

# Punjab's Small Peasantry

## Thriving or Deteriorating?

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The small peasantry in agriculturally advanced Punjab faces a severe economic crisis. Though the total workforce has increased over time, the proportion engaged in agriculture has been falling and the number of marginal and small holdings has been declining. The farm surpluses of indebted farmers are very low, and 14% of marginal and 9% of small farmers are effectively bankrupt. Low profitability has prompted many small farmers to leave agriculture and 28% of them have entered the labour market. More pressingly, a significant number have preferred to take their own lives.

### 1 Introduction

Following the technological breakthroughs in the mid-1960s, subsistence agriculture in Punjab was transformed into a market-oriented operation. The growth of the rapidly progressing agricultural economy levelled out over time in terms of profits because of the rising cost of cultivation and stagnant productivity. The liberalisation of the economy in the 1990s provided ideological support to free trade and minimised state intervention in economic activities. As a result, downsizing of the public sector and reducing subsidies became key issues. Public sector investment in agriculture and allied activities has declined continuously in India. The percentage of the budget that was spent on agriculture was 14.9% during the First Five-Year Plan (1951-56). It declined to 12.3% during the Fifth Plan (1974-79), and further to 3.7% during the Eleventh Plan (2007-12).

The upshot has been that farmers' own investment in agriculture has increased over the decades, and the capital intensity of Punjab's farms has increased manifold. There are now 4,77,000 tractors, 13.84 lakh tube wells, 6.24 lakh threshers, and about 13,000 harvesting combines in the state (GoP 2013: 17). The demand for human labour in the farm sector has decreased significantly since the late 1980s – from 479 million man-days in 1983-84 to 422 million man-days in 2000-01 (Sidhu and Singh 2004: 4132-33), and further to 401 million man-days in 2009-10. It is not only large farmers who have mechanised their farms, but also small ones – 13% of the marginal farmers and 31% of the small farmers in the state own tractor-operated farms (Singh et al 2007b: 14-15). As a result, farmers have surplus family labour, which was 85% in the case of marginal farmers and 82% in the case of small farmers in 2009-10 (Singh et al 2012: 40). But the unfavourable nature and structure of the non-farm sector in the state prevents these farmers from being fully absorbed outside agriculture – 24% of the de-peasantised people want to shift to new professions (Singh 2009: 225-26). Hence, there exists a large "reserve army of labour" in the state's economy. About 3.5 million people were unemployed in the state during 2006, of which about 2.4 million were from rural areas (Singh et al 2007a: 3).

Though the Government of Punjab offers various benefits to the farm sector such as subsidies for power and fertilisers, and credit to augment productivity and profitability, they do not cater for the needs of small farmers. The power subsidy to the farm sector was Rs 4,778 crore in 2012-13, of which just 6%

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## REVIEW OF RURAL AFFAIRS

went to small farmers, who comprise 34% of the total farmers in the state. The other subsidies had a similar reach (Singh 2014: 84). This shows that small farmers are deprived of even the support/facilities provided by the government. The most vulnerable groups at the bottom of the pyramid of the farming population are the peasantry. It is being suggested that farming on small landholdings is not viable unless it is supported with supplementary income (Chandra 2001: 1-4). Keeping this scenario in view, this study analyses the status of marginal and small farmers in the agriculturally developed state of Punjab.

### 2 Sampling Design

The primary data was collected from sample households through personal interviews during 2012-13. Punjab is divided into three well-defined agro-climatic zones – the sub-mountainous zone (zone I), central zone (zone II), and south-western zone (zone III), which occupy 9%, 65% and 26% area of the state, respectively. Zone I comprises three districts; zone II 13; and zone III six. For this study, one district was selected from zone I, three from zone II, and two from zone III. All the farmers of the selected villages who had left farming after 1991 were chosen for the study. The number of de-peasantised families in all the sampled villages was 150. One-third of each category of marginal, small, and other farmers (including semi-medium, medium, and large farmers) were taken from the selected villages. In this way, the total sample of farmers was 450, which comprised 150 de-peasantised respondents, 28 marginal farmers, 66 small farmers, and 206 farmers of other categories (Table 1). The data relates to the agricultural year 2012-13.

**Table 1: Sampling Design of the Study**

Zone	Total Districts	Selected Districts	Selected Villages	Sample (number)			
				Farmers Who Left Farming	Marginal Farmers (<1 ha)	Small Farmers (1-2 ha)	Other Farmers (>2 ha)
Sub-mountainous (Zone I)	3	Roop Nagar	1	12	7	7	32
Central (Zone II)	13	Patiala,	1	25	4	13	33
		Jalandhar	1	30	5	16	36
		Ludhiana	1	25	4	13	34
South-western (Zone III)	6	Bathinda,	1	28	4	9	35
		Ferozepur	1	30	4	8	36
Total	22	6	6	150	28	66	206

### 3 Changing Structure of Landholdings

Punjab is an agriculturally developed economy, but it faces the problem of absorbing labour on small farm landholdings, which has seen the number of smallholders decline over time. The number of total operational holdings has been almost constant during the last four decades, but the trend in the number of marginal and smallholdings has been different in the 1980s and 1990s. During this period, the number of landholdings increased from 3,96,000 in 1980-81 to 5,00,000 in 1990-91 (Table 2). This may have happened due to the high rate of farm profitability, lower land rent, and pure tenancy relations. But after the 1990s, falling profitability, declining land rent, and reverse tenancy saw the number of small landholdings decline to 2,96,000 in 2000-01. However, the number of small landholdings increased slightly to 3,18,000 in 2005-06, which may have been due to

increasing profitability after the introduction of BT-cotton and larger families dividing their property. In any case, the overall number of small farmers has been declining since the 1990s.

**Table 2: Distribution of Number of Operational Holdings in Punjab and India**

Year	Punjab			India		
	Marginal (<1 ha)	Small (1-2 ha)	Total	Marginal (<1 ha)	Small (1-2 ha)	Total
1980-81	1,97,000 (19.20)	1,99,000 (19.40)	3,96,000 (38.6)	5,05,960 (56.60)	1,60,910 (18.00)	6,66,870 (74.60)
1990-91	2,96,000 (26.50)	2,04,000 (18.26)	5,00,000 (44.76)	6,33,420 (59.4)	2,00,470 (18.8)	8,33,890 (78.2)
1995-96	2,04,000 (18.66)	1,83,000 (16.74)	3,87,000 (35.40)	7,11,970 (61.6)	2,16,130 (18.7)	9,28,100 (80.3)
2000-01	1,23,000 (12.35)	1,73,000 (17.37)	2,96,000 (29.72)	7,53,900 (62.90)	2,26,870 (18.90)	9,80,770 (81.8)
2005-06	1,35,000 (13.43)	1,83,000 (18.21)	3,18,000 (31.64)	8,37,350 (64.8)	2,39,710 (18.5)	10,77,060 (83.3)

Figures in brackets are percentage.

Source: Statistical Abstract of Punjab, various issues.

This decline in the number of smallholdings indicates that they are unviable under modern capital-intensive technologies. Even households with holdings up to four hectares find it increasingly difficult to meet their living expenses from farming alone in Punjab. Given an opportunity, most of them would leave farming (Singh et al 2007a: 10). On the other hand, the number of marginal and small farmers at the all-India level has been increasing. The total number of operational holdings rose from 6,66,870 in 1980-81 to 8,33,890 in 1990-91. This further increased from 9,28,100 in 1995-96 to 9,80,770 in 2000-01 and 10,77,060 in 2005-06. This shows that the trend in Punjab is the reverse of that in the country as a whole.

### 4 Changing Structure of Rural Workforce

Policymakers in developing countries increasingly recognise that diversification in the structure of rural employment holds the key to reducing unemployment and poverty. This is associated with a shift of the workforce from the farm sector to non-farm sectors of the economy. Many economists have focused on structural shifts in employment patterns. Bhalla and Hazell (2003: 3473-84) show that economies experience shifts in their structure of employment. A major reason for this is that the agricultural sector in many countries is in trouble from declining employment elasticity, falling productivity, and shrinking returns (Singh et al 2007a: 6).

In Punjab, the total rural workforce was 35.56 lakh in 1981, which increased to 43.03 lakh in 1991 and 63.60 lakh in 2001. However, it declined to 61.79 lakh in 2011 (Table 3a, p 97). Similarly, the number of cultivators increased from 16.40 lakh in 1981 to 18.97 lakh in 1991, and 20.14 lakh in 2001. But they declined to 18.40 lakh in 2011. On the other hand, the number of agricultural labourers increased from 11.32 lakh in 1981 to 13.56 lakh in 1991, 14.08 lakh in 2001, and 14.74 lakh in 2011. The number of other rural workers – those engaged in allied activities, mining and quarrying, manufacturing, servicing, processing and repairing, trade and commerce, transport and communication, and other services – also followed a similar pattern. It was 7.84 lakh in 1981 and increased to 10.50 lakh in 1991, and 29.38 lakh in 2001. But it declined to 28.65 lakh in

2011. The total rural agricultural workforce, both cultivators and agricultural labourers, numbered 34.22 lakh in 2001. It declined to 33.14 lakh in 2011. On the whole, the total rural workforce had declined from 63.60 lakh in 2001 to 61.79 lakh in 2011. Similarly, the rural work participation rate increased from 29.28% in 1981 to 30.11% in 1991, and 39.51% in 2001. But it declined to 35.62% in 2011. This shows that labour absorption in agriculture and allied activities in the rural economy of the state was positive until 2001. After that, a squeeze on work opportunities made employment elasticity negative.

**Table 3a: Changing Structure of Rural Workforce in Punjab**

Year	Cultivators (Lakh)	Agricultural Labour (Lakh)	Other Rural Workers* (Lakh)	Total Rural Workers (Lakh)	Total Rural Population (Lakh)	Rural Work Participation Rate (%)
1981	16.40 (46.11)	11.32 (31.82)	7.84 (22.07)	35.56 (100.00)	121.41	29.28
1991	18.97 (44.08)	13.56 (31.52)	10.50 (24.40)	43.03 (100.00)	142.89	30.11
2001	20.14 (31.66)	14.08 (22.14)	29.38 (46.20)	63.60 (100.00)	160.96	39.51
2011	18.40 (29.78)	14.74 (23.85)	28.65 (46.37)	61.79 (100.00)	173.44	35.62

\* Other rural workers includes workers in allied activities, mining and quarrying, manufacturing, servicing, processing and repairing, trade and commerce, transport and communication, and other services.

Source: Census of India, various issues.

The change in the proportion of the workforce engaged in different activities of the rural economy reveals different trends (Table 3b). The per cent point change in the workforce engaged in agriculture as cultivators and agricultural labourers was negative from 1981 to 2001, which shows that farming could not absorb the increasing workforce, either as cultivators or agricultural labourers. On the other hand, the share of other rural workers in the total rural workforce shows a positive trend, but at a declining rate. It grew rapidly from 1981-91 to 1991-2001 (from 2.33% to 21.80%), but was sluggish from 2001 to 2011 (0.17%). This corroborates the theory that not only the farm sector, but also the rural non-farm sector has been unable to absorb the growing rural workforce in the state.

## 5 Dimensions of Agrarian Crisis

### 5.1 Agricultural Surplus

Despite the productivity of major crops increasing over time, net returns have followed a declining trend in the state. In the age of globalisation, profitability has declined at a faster rate because of a mismatch between input and output prices. Between 2000 and 2005, the minimum support price of wheat and paddy increased by around 2%, but the cost of cultivation increased by 8% to 9% (Singh et al 2012: 1). As wheat and paddy cover 85% of the state's arable area, the decline in profitability has seriously affected the economic health of Punjab's farmers. As a result, the surplus with farmers has declined. The surplus

from agriculture is the amount remaining after meeting farm and domestic expenditure. Table 4 shows that an average farm family in the state recorded an annual surplus of Rs 2,40,443, of which Rs 2,17,678 was from agriculture and Rs 22,765 from non-farm income. Many farmers earn their livelihood from dairying and non-farm activities. Those whose income from dairying was more than 25% of their total income were less prone to indebtedness (Singh et al 2007b: 43). In addition, small farmers who used hired machinery were getting better returns than those who owned machinery (Singh 2013: 5-6).

**Table 4: Surplus from Agriculture and Non-Farm Income on Various Farm Categories in Different Zones of Punjab (Rs/Household)**

Zone	Particulars	Farm Size			Average
		Marginal (<1 ha)	Small (1-2 ha)	Other Farmers (>2 ha)	
I	Surplus from agriculture	-13,720	-5,318	15,961	2,543
	Non-farm income	18,259	45,717	0	16,085
	Total	4,539	40,398	15,961	18,628
II	Surplus from agriculture	33,433	1,33,594	3,18,218	2,45,784
	Non-farm income	79,846	35,886	33,480	40,111
	Total	1,13,279	1,69,480	3,51,698	2,85,895
III	Surplus from agriculture	49,223	78,965	3,09,550	2,61,284
	Non-farm income	31,217	263	6,675	7,645
	Total	80,439	79,227	3,16,225	2,68,930
Overall	Surplus from agriculture	23,201	87,602	2,86,328	2,17,678
	Non-farm income	48,416	25,978	17,139	22,765
	Total	71,617	1,13,579	3,03,467	2,40,443

Source: PAU (2010-11).

The highest amount of surplus was in zone II (Rs 2,85,895), of which Rs 2,45,784 was from agriculture and Rs 40,111 was from non-farm income. However, the total surplus of farmers in zone III was Rs 268,930, of which Rs 2,61,284 and Rs 7,645 were from agriculture and non-farm income, respectively. The sub-mountainous zone of the state (zone I) lagged behind with Rs 18,628, which was about 15 times less than that of zone II and III. The surplus in zone II was an outcome of the availability of non-farm employment and earning.

A size-wise analysis shows that the surplus from agriculture varied, by and large, in accordance with the size of a farm. In zone I, the surplus from agriculture with marginal and small farmers was negative. The cropping pattern is maize-wheat in zone I, paddy-wheat in zone II, and cotton-wheat in zone III. Zone I is a low-productivity zone as the yield of maize is 40.80 quintals/hectare, and that of wheat is 45.07 quintals/hectare, which is lower than the yields of wheat in zone II (53.75 quintals/hectare) and zone III (50.00 quintals/hectare). This is a major reason for reduced farm returns in zone I, which is responsible for the negative farm surplus. The zone-wise and size-wise scenarios on agricultural surplus are quite consistent with state-level observations. It is worth mentioning that marginal farmers earned a major share of their total surplus from non-farm sources, whereas large farmers earned their surplus from agriculture by virtue of their larger land size.

### 5.2 Severity of Debt

Punjab's farmers are reeling under debt. Of the sampled farmers, 88% had an average debt of Rs 218,092 per household (Table 5, p 97). The amount of debt per hectare was inversely related to

## REVIEW OF RURAL AFFAIRS

farm size. It was the highest among marginal farmers (Rs 1,70,184), followed by small farmers (Rs 1,04,155), and other farmers (Rs 44,069). In the era of globalisation, the rate of increase in the costs of cultivation has been much faster than that of farm produce prices (Singh et al 2012: 1). Therefore, the increase in income from farming was not sufficient to meet domestic and farm expenditure, which led a large proportion of farmers in Punjab into a debt trap. It was found that 89% of marginal farmers and 91% of small farmers were in debt. Marginal and small farmers were indebted for about Rs 1,70,000 per hectare and Rs 1,04,000 per hectare, respectively. Compared to this, other farm categories had an outstanding debt of Rs 44,069 per hectare. It is important to underline that the relative indebtedness of marginal and small farm households was many times higher than that of large farm households. The debt-income ratio was also the highest (1.39) in the case of marginal farmers, followed by small (0.94), and other farmers (0.33). This showed that marginal farmers were the major sufferers as their debt was much more than their annual income, followed by small farmers.

**Table 5: Magnitude of Debt in Punjab**

Farm Category	Sampled Farmers			Debt (Rs)		Debt-Income Ratio
	Total	Number of Indebted Farmers	Percentage	Per Hectare	Per Household	
Marginal(<1 ha)	28	25	89.28	1,70,184	1,07,216	1.39
Small (1-2 ha)	66	60	90.91	1,04,155	1,46,859	0.94
Other farmers (>2 ha)	206	179	86.89	44,069	2,55,985	0.33
Total	300	264	88.00	50,021	2,18,092	0.37

### 5.3 Stress Level of Debt

The stress level of indebtedness can be gauged from the magnitude of indebtedness in relation to total family income. Farm households that could return their loans in one season were considered stress-free households. Table 6 shows that about 25% of marginal farmers and 39.4% of small farmers were in this group as their indebtedness was less than 50% of their income. The percentages of farmers whose indebtedness was considered to be manageable (from 51% to 100% of their annual income) were 25% and 26.75% of marginal and small

**Table 6: Degree of Indebtedness in Relation to Income, Punjab**

Stress level	Total Loan in Relation to Total Income (%)	Percentage of Holdings			
		Marginal (<1 ha)	Small (1-2 ha)	Other Farmers (>2 ha)	All Holdings
No stress	Less than 50	25.00	39.39	44.66	41.67
Manageable	51 to 100	25.00	26.75	27.18	27.00
Under stress	More than 100	39.28	25.75	14.56	19.33
Bankruptcy	More than 200	25.00	12.12	3.39	7.33
	More than 300	14.29	9.09	2.43	5.00
Total number of holdings		28	66	206	300
Loan as a percentage of income		139.20	97.01	40.50	45.96

farmers, respectively. The remaining 39% of marginal and about 26% of small farmers, whose indebtedness was more than their annual income, were taken to be under stress.

Indebtedness approaches bankruptcy when a loan is more than two or three times a family's annual income, which is close to acute/extreme stress. It was found that this was

inversely associated with farm size. About one-fourth of marginal and 12.12% of small farmers were under acute stress, compared to 3.39% of other farmers. Households also face a severe debt crisis when the loan is more than what the family earns in three years. About 14% marginal and about 9% small farmers were in this category, against 2.43% of other farmers.

### 5.4 Farmers' Suicides

Small farmers in Punjab are in a state of crisis, both economic and social. Their traditional source of livelihood is unviable because of rapidly increasing input costs, stagnant productivity, falling profitability, and increasing living costs. This leads to farmers opting to end all their miseries by committing suicide. In a census-based study (Singh et al 2012: 1-45) on farmers' suicides in six districts of Punjab during 2011, it was found that the largest number who took their own lives belonged to the category of small farmers (Table 7).

**Table 7: Farmers' Suicides in Punjab, 2000-11**

Total Number of Suicides		3,507	
Suicides, Category-wise	Small Farmers (up to 2 ha)	Other Farmers (>2 ha)	
Number of suicides	2,788 (79.51)	719 (20.5)	
Suicides due to debt	2,186 (78.4)	409 (56.9)	
Average debt (Rs)	234,541	361,229	
Average income (Rs)	30,420	135,800	
Debt-income ratio	7.71	2.66	

Percentages from the respective categories in brackets.

Source: Singh et al 2012.

Of the 3,507 farmers who committed suicide between 2000 and 2011 in the state, about 80% were marginal and small farmers (up to 2 hectares). Though the relationship between landholding size and average amount of debt was direct, the relationship between landholding size and average household income was indirect. These small farmers had an average debt of Rs 2,35,000 per household and they earned only Rs 30,420 per annum. The debt-income ratio of marginal and small farmers was about three times higher (7.71) than that for other farm categories (2.66). This clearly indicates the poor and miserable conditions that plague marginal and small farmers in Punjab.

### 5.5 Process of De-peasantisation

The shift of the workforce from the farming to the non-farming sector can be categorised under two heads – growth-led transformation and distress-induced transformation. The first is related to developmental factors such as the mechanisation of agriculture, increasing employment and income, high levels of education, urbanisation, the development of the secondary and tertiary sectors; and even state intervention in generating employment opportunities. These are “pull factors”, which attract the workforce from farming to more lucrative non-farm activities. On the other hand, distress-induced transformation is based on crisis-driven factors such as falling productivity, increasing costs and decreasing returns, unemployment and underemployment, and indebtedness. These “push factors” force the agriculture workforce towards non-farm activities, leading to de-peasantisation.

## REVIEW OF RURAL AFFAIRS

It was found that 14.40% of the farmers in the state had left farming since 1991 (Table 8). Of this, the proportion of marginal farmers was 26.50% and small farmers 18.26%.

**Table 8: Number of Families Who Had Left Farming in Punjab**

Category	Total Number of Farm Families in Sampled Villages	Sample Farmers Who Had Left Farming		Percentage of Farmers Who Had Left Farming
		Number	Percentage	
Marginal (<1 ha)	219	58	38.67	26.50
Small (1-2 ha)	356	65	43.33	18.26
Other farmers (>2 ha)	467	27	18.00	5.78
Total	1,042	150	100.00	14.40

Only a relatively small proportion (5.78%) of farmers from other farm categories had left farming in the state. Of the total sample that had left farming, 39% were marginal, 43% were small, and 18% were other farmers, which included semi-medium, medium, and large farmers who had more than two hectares of operational land.

The field survey identified various reasons that had induced farmers to leave farming (Table 9). One of the most common reasons was the non-profitable nature of farming (30.67%). About 53% of marginal farmers, 18% of small farmers, and 11% of other farmers had left farming as it was non-remunerative.

**Table 9: Reasons for Leaving Farming in Punjab**

Reasons for Leaving Farming/Farm Category	Marginal (<1 ha)	Small (1-2 ha)	Other Farmers (>2 ha)	Total
Non-profitable farming	31 (53.45)	12 (18.46)	3 (11.11)	46 (30.67)
Land leased out due to high rent	4 (6.90)	15 (23.08)	7 (25.93)	26 (17.33)
Joined another profession	10 (17.24)	15 (23.08)	3 (11.11)	28 (18.67)
Land sold due to high debt	4 (6.90)	6 (9.23)	3 (11.11)	13 (8.67)
Emigration	3 (5.17)	5 (7.69)	7 (25.93)	15 (10.00)
Less family labour due to old age/ death/disease/drug addiction	6 (10.34)	11 (16.92)	2 (7.41)	19 (12.67)
To buy more land elsewhere	—	1 (1.54)	2 (7.41)	3 (2.00)
Total	58 (100)	65 (100)	27 (100)	150 (100)

Joining another profession was the second most common reason (19%) for leaving farming. Of the total sample, 17% of marginal farmers, 23% of small farmers, and 11% of other farmers gave up farming because they joined other professions. Farmers were leasing out their land because they could get a rent that was higher than the return from farming, and this was the third most common reason (17%). Of marginal farmers, 7%, small farmers 23%, and other farmers 26% reported high land rent as their reason for leaving farming. About 13% of farm households faced the problem of less family labour, which was due to various factors such as old age, disease, drug addiction, and death of main earners in families. The proportions of marginal, small, and other farmers that reported this were 10.3%, 16.9% and 7.4%, respectively.

Emigration was the next most common factor, with 10% of the sampled farmers citing it. About 5% of marginal farmers, 8% of small farmers, and 26% of other farmers were reported to have migrated abroad. High debt burdens forced 9% of the

sampled farmers to sell their land. About 7% of marginal farmers, 9% of small farmers, and 11% of other farmers left farming for this reason. Due to price differentiation, a few farmers (2%) gave up farming in their villages to buy land elsewhere and thus increase the size of their holdings.

Leaving farming has a two-way impact. It is a healthy trend if a person joins a more lucrative profession, but it becomes disastrous if a person joins a low-paid profession or enters the labour market. The secondary and tertiary sectors have witnessed growth in the recent past, compared to the primary sector. The overall increase in rural non-farm employment is explained by the increase in the proportion of casual non-agricultural workers and self-employment (Basant and Joshi 1994: 222-57). Our survey showed that small farmers in distress had been leaving farming. Table 10 reveals that of the sampled farmers who had left farming (150), the majority (28%) were working as labourers. This proportion was very high among marginal (47%) and small (22%) farmers. Among them, 4% joined the farm sector and the remaining 24% the non-farm sector, mainly as construction and factory workers. This transformation of the peasantry into wage labour is psychologically painful given the state's sociocultural traditions.

**Table 10: New Occupations of Farmers Who Left Farming**

New Occupation	Marginal (<1 ha)	Small (1-2 ha)	Other Farmers (>2 ha)	Total
Labour	27 (46.55)	14 (21.54)	1 (3.70)	42 (28.00)
(i) Agricultural labour	4 (6.90)	2 (3.08)	—	6 (4.00)
(ii) Non-agricultural labour	23 (39.65)	12 (18.46)	1 (3.70)	36 (24.00)
Self-Enterprise	7 (12.07)	7 (10.77)	4 (14.81)	18 (12.00)
(i) Shopkeeper	2 (3.45)	1 (1.54)	1 (3.70)	4 (2.67)
(ii) Milkman	2 (3.45)	2 (3.08)	1 (3.70)	5 (3.33)
(iii) Animal trader	1 (1.72)	2 (3.08)	1 (3.70)	4 (2.67)
(iv) Others*	2 (3.45)	2 (3.08)	1 (3.70)	5 (3.33)
Job	12 (20.69)	20 (30.77)	3 (11.11)	35 (23.33)
(i) Government job	7 (12.07)	8 (12.30)	3 (11.11)	18 (12.00)
(ii) Private job	5 (8.62)	12 (18.46)	—	17 (4.67)
Working abroad	3 (5.17)	5 (7.69)	7 (25.93)	15 (10.00)
Idle/nothing	9 (15.52)	11 (16.92)	10 (37.04)	30 (20.00)
Others**	—	8 (12.31)	2 (7.41)	10 (6.67)
Total	58 (100.00)	65 (100.00)	27 (100.00)	150 (100.00)

\* includes self-enterprises of becoming atta-chakki owners, mechanics, and so on.

\*\* includes occupations such as dealers, commission agents, and so on.

About 12% of the sampled farmers, which included 12% marginal farmers, 11% small farmers, and 15% other farmers, set up small businesses. The percentages of marginal, small, and other farmers that did so were 12%, 11%, and 15%, respectively. Of the total who left farming, about 3% each became

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**REVIEW OF RURAL AFFAIRS**


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shopkeepers, milkmen, and animal traders. About a similar percentage began other businesses such as becoming *atta-chakki* owners or mechanics. As much as 23% of the sampled farmers joined the public or private sector. About 21% of marginal, 31% of small, and 11% of other farmers did so. Those engaged in government jobs were around 12% of the sample and those engaged in private jobs were 4.67%. Further, 5.17% of marginal farmers, 7.69% of small farmers, and 25.93% of other farmers went abroad. However, about 16% of marginal farmers, 17% of small farmers, and 37% of medium and large farmers were idle, or were not engaged in any kind of profession after leaving farming. About 7% of the sampled farmers were working as dealers, commission agents, brick kiln owners, and so on.

Farming carries social status in an agrarian society. Farmers find it very difficult to leave their occupation and take up jobs that pay less and have less social status. Some who had found jobs in the public sector or taken up other better-paid activities were satisfied with their new professions. However, some were less than satisfied with these occupations, even if they were earning better than what they did while farming. Table 11 measures the level of satisfaction of the new professions of farm families.

**Table 11: Level of Satisfaction from Present Profession of Sample Families, Punjab (Percentage)**

Farm Categories	Level of Satisfaction					Want to Expand	Want to New Profession
	Fully	Medium	Less	Dissatisfied	No Response		
Marginal (<1 ha)	18.20	21.34	17.78	35.56	7.11	25.00	32.14
Small (1-2 ha)	19.53	21.26	22.77	33.40	3.04	30.30	19.70
Other farmers (>2 ha)	37.22	28.70	17.94	12.56	3.59	48.21	16.07
Overall	25.87	24.04	20.04	26.05	4.01	36.00	20.67

A large majority of small and marginal farmers were not satisfied with their new occupations. About 36% of marginal, 33.4% of small, and 12.6% of other farmers were dissatisfied with their new professions. It was found that about 26% of the persons who left farming were fully satisfied with their new occupation, whereas 24.04% reported a medium level of satisfaction. On the other hand, 20.04% of the respondents were somewhat satisfied, and 26.05% were dissatisfied. About 18% of marginal farmers, 19.53% small farmers, and 37.22% other farmers were fully satisfied with their new occupations. The better the resource base, the better seemed to be the level of satisfaction with the new occupation. However, the willingness

to expand their business was more or less similar among both categories of farmers – 25% of marginal farmers and 30.30% of small farmers were willing to do so.

## 6 The Way Out

The farming sector of agriculturally advanced Punjab is showing signs of sickness. It is suffering from declining employment elasticity, falling productivity, and shrinking returns. As a result, the percentage of the workforce engaged in cultivation has been falling. Despite the rising productivity of major crops over time, farm profitability has declined due to a mismatch between input and output prices. As a result, the surplus from the farming sector is decreasing – it was even negative for marginal and small farmers in the sub-mountainous region of the state. Farmers are reeling under debt. The intensity of the agrarian crisis can be judged from that about 14% of marginal farmers and about 9% of small farmers have become bankrupt with their loans exceeding more than three years of their family income. Due to the low profitability of farming, small farmers are leaving farming and around 28% of them have entered the labour market. The majority of small and marginal farmers were dissatisfied with their new occupations. Obviously, small is no longer beautiful. Small farmers operate under severe economic constraints – their earnings are very low, they are indebted, and many are compelled to leave farming. Tragically, some reach a stage where they take their own lives.

It is of utmost significance that the problems of marginal and small farmers in Punjab are addressed. First, small farming has to be made viable through a massive public investment in agriculture, which reduces the cost of cultivation and contributes to marketing produce more efficiently. Second, off-farm employment opportunities must be increased by developing the non-farm sector of the economy. Cooperative farming can give a fillip to small farmers by supplying them with machinery and farm inputs at subsidised rates. The problems of indebtedness, de-peasantisation, and suicides must be solved through a multi-pronged strategy, which assures small farmers of a nominal rate of interest on credit, custom hiring of farm machinery, inputs at subsidised rates, better marketing, free healthcare and education facilities, and a minimum level of income. Such policy measures may help in mitigating some of the major problems that small farmers in Punjab face today.

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