmers are force to sell their products just after harvest, when prices are still low, due to lack of adequate storage facilities and effective market access. These variations decreases revenue predictability and have a direct impact on net farm income.

- II. Climatic variability and natural risks: - Monsoon rainfall tends to be a major factor in Indian agriculture especially in the area receives rain. Crops yield are profoundly affected by droughts, floods, heat waves, irregular rainfall patterns and other extreme weather conditions. Climate variability causes abrupt income shocks by decreasing production and raising the chance of crop failure. Climate related disturbances are occurring more frequently, which has increased the uncertainty around agricultural productivity. Particularly susceptible to these environmental risks are small and marginal farmers, who frequently lack irrigation infrastructure and risk reduction strategies.
- III. Rising Input costs: - Inputs used in agriculture, including seeds, fertilizers, pesticides, power, irrigation and machinery, have become more expensive over time. Output price may not rise consequently, even if input prices often rise continuously. Farmers are put under financial strain and their profit margins are compassed by this mismatch. Farmers often make large investments in expensive inputs in the hope of increasing yields, but if output is hampered by unfavorable weather or a drop in price, they could not be sufficient to mitigate their expenses. Income instability is mostly caused by this disparity between the cost of cultivation and the sale price.
- IV. Small and Fragmented Landholdings: - The majority of small and marginal landholdings in Indian agriculture are a structural limitation. In addition to restricting the adoption of modern technologies and mechanization, scattered plots lower economies of scale. Small farmers typically generate less marketable surplus and are less sensitive to disruptions to production. Their income base is already limited. So even slight changes in price or yield can have a significant impact on income unpredictability. Having little assets further limits their ability to resist losses.
- V. Indebtedness and credit constraints: - There is still disparity in region in the availability of timely and affordable lending. Many farmers still rely on unauthorized lenders that charge excessive interest rates, despite the institutional credit. Repayment becomes challenging when harvest fails or price drop, which results in debt accumulation. Because debt increases financial responsibilities irrespective of current wages, it causes income instability. Repayment of loans during time of low income contributes to economic vulnerability and reduces household financial stability.
- VI. Inadequate Risk Mitigation Mechanisms:- Crop insurance , price stabilization funds and income assistance programme are examples of risk management tools designed to reduce agricultural uncertainty. However problem including inadequate coverage, delayed payment, complicated procedures and lack of awareness makes them less successful.
- VII. Limited income diversification:- a sizable portion of agricultural households have few non –farm sources of income and rely mostly on agriculture. Exposure to sector specific crises increased when diversification is lacking. Alternative income sources put households in a better position to control financial risks and stable consumption.

The combination of market volatility, climate hazards, growing expenses, structural limit, credit limitations and inadequate risk mitigation measures leads to farm income instability in India.

## Farm Income Instability and its impact on Farmer's mental health

In India where sizable section of the population makes their living from farming, farm income instability is a major problem. Due to variables including variable rainfall, climate change, shifting market prices, growing input costs and small landholdings, agricultural revenue is extremely uncertain. Farmers having ongoing financial stress as a result of this uncertainty, which makes it hard for them to bought household expenses, pay back debts and invest in future crops.

Risk associated with climate change like drought, floods, and erratic monsoon, frequently lower crop yields or result in total crop failure. Farmers face financial losses when they are unable to make up their production expenditure. Given that input costs are still rising and agricultural produce prices are sometimes falling during periods of high harvest, market instability makes matter harder. Economic pressure is increased and profitability is decreased when cost and returns are out of balance. Continuous income instability frequently results in debt. For inputs like seeds and fertilizers many farmers depend on borrowing. Uncertain income makes repayment challenging, which creates worry, anxiety and social pressure. Financial stress can eventually leads to mental health issues like stress, depression, and low self esteem.

## Government Interventions and policy Measures

In order to stabilize agricultural revenue and to reduce economic difficulties, the government of India has launched a number of policy initiatives in consideration of structural weakness of Indian agriculture. Indirectly these initiatives aim to improve farmer's mental health by minimizing production risks, market volatility and financial insecurity. The minimum support price system (MSP) is one of the main tools used to stabilize income. To guarantee that farmers obtain a fair price and are protected from sudden market swings, MSP is declared for important crops. MSP reduces uncertainty during harvest seasons by offering a guaranteed price floor. However due to procurement activities are focused in specific states and commodities, the efficacy of MSP differ among crop and regions.

Another important program is the Pradhan Mantri Fasal Bima Yojana (PMFBY) , a crop insurance program intending to protect farmers from yield losses bought on by insect pest, illnesses and natural disaster. In order to minimize income shock, crop insurance attempts to offer monetary compensation in the event of crop failure. Though the program has increased insurance coverage, issues with delayed claim settlement and lack of knowledge still limit its full potential.

Pradhan Mantri Kishan Samman Nidhi (PM-KISAN), a direct income support program that offers qualifying farming household's regular cash support, is another initiative that the government has made. For small and marginal farmers in particular, these income transfers improve consumption stability and enhance farm earnings.

To decrease dependency on unofficial money lenders, attention has also been placed on expanding institutional credit through commercial banks, cooperative banks, and regional rural banks. Getting access to affordable priced credit helps to reduce financial stress and avoid excessive debt. Long term income resilience is also the goal of program supporting crop diversification, irrigation development, soil health management and agricultural infrastructure.

In general, government actions are very important for reducing income volatility and improving economic stability. For farming households to have better mental health and stable income, a more in depth and farmer centric approach to policy is required.

## Findings and Conclusion

According to the assessment of secondary data and the amount of available literature, farm income instability is still a structural and persistent aspect of Indian agriculture. Climate hazards, tiny and scattered land holdings, price swings, growing input price and restricted access to efficient risk mitigation strategies all contribute to income volatility. The integration of these elements results in a significant level of economic uncertainty, especially for small and marginal farmers, who make up the majority of Indian agricultural households.

According to the research, the effects of income instability go beyond monetary losses. Financial instability, debt and unstable consumption are all greatly accelerated by frequent and erratic income shocks. Farmers face increased financial strain when farm income falls short of domestic demands or production costs. The psychological strain becomes worse by the weight of debt payments and the uncertainty around future returns. In this situation, livelihood insecurity is deeply related to mental health issues rather than only medical disorder.

Although government initiatives like the Minimum Support Price (MSP), crop insurance plans, institutional credit development and income support programs offer some relief, the study also reveals that the efficacy of these measures varies by location and farmer type. These regulations stabilizing effects are mitigated by implementation gaps, restricted procurement coverage and compensation delays. In spite of the presence of support system, many farmers are still sensitive to frequent changes in their income.

Lack of income diversification increases dependence, which is another crucial finding. Families with other non-farm sources of income are less prone to financial shocks than those that rely solely on agriculture. Technology adoption, better market access, and diversification can all increase adaptability and try to reduce the psychological strain that comes with uncertainty.

In summary farm income volatility is a complex problem that impacts farmer's mental health and general quality of life in addition to being an economic one. Promoting sustainable rural development requires stabilizing agricultural revenue through integrated policy approaches. Financial stress can be decreased by boosting price support mechanisms, increasing the scope of effective crop insurance coverage, facilitating easier access to reasonable priced credit, and promoting income diversity. In addition to increasing agricultural output, addressing income volatility generally will also improve the socio-economic and psychological well-being of Indian farming households.

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