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**Inderjeet**

MA (eco) MPhil (eco),  
University CDLU Sirsa  
Haryana, India.

## **Economic status of farmers: A case study of Haryana State**

### **Inderjeet**

#### **Abstract**

Haryana is one of the 29 states in India, situated in North India. It was carved out of the former state of East Haryana on 1 November 1966 on a linguistic basis. It stands 21st in terms of its area, which is spread about 44,212 km<sup>2</sup>(17,070 sq mi). The city of Chandigarh is its capital while the National Capital Region city of Faridabad is the most populous city of the state and the city of Gurugram is financial hub of NCR with major Fortune 500 companies located in it.

When we talk of socio- economic status, the issue of farmers committing suicides takes a top priority. Farmers have been committing suicides increasing day by day in India over the last few years. Suicides by cultivators and agriculture labourers have been reported in Haryana since the mid 1980s. This is caused by a multi-dimensional crisis of the rural in the post-green revolution phase of agricultural development.

**Keywords:** Farmer, socio- economic, status.

#### **Introduction**

Global competitiveness Indian agriculture has to be of better quality and low priced. The situation worsened and in 1997 the debt burden of agriculture farmers of Haryana stood at Rs. 5700.19crores. Despite the record production the farmers are poor 85 percent of Haryana's farmers are reeling under heavy debt burden. Exorbitant rates by moneylenders in the state charge from 18 per cent to 30 per cent make in-fact impossible to return the money and resort to more indebtedness.

Land holdings of farmers reduce productivity. According to a saying,"If you do cultivate your land as your forefathers, you will not get high output though you are hardworking but if you cultivate your land with new techniques you will get high output weather you are less hardworking." Thus technology helps to enhance productivity.

Small agriculture holdings resulted in low productivity because new techniques and machinery cannot be efficiently used in these small holdings. Lack of knowledge about new techniques, methods of production, Hybrid seeds, and supply of efficient agricultural inputs are also resulting in low productivity.

As is evident, farmers in India are under debt trap and Haryana is no exception. To alleviate them from debt-burden, banks should give soft loans to these farmers to help them pursue their agriculture activities with easy terms and conditions. When loan to these farmers" will be available at low rates, they will be able to use better seeds, better fertilizers, better techniques of production. These will boost agricultural productivity and hence agricultural income.

The study suggests that co-operative banks still emerge as an important source of financing loans. Steps should be taken to improve their efficiency. Gramin banks and mortgage bank should also prefer to provide loan to farmers on easy terms and conditions.

The study suggests that farmers should adopt allied activities as dairying, piggery, poultry farms, vegetables garden and other commercial crops so that they can supplement their income. The farmers of these two districts are still relying only on paddy and wheat and alternative sources.

The farmers should avail the opportunity of MNREGA (Mahatama Gandhi National Rural Employment Guarantee Act). Another problem prevalent in Haryana is drug addiction. Steps should be taken to uproot it. Education is the best step to solve all problems. More focus

**Correspondence**

**Inderjeet**

MA (eco) MPhil (eco),  
University CDLU Sirsa  
Haryana, India.

needs to be given to education to both males and females. We know that education is the key to development and development leads to prosperity.

Reliance of agriculture is still on natural rain. Some-times rain, storm, hail storms and natural calamities play havoc with their ripened crops. Such distressed farmers bear huge losses. The governments should reserve money in their pool to help such farmers so that they can pursue agriculture activities for the next crop and maintain their house-holds activities and give their loans taken from the bank.

Government should take steps to give subsidies on fertilizer, seeds, implements, irrigation system, dairying, poultry farms. Spurious seeds and fertilizers should be checked by the government. Small and Illiterate farmers should make use of the subsidies which the Government announces from time to time.

There is a need for minimum support prices to be maintained. While fixing minimum support prices, total costs of agriculture and benefit to farmer should be taken in to account. Although India is poor country and gives subsidies on food, it should not forget the interest of farmers while fixing minimum support price.

The other down-trodden groups like the scheduled castes and backward classes get several special privileges from the government. This is due to the fact that they are socially and economically handicapped. Such socially under privileged groups do deserve some special concessions. But there is a case for extending, at least, some concessions to farmers as well.

### Review of Related Literature

The issue of indebtedness is not a recent phenomenon. According to Aggarwal (2009) <sup>[1]</sup> the main problem confronting the burden the farmer has been farm indebtedness. The study was carried out in the Sangrur district of Haryana state. Reserve bank included this district in its all India rural debt and investments survey of 2009-10, which made the data available for carrying the current study on indebtedness in the pre-green revolution period. Two development blocks, viz Malerkotla and Ahmedgarh from within the district were selected for the study since the impact of green revolution here was more noticeable, compared to other parts of the district because of better irrigation facilities.

According to the researchers Indian agriculture has so far not been able to make the desired progress mainly due to heavy indebtedness of the cultivators. The mounting burden of farm debts resulted primarily from the low productivity of the agriculture sector and unfavourable products. The situation changed after the mid-sixties as there occurred a major break-through in agricultural production in some parts of the country, triggered by the introduction of high yield varieties seeds.

Anupreet (2010) <sup>[2]</sup> stress on the availability of irrigation resources as a factor that increase efficiency for both owners and tenants. While several attempts have been made to explain the inefficiencies of sharecropping systems found in developing economies they have been marked by certain definitional flaws. A more rigorous analysis of sharecropping that incorporate size class differences among owners and tenants thus becomes necessary. Earlier studies had also stressed on land productivity and intensity of farm resources utilization as indicators of efficiency, but they are

seen as measures of relative efficiency only under restrictive assumptions.

Bagchi (2009) <sup>[3]</sup> looked into the pattern of regional distribution of national agricultural credit vis-a-vis the regional growth of agriculture. The study has revealed that on the whole, the distribution of agriculture credit is not based on the parameters of agriculture growth. It found that the states in the low growth rates zone, total advances were not on account of total cropped area, gross and net irrigated area.

Bathaiyah (2012) <sup>[4]</sup> examines the finance gap literature relating to farmers in general and specially in India. The study reviews the financial provision and investigates the lendings policies of financial institutions. The study investigates the relationship between education, level of income, social class and the relationship between farmers and financial institutions. The study investigates the relationship between farmers and financial institutions. The results show that credit limits adversely impact the efficiency of smaller farmers. Information asymmetry and under development of financial markets for small farmers leads to financial exclusion and negatively impact economic development.

Bhalla (2010) <sup>[5]</sup> on the basis of empirical evidence tries to analyse the actual costs of the farmers adopting high yielding varieties of seeds (HYVs) and the resulting benefits. An attempt has been made in this research to determine viable and potential v units and to suggest a strategy for adopting the HYVs through which the farmers while minimizing the increase in costs, gets substantial gains to induce him to continue cultivating the HYVs, a computer model of the villages was made an experienced upon to study the consequences in terms of additional costs and returns of the various changes made.

Bhullar (2011) <sup>[6]</sup> attempt to view the disparities in the levels of income, consumption and investment of progressive farmers in relation to the less progressive ones and also between the different size in each category. It is hypothetical that inequalities in income distribution have widened due to the impact of the new technology and these are likely to increase further with the advanced of a new technology.

The study by Bourlag (2010) <sup>[7]</sup> indicate that the absolute income level of households or its income trends is more significant in determining its consumption and investment pattern in: i. Expenditure on durable consumer goods, luxury goods, and valuable assets such as gold, jewellery. As it represents the saving side of the household beyond the essential consumption expenditure; the income elasticity of this particular item may be quite high. ii. Increase or decrease in the net burden of indebtedness of the households.

Chand (2010) <sup>[8]</sup> attempts to study the socio-economic characteristics of the different categories of small farmers, viz, pure tenants, pure owners and part owners, culturally in an agriculturally progressive area of Kapile-swarapuram and Vrayavaram blocks in the East Godavari district of Andhra Pradesh. The results highlight that in agriculturally progressive area, the small farmers have a more diversified economic activity. Those who have more labour power, limited occupation diversification but have little or no land take up cultivation on leased land, since agriculture in a progressive area is a profitable occupation.

Deshpande (2012) <sup>[9]</sup> examine the employment, income and

expenditure pattern of tribal farm families in Jalgaon district of Maharashtra. The study reveals that the extent of unemployment in case of both male and female workers of the large farm, small farm and farm labour families was substantially large. The expenditure exceeded the income in all these families forcing them to borrow money from the money lenders. Ways of increasing income levels are indicated that would help the tribals" along with technical know-how, to derive additional returns, enabling them to enjoy a higher level of living.

Dhaliwal *et al.* (2012) [10] study the effect of increase in income owing to the adoption of new technology of agriculture by the different categories of cultivators on the magnitude and patterns of savings and investments in the rural areas of Eastern Uttar Pradesh. The net savings of an economic unit during an accounting period is defined as the difference between current disposable income and current consumption. The results of the analysis highlights that the income of the cultivator is affected by the total saving of the family and by the pattern of investment.

Dheeraj (2011) [11] suggests relief package for the six districts affected by farmer"s suicides in the Vidarbha region of Maharashtra, which was finally announced by Prime Minister Manmohan Singh on July 1, 2006. Similarly a package was proposed to be announced for Karnataka, Andhra Pradesh and Kerala soon. While the total package appears to be large, it is not going to provide any immediate relief to the farmers. The core problems of un remunerative prices and indebtedness underlying farmers suicides and ground realities are still ignored.

Dogra (2012) [12] analyse various problems faced by the food processing sector in Andhra Pradesh especially case instance of contract farming, with a focus on oil palm and gherkin. While contract farming has largely solved the problem of supply of quality raw material, cultivators of both the crops have their own needs. Oil palm growers, for instance, are keen on an assured minimum price while gherkin growers are totally dependent on export demand. Processors have also neglected the smaller farmers. Hence, some form of government invention to ensure contracts should be enforced and complied with. This is the urgent need of the hour.

Dua (2008) [13] has pointed out that almost freezing of the minimum support price of wheat and paddy from the past was one of the reasons of increase in agony of farmers. The official report on suicide by farmers may put the SAD-BJP government in an awkward situation at the political level in the state.

Garg (2010) [14] highlights that as the surviving families of farmers who commit suicide are predominantly female, the issue further creates more complications and the situation worsens further. Women often become the sole supporters of families. These women, who previously managed the domestic sphere and perhaps engaged in light fieldwork, now find themselves playing the new role of breadwinner and sustaining their families amidst extreme outstanding debt. Given the traditional Haryanvi gender dynamic, women are even less likely to be formally educated than men and are unable to find alternative sources of employment.

**Research Methodology**

The study is based on survey method to find out the difference in socio- economic status of farmers in Haryana

state. The data for the study will be primarily collected through Primary Data, but secondary data has also been used.

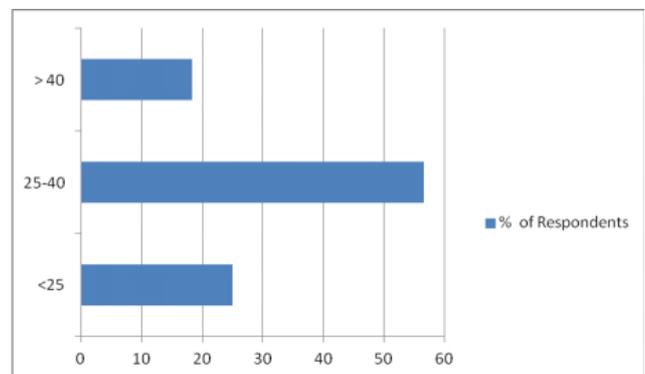
It is in tune with these considerations that in the present study, the analysis of socioeconomic status of farmers has been studied with the help of some statistical and economic tools and procedures generally employed in this regard.

**Results**

**Table 1: Land Holdings**

Land Holdings	Frequency	Percent
2.00 Vigha	18	29.5
4.00 Acre	43	70.5
<b>Total</b>	<b>61</b>	<b>100.0</b>

As shown in table 1, 18 respondents have small farms consistent of land holding in vighas and 43 respondents have large farms considering of land holding in acres.



**Fig 1: Age-wise Profile of Respondents**

From the sixty respondents 18.33% were below 25 years. Majority of them were in the category of 25-40 (56.67 %). In the category above 40 there were 15 respondents with 25 %.

Factor analysis was conducted for the study to understand the factors influencing socio economic status of Farmers. The results reveal that there are three factors, viz. Basic Facilities, Govt. support and Agricultural mode. These three factors explain 61.465 percentage of variance. These factors along with their Eigen values, percentage of variance and item loadings have been explained below:

**Table 2: Results of Factor Analysis**

S No	Rotation Sum of Squared Loadings		
	Eigen Value	% of Variance	Cumulative %
1	2.944	30.84	30.84
2	1.964	20.76	51.60
3	1.502	16.77	68.37
	6.41		

i. Economic Factors: This is the most important factor which explains the maximum percentage of variance 30.84 with Eigen value of 2.944. Economic Factors cover (i) the type land holding (0.908), (ii) Means of agriculture (0.818); and (iii) the tenancy status (0.767).

ii. Social Factors: This factor explains 20.76 percentage of variance. The three components of this factor are: (i) Reasons for loans (0.876); ii) alternate sources of Employment (0.815); iii) Level of literacy (0.789) and (iii) Marital status (0.768).

iii. Other Factors: These have 1.502 Eigen value and explain 16.77% of Variation. The items in this factor include: i) Alternate sources of income (0.755); ii) source of irrigation (0.708); and iii) Cultural heritage (0.678).

**Table 3:** Factor Names and Factors Components

S. No	Factor Name	Factors components	Eigen Values	% of Var.	Item loading
1	Economic Factors	i. Size of land holding	2.944	30.84	0.908
		ii. Means of agriculture			0.818
		iii. Tenancy status			0.767
2	Social Factors	i. Reasons for loans	1.964	20.76	0.876
		ii. Alternate sources of Employment			0.815
		ii. Level of literacy			0.789
		v. Marital status			0.768
3	Other factors	i. Alternate sources of income	1.502	16.77	0.755
		ii. Sources of irrigation			0.708
		iii. Cultural heritage			0.678
<b>Cumulative Variance</b>				<b>68.37</b>	

### Scope of the study

The current study would be helpful for policy makers and help to understand the socio economic conditions of the farmers of Haryana state. The results of the study will also unravel the various problems faced by farmers in Haryana so that adequate steps can be taken to solve them and thus improve the status of farmers in Haryana.

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