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**Title – “Indebtedness and Distress among the farmers of Sangroor district of Punjab”**

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### **ABSTRACT**

There is a steady decline of the share of agricultural sector in the GDP. This decline in the share of agriculture in GDP is because of the declining investment in agriculture. This has led to an increase in borrowing by the farmers which have further made them indebted. The study area of the research work is Sangroor district of southern Punjab. The sample size of the households is 380. The study aims to find out, the roots of agrarian distress; i.e., variability in production levels, cost of cultivation and net returns, to identify the nature and extent of indebtedness spatially and across farm size, to find out if there exist any relationship between indebtedness and the roots of agrarian distress. The study hypothesizes that the problem of indebtedness is prevalent more among the large farmers than other category of farmers. It also hypothesizes that the cost of cultivation and net returns are the important factors affecting indebtedness and not the level of yield. In India, the level of indebtedness is 48.6 per cent. The level of indebtedness in Punjab is 65.4 per cent. The variability levels of rice and wheat with reference to the expenditure on cultivation, level of yield and the sale of produce reveals that rice is a relatively profitable and stable crop in comparison to wheat and therefore farmers are more inclined to cultivate it. Ninety seven per cent of the sampled farmers' households are indebted in Sangroor. The average debt varied in direct proportion to the farm-size. With respect to the loans borrowed for different purposes, 52 per cent of the sampled households borrowed loans for non-productive purpose such as marriages and social ceremonies, education, health and consumption expenditure whereas the rest 48 per cent of the sampled households borrowed loans for productive purposes like farm and non-farm expenditure, fertilizers, pesticides, HYV seeds and repair and maintenance of farm machinery. Regarding the source from which loans were borrowed, Forty two per cent of the sampled households borrowed from money lender which charged a heavy rate of interest (15 per cent), 31 per cent and 27 per cent of the sampled households borrowed from Co-operative banks and Gramin Bank respectively which charged interest at a relatively lesser rate being 7

per cent in case of Co-operative societies and 5 per cent in case of Gramin Bank. Regarding the perception towards farming as an occupation, it was found that 60 per cent of the farmers' households would quit the occupation if any alternate source of employment is available. The level of indebtedness for large farmers when correlated with its causal factors like cost of cultivation and level of net returns gave a positive and significant result. Among the semi-medium, small and marginal farmers it was revealed that net returns are inversely related to indebtedness and cost of cultivation is positively related to indebtedness.