

Economic Development



Profile: Komram Badu

Komram Badu is 26 years old and has been farming in the Wankidi district in the Adilabad region of Andhra Pradesh for eight years. He has been a member of Zameen for three years and supports and lives with his family of eight people.

Background

A wave of farmer suicides is sweeping across Southern India, claiming approximately 5,000 lives a year as desperate farmers seek to escape crippling debt owed to moneylenders.

Aggressive promotional campaigns by both the Indian government and the international agrochemical industry have led to many thousands of farmers becoming trapped in cycles of debt and dependence.

Farmers borrow large sums to purchase the vastly expensive and often ineffectual pesticides at extortionate rates of interest, using their crops and farms as collateral for the loans. They are then bound to selling their crop back to the moneylenders at lower than the market price, barely making a profit.

It only takes one bad harvest due to drought or pests for the farmers to fall into a hopeless cycle of debt. Unable to service their debts and after losing their land to the moneylenders, many farmers turn to suicide, drinking the very pesticides that brought them such terrible dishonour.

Komram's Story

Komram borrowed money to purchase chemical pesticides and fertilisers from a local trader, who charged him 60% interest a year. He was also obliged to sell his harvest directly back to the trader at a set price. Taking home as little as 80 euros each crop, he was unable to cover the costs of his inputs for the following season, let alone earn enough to support his many dependents.

Komram became trapped in a cycle of debt; he was forced to borrow more and more year on year in order to pay for the next lot of fertilisers and pesticides he believed were essential for cotton farming.

After joining Zameen, Komram learnt about Fairtrade and pesticide-free farming practices. He didn't need to purchase any agrochemicals or accrue any debt, and when he sold his cotton, he had the security of a direct and long term trading relationship and the guarantee of the Zameen price (even higher than the Fairtrade minimum price).

“There is not much burden in my life now. My troubles have gone because of the organic and Fairtrade premium monies I earn. I am looking forward to what will come next now, instead of being afraid for the future.”

In addition to Komram's higher income, the Fairtrade premium money his farm earned went into the cooperative and back to his village, benefitting his whole community. The premium also helped him develop his business and gain organic certification, adding more value to his cotton. Komram now earns double the price for his cotton and has cut his outgoing costs in half.

How Komran trebled his earnings:

Before Zameen:

- Agrochemicals 4,000 rupees
- Interest rate paid to trader 60% p/a
- Obligated to sell harvest at set price of 1,500 rupees per 100kg

Yield 700 kg

Profit: 4,100 rupees

With Zameen:

- Organic inputs 2000 rupees
- No credit needed
- 'Zameen plus' Fairtrade minimum price and organic premium 2,750 rupees per 100kg

Yield 500 kg - (yield reduction during conversion years to organic)

Profit: 13,000 rupees

In addition to trebling his personal earnings, the whole community shares in the benefits of Fairtrade through the Village Development Fund.