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**FARMER'S PERCEPTION ABOUT INDEBTEDNESS AND FARMING  
AS PROFESSION: A FIELD LEVEL EXPERIENCE FROM SOUTH  
HARYANA**

**ABSTRACT:** There is a significant requirement to understand the indebtedness of farmers and farming as a profession in existing times in the country. If the Government provides necessary benefits and assistance, the agricultural sector and especially farmers, will be more efficient. The study highlights the disparate issues of small and marginal farmers in rural Haryana. This argument describes our farmer's perception about factors affecting indebtedness and obstacles faced by the farmers from benefiting the loans. The study also raises a principal question which further elaborates the perception of farmers about the choice of farming as a profession for the next generation. Upon doing a thorough research, the study found that cost of cultivation, crop failure, lack of irrigational

facilities and high expenditure in capital and current farm expenditure were majorly the significant factors behind indebtedness, as narrated by few respondents. The study further explores that farmers have assorted concerns in regards to lack of marketing facilities and fragmentation of land. One of the most daunting realities of this argument is that the majority of farmers are not interested in continuing farming as a profession for their children, and the analysis suggests that there is a dire need to implement reforms in the agricultural sector in a variety of areas which makes farming a commercial success, and a worthwhile occupation. Rural indebtedness, an obstacle for development requires an in-depth analysis so as to address the problems in all its dimensions.

**Key words:** *Haryana, Indebtedness, Perception of Farmers, Distress*

**JEL Codes:** *Q13, Q14*

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## **INTRODUCTION**

During the formation of a separate state in 1966, the main contribution in GSDP in Haryana was from the agricultural sector. Since 1966 to 2019, the Haryana's economy experienced structural transformation in various sectors, and presently, the driving force behind the growth of the Haryana economy is the service sector with a contribution of 50.6 percent in GSVA. A total of 32.8 percent contribution is from the manufacturing sector and agriculture, while the allied sector contributes 16.6 percent. Despite this, the agriculture sector still plays an important role in the state's economy as the major proportion of the state's population is directly and indirectly dependent on the agriculture sector. Sadly, the rising cost of cultivation, crop failure, rising indebtedness has lead to farmer's suicide; and collectively, these are the familiar and recurrent issues which farmers are being faced with in Haryana and nation as well. According to the NSS 70<sup>th</sup> round report, the level of incidence of indebtedness among rural households and cultivator households has increased substantially since 1991. The average size of holding in the state declined from 2.32 hectares in 2000-01 to 2.22 hectares in 2015-16 (Agricultural census). The extent of indebtedness among agricultural households was 42.3 percent in the state. Along with this, the study also incorporates the various aspects of farmers which are not only confined to their indebtedness concern, but beyond the realm of this harsh reality. The subject aims at studying farmers' perception and causes behind their outstanding loans that farms-agricultural households take to meet health issues, leaving them with diminished ability to invest in farming; which also leads them to not take farming as a profession.

## **REVIEW OF LITERATURE**

The problem of indebtedness among farmers has become a common phenomenon in every part of the country off late, which ultimately ushers them into oblivion and deplorable situations. To analyse this deplorable condition among farmers, a detailed review of texts has been done that is more focused on factors of indebtedness, difficulties and issues related to farming etc. Several studies identified that factors responsible for indebtedness among farmers were their farm size, off-farm income, productivity, diary income, domestic expenditure, lack of education, irrigation facilities, rain-fed, low cropping intensity, climatic conditions, uncertainties, non-availability of credit, rise in input prices, cost of cultivation, level of yield, unbalance in food grains yield, crop failure, low remunerative returns from agricultural sector and economic conditions (Singh et.al, 2009; Kale et.al, 2012; Sajjad and Chauhan, 2012; Gaur, 2014; Pattanayak and Mallick, 2016 etc.). The level of indebtedness increased

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among farmers as credit facilities enhanced in those areas (Acharya, 2006). While farmers had the option to borrow loan amounts from both the sources; i.e. formal or informal, but they also struggled in availing the loan amount from them due to interest rates being fixed by administrative authorities. Eventually, farmers were forced to give bribes to the officials to avail loan from the formal sources so that they get timely credit; while in case of informal sector, the moneylender charged a higher rate of interest as compared to formal sources (Gupta and Chaudhary, 1997). These crucial aspects conclude that in hindsight, farmers are now prepared to leave this vocation as they are unable to generate adequate income for subsistence. Interestingly, during the research, it was brought to my awareness by Singh and Bhogal, 2014 that around 14.39 percent of farmers have already left the agricultural profession since 1991.

### **OBJECTIVES OF THE STUDY**

The main objectives of the present study are:

1. To analyse the perception of farmers related to factors of indebtedness.
2. To study the difficulties faced by farmers in availing loan facility.
3. To understand the farming related issues in the study area.
4. To study their perception about farming as a profession for next generation.

### **DATA SOURCES AND RESEARCH METHODOLOGY**

In this study, various sources such as journals, government records, books, annual reports of NABARD, NSSO data, Statistical Abstract of Haryana, All India Rural Debt and Investment Survey, Reserve Bank of India and Agricultural Census etc. were used. The primary data for the study was collected through a well-structured interview schedule from the indebted agricultural households of 360 respondents of Gurugram, Rewari and Mahendragarh districts of South Haryana. Simple statistical tools were used for the analysis of the study.

### **RESULTS AND DISCUSSIONS**

#### Socio-Economic Characteristics of Respondents

It becomes imperative to study the socio-economic characteristics of the respondents. During the research, the study found that the majority (83%) of indebted respondents fall under the age group of 51-60 years. A total of 69 percent of small and marginal farmers belong to Other Backward Class (OBC) category. Majority (73%) of respondents were married, and in the

case of education, the study found that 34 percent of respondents were illiterate and a total of 52 percent have attained only primary education.

Perceptions of Farmers related to Factors of Indebtedness

Several factors of indebtedness were listed and the responses of farmers are presented in the following table:

**Table 1:** Factors of Indebtedness among Small and Marginal Farmers

<b>Factors of Indebtedness</b>	<b>No of Respondents (Multiple Response)</b>	<b>Percentage</b>
Crop failure	254	70.56
Low income from agricultural sector	241	66.94
Low productivity	159	44.17
Rise in cost of cultivation	292	81.11
Unorganised pricing of commodities	169	46.94
Lack of irrigation facilities	258	71.67
Use of Traditional methods of farming	136	37.78
High Capital expenditure in farm business	264	73.33
High Current expenditure in farm business	255	70.83
Deficiency of rainfall	171	47.50
Lack of marketing support	192	53.33
Marriages and ceremonies	248	68.89
Educational expenditure	92	25.56
Medical expenditure	80	22.22
Loss in Non-farm business	63	17.50
Economic distress	60	16.67
Alcoholism	197	54.72
Consumption Expenditure	236	65.56
Growing new crop	179	49.72
Use of chemicals	248	68.89

Source: Field Survey

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Table 1 outlines the factors of indebtedness according to farmer's perception. A total of 81.11 of indebted respondents believed that rise in cost of cultivation lead to indebtedness. Crop failure, lack of irrigation facilities, high capital and current expenditure in farm businesses were also predominant constituents behind indebtedness among small and marginal farmers of south Haryana. Educational expenditure, medical expenditure, loss in non-farm business, economic distress and so on are key factors responsible for farmer's indebtedness.

During interaction with these respondents, it was found that they've taken the institutional loan through Kisan Credit Card. To meet credit requirements of farmers, an innovative credit delivery system was introduced by the government of India in 1998. This scheme was implemented in the entire country through institutional credit agencies which includes commercial banks, cooperative and regional rural banks which gained wide acceptability amongst farmers. The main objective of this scheme was to provide hassle free, timely and adequate supply of credit to farmers by fulfilling their short and long term credit requirements. This loan amount was sanctioned for a period of five years. There were no curtailments in the number of credits and debit, but each withdrawal amount in a particular year had to be repaid within twelve months. No withdrawal instalments in account should remain outstanding for more than 12 months. After analysing the credit pattern of respondents; the below facets were identified based on their perception for availing the loan facility time and again. The research found that 14.28 percent of small and marginal farmers believed that their income was less than their expenditure; where else 21.94 percent of farmers apprised that rising cost of cultivation was responsible. A total of 17.22 percent of farmers agreed to crop failure, while 16.28 believed that their consumption expenditure was rising, and a total of 30.28 percent of respondents were of the opinion that all of the said above components were responsible for repeatedly availing of the loan facility by them.

### Difficulties in Receiving Loan Amount

After discussing the perception of farmers regarding factors of indebtedness; some aspects in terms of difficulties in taking the loan by small and marginal farmers were also discussed. It is extremely disturbing that farmers experience even the trivial complications of documentation, corruption, and at times, both. The extent of debt and hurdles faced by small and marginal farmers in availing the loan in the study area is shown in the below table.

**Table 2: Difficulties faced by Small and Marginal in Availing Loan**

Small Farmers of South Haryana						
Districts	Gurugram		Rewari		Mahendragarh	
Problems	No. of Respondents	%	No. of Respondents	%	No. of Respondents	%
No Difficulty	36	60.00	39	65.00	47	78.33
Documentation	8	13.33	10	16.67	3	5.00
Corruption	7	11.67	5	8.33	9	15.00
Documentation & Corruption (Both)	9	15.00	6	10.00	1	1.67
Marginal farmers of South Haryana						
Districts	Gurugram		Rewari		Mahendragarh	
Problems	No. of Respondents	%	No. of Respondents	%	No. of Respondents	%
No Difficulty	35	58.33	34	56.67	48	80.00
Documentation	7	11.67	10	16.67	0	0.00
Corruption	7	11.67	11	18.33	10	16.67
Documentation & Corruption (Both)	11	18.33	5	8.33	2	3.33

Source: Field Survey

The table reveals the certain issues farmers run into while applying for credit through various institutions in the form of documentation and corruption. In the category of small farmers; 60 percent respondents from Gurugram district, 65 percent in Rewari district and 78.33 percent in Mahendragarh district did not face any kind of difficulties while availing loans. However, in case of marginal farmers; 58.33 percent in Gurugram district, 56.67 percent in Rewari district and 80 percent in Mahendragarh district farmers went through the smooth process of availing loan facility through different credit sources. It also became discernible that respondents from Rewari district came across the issues related with documentation relatively more than the respondents from Gurugram and Mahendragarh districts. A riveting contrast however came in the form of corruption faced by small farmers of Mahendragarh more than the other two districts, while the subject in question is similar for marginal farmers of Rewari district. The respondents from Gurugram district however endure both documentation and corruption snagging more as compared to respondents from Rewari and Mahendragarh districts.

### Farmers-farming Related Issues

Farmers have raised several issues related to the farming profession in the study area. These issues were classified into four categories such as crop,

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market, land and irrigation. Crop related issues majorly covered the crop failure complications and rising cost of crop, however, in market related issues, farmers highlighted the unethical practice of commission agents in *mandis*, transportation cost from field to *mandis*, delay in getting payment after selling of the produce etc. In case of land related issues, farmers broached that the fertility of soil has declined with time and now they're forced to use chemicals in their fields. Fragmentation of operational holding due to distribution of property among children was another issue. In irrigation related issues, farmers brought up drawbacks of paying rent on water due to their incapability of constructing a new tube well and its exorbitant cost. The below table reveals the retaliation from the respondents regarding the above mentioned issues:

**Table 3: Farmers-farming Related Issues**

Districts	Gurugram		Rewari		Mahendergarh		Total	
	No. of Respondents (Multiple Responses)	%	No. of Respondents (Multiple Responses)	%	No. of Respondents (Multiple Responses)	%	No. of Respondents (Multiple Responses)	%
Crop Related	110	91.7	112	93.3	102	85.0	324	90.0
Market Related	96	80	103	85.8	99	82.5	298	82.7
Land Related	100	83.3	95	79.2	93	77.5	288	80.0
Irrigation Related	93	77.5	95	79.2	91	75.8	279	77.5

Source: Field Survey

Now, the above table depicts the percentage of Farmers perceptions related to their farming related issues. Upon investigation, it was found that in south Haryana, a total of 90 percent of respondents formed an assumption that they have crop related issues. In Rewari district, majority of farmers hold crop- related issues in comparison to Gurugram and Mahendragarh. A total of 82.78 percent of respondents underlined market-related issues from which the maximum respondents were found in Rewari district. A total of 80 percent of respondents have land related issues also among all three districts where the majority of the respondents were from Gurugram district as compared to Rewari and Mahendragarh. A total of 77.50 percent also believed that they have irrigation related issues and this is an issue brought forward by maximum respondents of Rewari. The survey eventually culminates that maximum respondents have crop related issues and Rewari district is at the forefront of all of them.

### Repayment and Distress

In the previous analysis, we discussed factors that contribute to farmer's indebtedness, and diverse strains in availing the credit facilities by them.

And on the basis of these highlighted grounds, it puts farmers into a situation of not being able to repay the debt on time. An analysis was also done to understand the relationship between delay in repayment and distress among farmers. The study found that more than 90 percent of farmers in all districts formed an opinion that delay in returning the debt was a one of the major factors behind the distress among them. And to overcome this anguish, sometimes the respondents were forced to sell their assets to repay the borrowed amount. The study ultimately revealed that 13 percent farmers in Gurugram district, 13 percent of them in Rewari district and 8 percent farmers from Mahendragarh district sold their assets to repay the debt amount which again puts their grievous circumstances at the vanguard.

#### Preference to Farming as a Profession for their children

A significant question arises though after the above analysis in this scenario of indebtedness among farmers of south Haryana which is, whether they prefer farming as a profession for their children or not. The results could be discussed with the help of the table below:

**Table 4:** Preference to Farming as a Profession for their Children

District	Yes	Percentage	No	Percentage
Gurugram	2	2	118	98
Rewari	3	3	117	98
Mahendragarh	5	4	115	96
Total	10	3	350	97

Source: Field Survey

The statistics depict the percentage of farmers who wish to continue farming as a profession for their children, and the figures are drastic if compared with farmers who don't want farming as a profession for their upcoming generation. This study clearly manifests that only a total of 3 percent of respondents prefer to have their children in the farming profession, while the remaining 97 percent did not want their children in the same metier.

#### **CONCLUSION & POLICY IMPLICATIONS**

In Haryana, and other parts of the country, there has been a declining trend of the agricultural sector in the share of GSVA. And not just Haryana, but agricultural crisis prevail in form of low income from agricultural sector, declining average size of holding, increasing farmer's suicide, indebtedness throughout the country. This study only identified the varying factors of indebtedness such as cost of cultivation, crop failure, lack of irrigation facilities, high capital and current expenditure in farm activities in some



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selected districts of Haryana. It concluded, the survey found that farmers come across the pain of availing the borrowed amount through credit agencies in the form of corruption and documentation. It was also evident that more than 90 percent of respondents believed that inability in repaying the loan amount is a factor of distress among them which forces them to not choose this trade for their children even in worst scenarios. The study distinctly suggests that crop insurance schemes should be implemented properly, and loan utilization should be monitored. Government should develop irrigation projects especially in dry regions to improve productivity as farmers cannot afford investment from their own savings to transform agriculture. There should be a proper check on the problem of corruption, and remunerative prices of agricultural produce should be provided to them timely. Reduction in the cost of cultivation may help farmers in many ways. In order to increase the income level of farmers, comprehensive reforms in the agricultural sector should be implemented.

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