

AGRARIAN DISTRESS IN THE LAND OF PLENTY:

**The case of small holders in Punjab
State**

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Issues

- ❖ **Green Revolution Model- Success Story**
 - Punjab- 1.5% geog. Area produces
 - 20% of wheat, 11% of Rice, 10% of Cotton to country
 - Contributing 45% of Wheat, 25% Rice to central pool
- ❖ **Deceleration in agrarian economy**
 - Growth rate in crop sector declined from 4.3 % in 1980s to 1.5% in 2000s
- ❖ **Agrarian Distress- Low income, debt, suicides**
- ❖ **Small farmer are more vulnerable**
 - Heavily indebted, Depeasantised, Suicides



Productivity and marketed surplus- Wheat

Farm Categories	Area (ha)	Production (q)	Yield (q)	Marketed (q)
Marginal (<1ha)	0.61	29.25	48.5	17.13 (20042)
Small (1-2 ha)	1.64	72.83	44.54	59.97 (70165)
Medium (2-4ha)	3.44	155.21	45.09	138.21 (161706)
Large (4-6ha)	4.48	217.65	48.56	197.31 (230853)

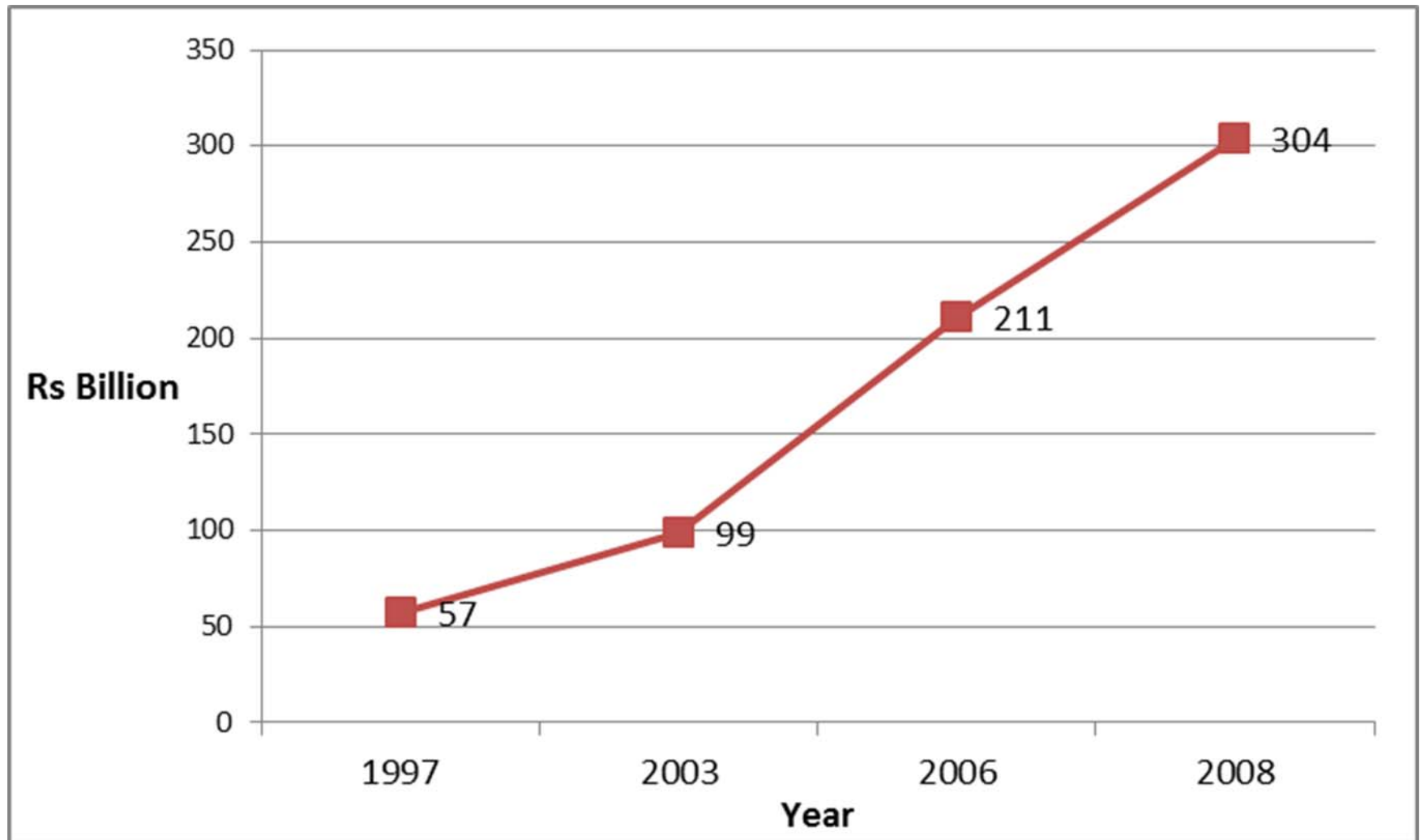
Figures in brackets give the value of the marketed surplus in rupees.

Productivity and marketed surplus-Rice

Productivity and marketed surplus-Rice					Total marketed Surplus (Wheat and Rice)
Farm Categories	Area (ha)	Production (q)	Yield (q)	Marketed (q)/ Rs	
Marginal (<1ha)	0.49	31.31	64.56	31.06 (31992)	52034
Small (1-2 ha)	1.90	119.88	63.10	118.38 (121931)	192096
Medium (2-4ha)	3.18	206.68	65.05	206.25 (212437)	374143
Large (4-6ha)	4.45	287.86	64.74	286.94 (295548)	633783



Increasing Debt burden on Punjab Peasantry



Extent of Indebtedness in Punjab

Farm category	Indebted Farmers (%)
Small	88
Large	79



Small Farmer- Heavily indebted

Farm Category	Debt (Rs/farm) in 2006	Debt (Rs/ha) in 2006
Marginal	72017	102881
Small	112441	68549
Semi-medium	210023	67807
Medium	215290	42332
Large	309949	35363
Total	178934	50140

Source: Shegill, 1998, PAU,2007



Source of Credit

Source	1997 (Rs.Crore)	2006 (Rs. Crore)
Commercial Banks	1107 (19.42)	9407 (44.66)
Co-operative banks	1547 (27.14)	3640 (17.28)
Commission agents	2640 (46.32)	6736 (31.98)
Others	406 (7.12)	1281 (6.08)
Total	5700 (100)	21064 (100)

Source: Shegill, 1998, PAU,2007

Stress level among small farmers

Stress level (Debt in relation to income)	Per cent of holdings				
	Marginal	Small	Medium	Large	Average Farmer
No stress (<50%)	58.9	57.3	39.9	49.5	51.7
Manageable (51- 100%)	13.1	12.7	23.5	26.4	20.0
Under stress (>100%)	28.0	30.0	36.6	24.1	28.3
Bankruptcy (>200 %)	18.7	19.3	12.4	4	12.8

Farmers' suicides

- **Census of Suicide Cases**
 - **Door-to-door survey in 6 districts, Bathinda, Sangrur, Mansa, Barnala, Moga and Ludhiana**
 - **Period of 2000 to 2011**
 - **6128 Suicides**
out of these- 57% Farmers & 43% Labourers
 - **Small Farmers -Main Victims**
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Farmers' suicides in Punjab, 2000-11

Total number of suicides	3507	
Suicides, category-wise	Small farmers	Other farmers
No. of suicides	2788 (80%)	719 (20%)
Suicides due to debt	2186 (79%)	409 (21%)
Average debt (Rs.)	2,34,541	3,61,229
Average Income (Rs.)	30,420	1,35,800
Debt-income ratio	7.71	2.66



De-peasantisation in Punjab

Year	Total holdings	Small holdings	Large holdings
1991	11.17 Lac	5 Lac	65,000
2005	10.3 Lac	3 Lac	72,000



Reasons for leaving farming in Punjab

(multiple response)

Reason	%
Low income from farming	64.09
Division of land	33.52
Debt	32.41
Starting new occupation/service	24.31
High land rent	17.68
Land rent equals net returns	12.71
Money needed for social need	11.05

Depeasatisation: What do they do now?

Activity	No	%
Self-enterprise	204	37.57
Service	127	23.39
Labour	118	21.73
Distress-Rentier	53	9.76
Abroad	37	6.81
Others	4	0.74
Total	543	100.0



Policy Issues

- ❖ **Promote economically viable agricultural and allied activities**
- ❖ **Develop RNF sector**
- ❖ **Economic package for control suicides and depeasantisation**
- ❖ **Promote cooperative agro-machinery service through PACSs**
- ❖ **Develop small farms Cooperative/Collective Marketing**



Thanks

