

## **INDEBTEDNESS AMONG SMALL AND MARGINAL FARMERS IN PATIALA DISTRICT OF PUNJAB: AN ANALYSIS**

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**Introduction:** Most of Indian largely lives in villages. Although the urban population has been increasing in the recent past, but according to 2001 census of India 72.2 percent of our population is still rural.

At the time of independence, India's agriculture was in a state of backwardness. Productivity per hectare and per worker was extremely low. The techniques employed were primitive and traditional. Because of low level of productivity, agriculture only provided subsistence to the farmers and had not become commercialized". Darling, M.L(1925) conducted a study on the problem of indebtedness among farmers of Punjab and find that the bulk of the cultivation of Punjab are born in debt, live in debt and die in debt. The manifestation of agrarian distress is stressful behavior arising out of social, economic and psychological factors and overwhelmingly common result of this stress can be easily seen in indebtedness led economic distress(Johal,1986).

After independence Indian government tries to change the agriculture sector from subsistence to commercial agriculture. Many new methods were introduced by the Indian government. But in the mid sixties, the new agricultural technology was introduced. In these new agricultural technologies includes high yield varieties (HYV) of seeds assured irrigation, use of fertilizers, pesticides, weedicides and modern methods of agriculture. Green revolution is and as the result of this new agriculture technology. These technologies have helped to transfer traditional agriculture from commercial agriculture. The total food grain production was 82 million tonnes in 1960-61 and now has touched the target of 212.60 million tonnes during 2004-2005. Over capitalization and under utilization of capital assets in agriculture sector of the state, excessive use of pesticides and fertilizers and decreasing farms size hit the profits negatively especially that of small and marginal farmers(Gandhi,1997)

Punjab is that state, where green revolution technology found its push since from mid 1960s. That is the result of this fact, often called Punjab as "Granary of India". Punjab has

played an important role in transferring India from food deficient to a food self sufficient country in a short span of time. Among the total population of Punjab 34 percent is urban and 66 percent is rural. This 66 percent rural population is 12413 villages. In terms of human development index the state is on third position.

The Punjab state was on the forefront in the adoption of new agricultural technology. This resulted into large increase in the use of current as well as capital inputs to release the benefits of new production technology. Presently, there are 4.41 lakhs tractors, 11.5 lakhs tube wells, 3 lakhs threshers and 8.2 thousand harvesting combines in the state, which have made the agricultural production process capital intensive. The capital intensive techniques of Punjab farms has increased from Rs. 7572 per hectare in 1982-83 to Rs. 34089 per hectare in 1994-95 at current prices and from Rs. 6702 to Rs. 12701 per hectare, respectively at constant 1982-83 (triennium ending) prices (Bishwajit, 1998).

But now, Punjab faced a big problem of rural indebtedness among small and marginal farmers. According to a recent report of the National sample survey Organization (NSSO), highlight that each Punjab farmer has a debt of Rs. 41576 against the national average of Rs. 12505.

In 1997, it has been estimated that the debt burden on farmers of Punjab stood at Rs. 5700.91 cores. The share of formal credit agencies stood at 46.56 percent while the share of non formal credit agencies was 53.34 percent. This reports also shows that the average debt on per acre of cultivated land stood at Rs. 5721 but it was the highest among small and marginal farmers, i.e. Rs. 10105 compared to Rs. 4228 (lowest) among the medium category of farmers. The small and marginal farmers have a greater debt burden in relation to their resources (Shergill, 1998).

Although the agricultural production has increased significantly after mid sixties, but the small and marginal farmers are still in the clutches of indebtedness.

#### **Data Collection Method:**

This study has identified indebtedness among small and marginal farmers a survey of selected farmers in Patiala district of Punjab during 2006-07. Than a farm household survey schedule were prepared. The study area is Patiala- one of the seventeen districts of the state of Punjab. The information about Patiala are given in above chapter. The net shown area in Patiala is 275 thousand hectares, which constitutes 82 percent of total area. Nearly 93.9 percent the net area shown in Patiala is irrigated. The main sources of irrigation are tube well

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and pump sets. In the Patiala district, only about 7 percent of the net irrigated area is covered by the Canals.

The district Patiala has eight blocks. In the preset study we selected area village from each blocks. Then collected the data from 81 sample farm households, in which 37 small farmers and 44 marginal farmers

### **Objectives:**

1. To estimate the levels and pattern of consumption expenditure of the small and marginal farmers in Patiala district of Punjab.
2. To estimate the levels and pattern of income of the small and marginal farmers in Patiala district of Punjab.
3. To estimate the extent and nature of indebtedness among the small and marginal farmers in Patiala district.

### **Main Findings of the Study:**

Analysis of modern agriculture technology in the field of agriculture has increased use of capital both in terms of building farm infrastructure an meeting operational costs. But the Indian farmers have been suffering from stagnation owing productivity arising from in adequate investments generally. The farmers are not in a position to transfer traditional subsistence agriculture into modern scientific farming. So farmers are compelled to borrow loan from institutional and non-institutional agencies. Institutional agencies for providing loans have not yield expected results, as a consequence of which farmers are forced to approach the non institutional credit agencies at the of need.

Now we first take about the meaning of indebtedness. As per as the meaning and definition of indebtedness is concern, it is not easy to explain it. We have defined "total debt as the amount on which amount that is due towards them and has to be repaid". In this chapter, we explain the access and analysis the debt position of small and marginal farmers in Patiala district of Punjab. The main objective of this chapter is to estimate the extent and distribution of indebtedness the small and marginal farmers according to the sources, rate of interest and purposes of loans

**Table1.Extend and Distribution of Indebtedness Among small and marginal farmers in Patiala district (Mean Values in Rs.)**

S. No.	Category	No of sampled Household	No of Household under debt	Amount per indebted households	Amount per households
1.	Marginal farmers	44	39 (88.64)	12542307	111170.45
2.	Small farmers	37	32 (86.49)	200100	173059.46
3.	Both Categories	81	71 (87.65)	159080.28	139440.74

Source:Field Survey 2006-07.

The extend and distribution of Indebtedness among small and marginal farmers in Patiala district of Punjab. The table 1 shows that 87.65 percent farmers are under indebtedness. Regarding the debt position per household and per indebted is Rs. 111170.45 and Rs. 173059.46 respectively. The marginal farmers are under 88.64 percent. In debt and 86.49 percent debt on farmers. Regarding the debt position per household and per indebted household, the average amount is Rs. 139440.74 and Rs. 159080.28 respectively. Average in case of the small farmers standing at Rs. 173059.46 as against the amount of Rs. 111170.45 for marginal farmers. The average amount of debt per indebted household is also more in case of the small farmers with figure standing at Rs. 200100 whereas the corresponding amount for the marginal farmers is recorded Rs. 125423.07. So the table find the conclusion that per household indebtedness and debt on per indebted household is high in the case of small farmers.

**Table 2. Average propensity to consume of small and marginal farmers**

S.No.	Category	Average Consumption (Rs.)	Average income(Rs.)	Average propensity to consumption
1.	Small farmers	150754.94	9181.49	1.54
2.	Marginal famers	153534.09	69718.75	2.20

Source:Field Survey 2006-07.

The average propensity to consume (APC) of small and marginal farmers are analysis is table 2. The APC of small farmers and marginal farmers is 1.54 and 2.20 respectively. Since the

average propensity to consume (APC) is greater than one for both the small and marginal farmers so both the categories incur a deficit. The small and marginal farmer incur a deficit. The small and marginal farmer incur a deficit of Rs. 52573.45 and Rs. 83815.34 respectively. The table indicates those marginal farmers are incur much deficit than farmers.

### Extend and distribution of Indebtedness:

**Table.3** Extend and Distribution of Indebtedness Among small and marginal farmers in Patiala district (Mean Values in Rs.)

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**Source of credit:**

The average amount of debt taken by the small and marginal farmers from various credit agencies like as institutional agencies or non-institutional agencies.

**Table .4 Debt incurred from different credit agencies (Mean Values in Rs.)**

S.No.	Sources	Marginal farmers	Small farmers
1.	Institutional Agencies		
(i)	Co-operative credit societies	34525.64	49062.5
(ii)	Regional Rural Banks	5128.21	225
(iii)	Land Developed Banks	769.23	3125
(iv)	Commercial Banks	13846.15	67937.5
2.	Non-institutional agencies	54269.23	120350
(i)	Commission Agent	41615.38	60000
(ii)	Large farmers	2923.08	19218.75
(iii)	Friends/Relatives	13794.87	531.25
	Sub Total	58333.33	79750
	Total	112602.56	200100

Source : Field Survey 2006-07.

Table 4 shows that institutional agencies are playing an important role in providing loans to small farmers but the other side, non institutional are playing an important role in providing loans to marginal farmers. The small farmers are taken much loan from commercial banks i.e. Rs. 67937.5 and marginal farmer are taken much loan from commission agents i.e. Rs. 41615.38. The table highlights that marginal farmer are taking much loan from commission agent. The provide loans without much formalities.

The adoption of the new agricultural technology has helped in transforming the subsistence agriculture into the commercial agriculture. But there is wide spread the new technology of agriculture only improve the condition of large farmers, but the small and marginal farmer are facing farmers, but the small and marginal farmer are facing much difficulties. Even the high growth rate of production in agriculture in the green revolution regions does not seen much improvement in the living standards of small and marginal farmers. In the present study analysis the extent and nature of indebtedness among small and marginal farmers in Patiala district of Punjab.

This study is mainly based on primary data for these purposes a farm survey schedule were prepared. Then collected the data from 81 farm households (44 marginal farmer household and 37 small farmer households).The study reveals that 42.63 percent small and marginal farmers are illiterate. This study shows that 52.94 percent small and marginal farmers are unemployed.

The total land of sampled marginal farmers is 108 acres and the small farmer is 184.5 acre. The average operational size of land for marginal farmers is 2.92 acres and for small farmers is 4.19 acre. The total average land holding for both the small and marginal farmers is 3.61 acres.The small and marginal farmers' main source of income from the farm income. The farmer also earn other sources like income from leased and land, salaries and pensions. The study show that shows that relative share of farm income is found to be positively related with farm size. The average income for an average small farming household is found to be 1.41 times of the marginal farming household. The study also highlight small and marginal farmers are also increases, except the case of income from salaries.

The consumption expenditure of small and marginal farmers in Patiala district of Punjab brings out the fact that an average household spent a major proportion of their income on non-durable commodities. The per capita consumption indicates that marginal farmers for capital is higher as compare to small farmers in the case of consumption expenditure on marriages and social ceremonies. The average property to consume is found to be more than one for both the categories, both the categories incurs a deficit. This implies that the small and marginal farmers try to maintain a minimum level of consumption whether they can offer it or not.

The excess of consumption expenditure and operational expenditure over the income levels of the farming households result in occurrence of indebtedness among small and marginal farmers of Patiala district of Punjab. The study highlights that 88.64 percent of marginal farmer and 86.49 percent of small farmers are under indebtedness. The marginal farmers are tabling 48.18 percent debt from institutional agencies. The small farmers are taking 51.8 percent debt from non institutional agencies.

### **Suggestions and Policy Implications:**

The conclusions drawn from the study reveal that the income generated from the farming activities is too insufficient to satisfy their needs. To overcome the problem of debt trap, effective measures should be taken by the government, social organizations and farm community.

The co-operative sector should be developed in the state. The sale of agricultural chemicals, fertilizers and quality seeds should be promoted through village level primary agricultural co-operative societies.

To need is to educate people about the subsidiary occupations like horticulture, dairy farming poultry and bee keeping etc. besides providing financial support at low interest rates for establishment of various income generating ventures.

The enterprising farmers have already switched over to the diversification in agricultural practices, the need is to encourage and support the small and marginal farmers in the diversification of agriculture so that their income base is broadened.

The crop insurance scheme should be launched level of income could be ensured to the farmers during the period of crop failure.

A mass campaign should be launched against intoxicants and conservative social values the symbol of social status, which imposes unbearable expenditure on unproductive purposes such as marriage and other social religions ceremonies.

Such steps taken on priority basis can help in minimizing the existing problems of the agricultural families. This will be helpful to improve income and lesson the incidence of indebtedness in rural Punjab.

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