

ECONOMIC CONDITIONS OF MARGINAL AND SMALL FARMERS IN RURAL PUNJAB

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ABSTARCT

India has adopted the path of globalisation since 1991. Though globalization has proved beneficial for the growth of corporate sector, yet it has failed in balanced growth of all the sectors of Indian Economy. This is due to globalisation that Indian agriculture is on the receiving end. All the governments since 1991 till today have been paying attention to the manufacturing sectors, service sector and real estate. Special economic zones have been set up at the expense of thousands of farmers. Governments and the corporate sector have exploited farmers by appropriating their land without providing adequate compensation to them. Farmers were caught up in a situation of being a poor landless peasant. Their indebtedness led them to commit suicides. Furthermore, India could not adequately develop industries, particularly the household/agro-based small and medium industries to generate adequate employment opportunities to absorb the surplus agricultural workers. Consequently, there has been an excessive pressure of population on land which has accelerated the process of marginalization of agricultural land holdings. In the State of Punjab, agriculture is the main occupation for livelihood. And it represents the same picture of over pressure of population and marginalization as India. The present paper is a study of the marginal and small farmers of Punjab with an objective to know their economic status.

Keywords: *Marginalization, marginal farmers, small farmers, globalization, economic status.*

INTRODUCTION

In an agrarian economy size of land holding is an important determinant of the economic condition of the family. Indian agriculture is characterized by the pre-dominance of small and marginal farmers. These farmers face economic hardships due to poor resources position which has caused unemployment. Along with this the rapid increase of population has put tremendous pressure on land. The ever increasing number of marginal holdings is a matter of great concern (Singh, 2012).

However, Punjab has been witnessing a trend in the opposite direction—more and more land is becoming consolidated. Increasingly, marginal, small and medium land holders, owning less than 4 hectares of land, are either selling out or (mostly) leasing-out their farms to large farmers who can afford the cost of capital-intensive agriculture, including costly machines, and are better placed to handle price and weather shocks (Bera, 2015).

But in Punjab agricultural land is also a status symbol. Therefore, farmers are reluctant to sell it all off. It is considered as a matter of pride. There are still a large number of small and marginal farmers in Punjab who are unable to find some other suitable occupation of livelihood. They are compelled to continue with their occupation of farming. Though their condition is not economically viable, yet they try their best to survive.

OBJECTIVES OF THE STUDY

The objectives of the study are

1. to study the economic status of marginal and small farmers in Punjab; and
2. to know the important implications of the study.

RESEARCH METHODOLOGY

The study is based on a primary survey of 193 marginal and 142 small farmers of Punjab. The survey was conducted in 2014-15. For the selection of sample farming households, the State of Punjab was divided into three agricultural productivity zones viz. low, medium and high productivity zones. Then one district from each productivity zone was selected. On the basis of

this criterion, it was decided to select Gurdaspur district from the low productivity zone, Ferozpur district from the medium productivity zone and Fatehgarh Sahib district from the high productivity zone. The total sample size of marginal and small famers of these districts stood at 193 and 142 respectively.

LIMITATIONS OF THE STUDY

The study describes only the average land holdings of the marginal and small farmers to highlight their economic status along with the description of family members as earning, earning dependent and dependent. Other variables such as education, family income, expenditure are not taken into consideration.

FAMILY DETAILS

Before proceeding for the economic status of marginal and small farmers of Punjab, it is pertinent to know their family details. The following table gives an account of the family size and family type of marginal and small farmers of Punjab.

Table 1

Family Type and Average Family Size of Sampled Farming households

Farm-size Categories	Family Type			Average Family Size
	Nuclear	Joint	Total	
Marginal Farmers	609 (63.84)	345 (36.16)	954 (100.00)	4.94
Small Farmers	469 (66.34)	238 (33.66)	707 (100.00)	4.98
All Categories	1078 (64.90)	583 (35.10)	1661 (100.00)	4.96

Source: Field Survey 2014-15.

It is apparent from the Table that the major proportion of the marginal and small farmers of Punjab belongs to the nuclear families. This implies that nuclear families result in fragmentation

of land landholdings and in turn, leads to marginalization of agricultural land. The approximate average family size of both the farm-size categories is 5.

ECONOMIC STATUS

The income level of a household depends mainly on the number of earners in the household. In rural areas, where the income is low due to seasonal unemployment, underemployment and low wage rate, an increase in the number of earning members increases the level of income and consumption of the household. Economic condition of marginal and small farmers taken in the present study can be well known by viewing Table 1.2. The Table reveals the number of earners, earning dependents and dependents of both the farm-size categories.

Table 2
Economic Status of Sampled Farming Households

Farm-size Categories	Distribution by Economic Status (Number and Percentage)			
	Earning	Earning Dependent	Dependent	Total
Marginal Farmers	275 (28.83)	149 (15.62)	530 (55.56)	954 (100.00)
Small Farmers	205 (29.00)	113 (15.98)	389 (55.02)	707 (100.00)
All Categories	480 (28.90)	262 (15.77)	919 (55.33)	1661 (100.00)

Source: Field Survey 2014-15.

If we look at the Table, it shows that only 29 per cent of persons belonging to the marginal and small farm-size category are earning. Rest of them is either earning dependent or dependent. The main concern is of dependents. 56 per cent persons belonging to marginal farm-size category and 55 per cent persons belonging to small farm-size category are dependent. It indicates that they are facing the problem of unemployment and underemployment.

OWNERSHIP OF LAND

Ownership of land is a symbol economic, political and social power of farming community of a nation. Land is a source of livelihood for the farmers. It is the ownership of land that differentiates different categories of farmers. On the basis of ownership of land different farm-size categories are defined. Ownership of land tells us whether a farmer belongs to the marginal, small, medium or large farm-size category. As per the definition used in the present study, a farmer owning less than 2.5 acres of land belongs to the marginal farm-size category whereas a farmer having land more than 2.5 acres but less than 5 acres belongs to the small farm-size category. The status of ownership of land of sampled marginal and small farmers of Punjab has been shown in Table 3. The table shows up the owned, operational, leased-in and leased-out land holdings of the sampled farmers.

Table 3
Average Size of Land Holdings of Sampled Farming Households

Farm-size Categories	Average Size of Land Holdings (In Acres)			
	Land Owned	Operational Holdings	Land Leased-in	Land Leased-out
Marginal Farmers	1.79	2.38	0.60	0.01
Small Farmers	3.80	4.00	0.24	0.05
All Categories	2.64	3.07	0.45	0.02

Source: Field Survey 2014-15.

It can be viewed from the Table that the average size of owned land holdings of both the categories of famers are only 2.64 acres .The average size of owned land holdings of marginal farmers is 1.79 acres and the average size of owned land holdings of small farmers 3.80 acres. The average operational holdings of both the farm-size categories are 3.07 acres. It entails that farmers find it difficult to survive on their owned land. They opt for leased-in land.

The Table also draws an attention to the leased-out land holdings of the marginal and small farmers. The average leased-out land holdings of marginal farmers are 0.01 acre while the average size of leased-out land holdings of small farmers is 0.05 acre. Again, it has an important

implication that marginal and small farmers do not find it economical to cultivate their own land. They cannot afford the rising cost of production of modern agricultural techniques. Therefore, they lease-out their land and try to find other options of livelihood to earn on daily basis.

Household Income and Consumption

The farmers with smaller holdings were not able to reap the benefits of Green Revolution because of their inefficiency to adopt the New Agricultural Strategy. They were unable to earn enough income to meet their family requirements. This picture is true these days as well. The levels and pattern of income of sampled farming households has been shown in Table 4. The table shows that an average sampled farming household earns ₹110844.74 per annum in the rural areas of Punjab. There are considerable variations in the levels of income earned by the different farm-size categories. It is ₹73792.49, and ₹161988.38 for the marginal and small farm-size categories respectively. A positive relationship between the farm-size and levels of income can be observed from the table. An average sampled farm household earns per capita income of ₹22393.83 annually. The per capita income of the marginal farm-size category is ₹14937.75 and it is ₹32527.79 annually for the small farm-size category.

Table 4

Household Income and Consumption of Sampled Farming Households

Farm-size Categories	Household Income (In ₹)	Per capita Income (In ₹)	Household Consumption (In ₹)	Per Capita Consumption (In ₹)	Average Propensity to Consume
Marginal Farmers	73729.49	14937.75	100090.44	20261.22	1.36
Small Farmers	161988.38	32527.79	211559.89	42481.91	1.31
All Categories	110844.74	22393.83	147342.48	29680.14	1.32

Source: Field Survey 2014-15.

After knowing the levels and pattern of income, it is equally important to know the levels of household consumption expenditure of sampled farming households. The table demonstrates that annual consumption expenditure of an average farming household is ₹147342.48. There are

significant differences in the levels of consumption expenditure of the different farm-size categories. Annual average spending of the marginal and small farm-size categories is ₹100090.44 and ₹211559.89 respectively. The worth mentioning point here is that the consumption expenditure of the small farm size category is 2.11 times the consumption expenditure of the marginal farm-size category Table 4 further reveals that per capita consumption expenditure of an average farming household is ₹29680.14 per annum. However, considerable variations have been noticed in the per capita consumption expenditure across the different farm-size categories. For example, per capita consumption expenditure is the highest among the small farm-size category. An average farming household belonging to the small farm-size category spends ₹42481.91 per annum followed by the marginal (₹20261.22) farm-size categories. The average propensity to consume of an average farming household comes to 1.31. It is the highest for the marginal farm-size category and decreases as the farm-size increases. The average propensity to consume is greater than one for the marginal and small farm-size categories. It indicates that the marginal and small farming households try to maintain a minimum level of consumption whether they can afford it or not.

IMPLICATIONS OF THE STUDY

The important implications of the study are as follows:

1. It has been found in the study that the major proportion of the marginal and small farmers of Punjab belongs to the nuclear families. It implies that the system of nuclear families result in fragmentation of land landholdings and in turn, leads to the marginalization of agricultural land. The number of marginal and small farmers increases among the farming community.
2. The study further reveals that the number of earning dependents and dependents for both the farm-size categories is vast. It indicates that they are facing the problem of unemployment and underemployment.
3. The average size of operational land holdings of both the farm-size categories is greater than the average size of their owned land holdings. It entails that farmers find it difficult to survive on their owned land. They opt for leased-in land.
4. The study has another important implication that some of the marginal and small farmers do not find it economical to cultivate their own land. They cannot afford the rising cost of

production of modern agricultural technology. Therefore, they lease-out their land and try to find other options of livelihood to earn on daily basis.

5. The study further reveals that the income of these categories is not sufficient to meet the consumption expenditure of both the farm-size categories. The average propensity to consume is greater than one for both the farm-size categories.

CONCLUSION

It can be concluded that the marginal and small farmers of Punjab are living in a critical situation where their landholdings are small but their liabilities are massive. They are not able to survive at their own. Rising economic costs of cultivation compel them to either sell their land or lease it out to the large farmers. However, this is not a solution to their worries.

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