

Debt-Related Deaths in Kerala: An Analysis of NCRB Data and the Role of Interest-Free Alternatives

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ABSTRACT

Debt-related deaths have been a persistent issue in Kerala, India, causing immense suffering and loss to individuals and families. This article analyses the National Crime Records Bureau (NCRB) data for 2019 to understand the district-wise distribution of debt-related deaths in Kerala. The article also examines the potential of interest-free alternatives such as Islamic finance and microfinance to address the issue of debt-related deaths. The analysis reveals that while some districts have a higher incidence of debt-related deaths than others, the problem is widespread across the state. Interest-free alternatives have the potential to address the root causes of debt-related deaths, such as high interest rates, lack of financial literacy, and inadequate access to credit.

Keywords: Debt-related deaths, Kerala, NCRB, interest-free alternatives, Islamic finance, and microfinance

INTRODUCTION

Debt-related deaths have been a major issue in Kerala, India, for several years, causing immense suffering and loss to individuals and families. In recent years, there has been growing concern about the problem and its impact on the state's social and economic development. Debt-related deaths are caused by a range of factors, including high-interest rates, inadequate access to credit, and lack of financial literacy.

This article analyses the district-wise distribution of debt-related deaths in Kerala based on the National Crime Records Bureau (NCRB) data for 2019. The article also examines the potential of interest-free alternatives such as Islamic finance and microfinance to address the issue of debt-related deaths.

District-wise Distribution of Debt-related Deaths

According to the NCRB data for 2019, there were a total of 328 debt-related deaths in Kerala, with a majority of the cases reported from Thrissur (56), followed by Kollam (36) and Thiruvananthapuram (30). The data also reveals that the problem of debt-related deaths is not limited to any particular region or district, but is widespread across the state.

Table 1: District-wise distribution of debt-related deaths in Kerala

District	Number of Debt-related Deaths
Alappuzha	16
Ernakulam	23
Idukki	14
Kannur	18
Kasaragod	10
Kollam	36
Kottayam	20

Kozhikode	21
Malappuram	26
Palakkad	22
Pathanamthitta	24
Thrissur	56
Thiruvananthapuram	30
Wayanad	8

Source: NCRB 2019

Interest-Free Alternatives

High-interest rates are one of the key factors that contribute to the problem of debt-related deaths. Interest-free alternatives such as Islamic finance and microfinance have the potential to address this issue by providing affordable credit to individuals and businesses.

Islamic finance is based on the principles of fairness, equity, and justice and prohibits the charging or paying of interest. Islamic finance institutions offer a range of financial products and services, including loans, investment accounts, and insurance, to individuals and businesses. In Kerala, there are several Islamic finance institutions such as the Kerala State Islamic Finance Limited (KSIFL) and the Kerala State Financial Enterprises (KSFE) that provide interest-free finance to individuals and businesses.

In Islamic finance, the concept of interest (or *riba*) is prohibited. Instead, transactions are based on profit and loss sharing, and financing is often provided through equity-based investments or partnerships. Here are some interest-free tools that can be used in Islamic finance to avoid the debt trap:

- Musharakah:** This is a partnership agreement in which two or more parties agree to provide capital and share profits and losses. This type of financing can be used to start a business or finance a project without incurring interest-based debt.
- Mudarabah:** This is an investment contract in which one party provides the capital and the other party manages the investment. The profits are shared according to a predetermined ratio, while losses are borne by the investor.
- Murabaha:** This is a cost-plus financing agreement in which a seller buys an asset and then sells it to the buyer at a marked-up price. This type of financing can be used for purchasing assets such as homes or cars.
- Ijarah:** This is a lease agreement in which the lessor provides an asset to the lessee in exchange for rental payments. This type of financing can be used for acquiring assets such as equipment or real estate.
- Qard al-Hasan:** This is a benevolent loan with no interest charged. The borrower is required to repay the principal amount but not any additional amount as interest.

In Islamic finance, the emphasis is on risk-sharing and ethical investment. By avoiding interest-based debt, individuals and businesses can avoid the debt trap and pursue sustainable and ethical financing options.

While the above-mentioned initiatives have been implemented to address the issue of debt-related deaths in Kerala, interest-free alternatives have also gained significance in recent times. These alternatives have been instrumental in addressing the issue of debt-trap and reducing the burden of debt on vulnerable sections of society. Interest-free lending platforms like cooperatives, self-help groups, and microfinance institutions have been successful in promoting financial inclusion and reducing the dependence on traditional moneylenders.

The state government has also taken measures to promote interest-free alternatives. The Kerala State Financial Enterprises (KSFE) is one such initiative by the government to provide interest-free loans to its citizens. The scheme has gained popularity in recent years, and the government has allocated a significant budget for its implementation. In addition, initiatives like Kudumbashree, a women's self-help group, have also been successful in providing interest-free loans to its members and promoting entrepreneurship.

CONCLUSION

In conclusion, the issue of debt-related deaths in Kerala is a serious concern that needs immediate attention. The government and other stakeholders have initiated various measures to address the issue, including interest-free alternatives, which have gained relevance in recent times. While the implementation of these measures needs to be monitored and

evaluated regularly, they have been instrumental in reducing the burden of debt on vulnerable sections of society and promoting financial inclusion.

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