

## CHAPTER I.

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## CHAPTER - I.

### SECTION - I THE THEORETICAL FRAME WORK.

#### A) INTRODUCTION .

India is a predominantly agricultural Country. The majority of Indians are engaged in agriculture and 80.1 percent of Indian population lives in 5,75,721 villages.<sup>1</sup> Following table will show the distribution of Indian - Population.

T A B L E 1.

Distribution of Indian Population  
according to Rural and Urban.

Year of Census	Percentage of Rural Population.	Percentage of Urban Population.
1921	88.8%	11.2%
1931	88.0%	12.0%
1941	86.1%	13.9%
1951	82.7%	17.3%
1961	82.0%	18.0%
1971	80.1%	19.9%

Source: " INDIA - A REFERENCE ANNUAL " BY GOVERNMENT OF  
INDIA.

According to the 1971 Census, there are 5,75,936 villages and 2,643 towns/town agglomerations. Of the villages 3,18,633 have a population of less than 500 and 6,332 a population of 5000 and over.<sup>2</sup>

Table No.1 and information clearly shows that majority of Indian Population is living in rural area and this rural population is mainly dependent on agriculture. In rural economy, agriculture occupies a place of pride. Though all villagers are engaged agriculture - yet, almost all the persons living in the villages are in one way or the other connected with agriculture. Thus, agriculture can be considered to be central point of rural economy.

ie. Apart from persons solely engaged in agriculture, there are many others who are some ~~some~~how connected with agriculture as a side business. Thus Dhobi, Barber, Potter, Shepherd etc. are dependent on agriculture apart from their main profession. Besides farmers, there are farm labourers who work on the land under others ownership and who get paid in cash or kind for their services. The fact that, Indian population which is dependent on agriculture shows the importance of agriculture and the role of agriculture sector in the Indian Economy also shows the importance of agriculture in India.

#### IMPORTANCE OF AGRICULTURE.

To see the importance of agriculture in Indian economy, we have to know the status of agriculture in the

totality of the Indian Economy. Its position is in fact all embracing. So much so , that the very base of economic - activities of the entire people is bound up with the State and functioning of this sector. This all pervading influence can be gauged from the following facts and figures.

1) National Income.

Looking at national income, we find that various activities connected with agriculture contribute the largest. For example in 1980-81 of the total value of net national product (at 1970-71 prices) this sector alone contributed 40 percent. No other sector taken separately, comes anywhere close to this.

2) Employment and Economic Living.

Agriculture provides employment and work for living to an overwhelming majority of the Indian Masses. Besides, a large number earn their living by working in occupations dependent upon agriculture, like Storage, Processing and trade and transport of agricultural products. In villages, about 80 percent of the people earn from cultivation and allied agro-industries. A considerable part of the labour force in towns and cities also finds jobs in marketing export and other activities connected with agriculture.

3) Food and Fodder.

In poor country where a very large proportion of income is spent on food, it is of crucial importance that agriculture meets almost the entire food needs of people.

Certainly imports of foodgrains have played an important role in meeting the needs of rising population and incomes. Yet the fact should not be lost sight of that the proportion of food imports has always been small. In the entire period since 1956, the highest level of imports ever reached was in 1966 when the proportion of imports was 14 percent of the net availability of foodgrains. But in a few years there were no imports, in fact some exports took place.<sup>3</sup>

Agriculture also provides fodder to sustain live stock whose number runs into crores, the 1972 census puts it at 35.33 crores (Cattle, buffaloes, sheep, goats, horses and ponies etc.) and poultry at 11.5 crores. These are the sources of productive foods, including milk, eggs and meat, of draught power for farm operations and of commercial products like wool and hides.

#### 4) Export and Imports.

Agriculture contributes a sizable part of exports and is an important part of imports of the Country. Roughly speaking, the proportion of agricultural goods which are exported may amount to 50 percent of our exports and manufactures with agricultural content (such goods are manufactured jute, cloth and sugar) contribute another 20 percent or so, and the total comes to 70 percent of India's exports.<sup>4</sup> Such export earning enabling the country to buy developmental goods and essential consumer goods.

Imports of agricultural commodities were of the order of Rs.1,637/- crores in 1976-77. Among import items, the important ones are textile fibres, fertilisers, animal and vegetable oils and fats, agricultural machinery and implements etc.

Thus, from the angle of exports and imports, agriculture occupies an important place in the life and economy of the country.

5) Government budgets.

The budgets of the Governments of both the States and Centre, have been considerably influenced by the land and tax revenues on the one hand and the expenditure on its - development on the other. The total estimated yield from land revenue and agricultural income tax was about Rs.233/- crores in 1981-82.<sup>5</sup>

The more important budgetary operation having relevance to agriculture is the massive expenditure that is being incurred on it for several purposes, including a large part of agriculture development. This expenditure has increased from plan to plan and has been incurred for several activities like crop husbandary, forestry, rural development and irrigation etc.

TABLE N 2.

Plan Outlays.

	I plan: Actual: -s	II Plan Actual: -s	III Plan Actual: -s	Three Annual Plans Actual: -s	IVth plan Actua -ls	Vth Plan Estima -tes	With Plan Targets
Agriculture:	290	549	1089	1107	2320	5229	12,869
Irrigation (including Power)	583	430	665	471	1354	3913	10,350
Percentages:	14.8	11.7	12.7	16.7	14.7	13.0	13.2
	29.7	9.2	7.8	7.1	8.6	9.8	10.6

Source:- Statistical Outline of India 1982 - PP.181-82

Table No.2 clearly shows that the expenditure on agriculture and irrigation has been increasing from plan to plan.

6) Industries, Trade and Transport.

The manufacturing sector and services like trade and transport depend upon agriculture to a very large extent. The type of commodities produced the ~~forms of services~~ forms of services required for buying, selling and carriage of agricultural and agriculture based products determine the shape of industrial structure, nature of trading, transport and banking facilities.

Agriculture provides raw materials for consumer goods industries like food processing, tea, vanaspati, sugar, cotton cloth etc. In addition to these, it supplies ...

intermediate goods to industries like jute manufacturers. Not only this but such industries indirectly contributing to expansion of employment and income in other sectors such as transport activities, banking, storage etc.

7) Capital Investment.

A major part of the productive capacity of the country is in the form of agriculture assets like irrigation facilities, ploughs, storage capacity etc. Every year additions to this stock are being made on a considerable scale both on Government and Private accounts.

8) International Ranking.

At the international level, Indian agriculture has a fairly high ranking in certain respects. In the sphere of total production of certain agricultural goods, it enjoys quite a high position. For example, in case of groundnut, India stands first in the world, in the production of rice India's ranking is Second and in tobacco it ranks third.

It is thus obvious that India is very much an agricultural country. The income generation from this sector is the largest. Besides, almost every Indian is employed directly or indirectly in agriculture. It is not surprising then that Indian culture, society, politics and all that constitutes life have the strong flavour and deep colour of village life.



All above given information shows that agriculture is well progressive Sector in India, but this is the one side of the agricultural Sector. If we see other side of the agricultural Sector, we will come to know that there are many drawbacks in this Sector and these drawbacks come in the way of progress or development of agricultural Sector.

Despite its important place in the economy, India's agriculture is very backward. Although a very large - proportion of the working population is engaged in this Sector, its contribution to the National income is just 40/- percent. As against this, 24 percent of the labour force engaged in the non-agricultural Sector contributes 60 percent to the national income. This means that per head production in the agricultural Sector is much less than in the non-agricultural Sector.

In India the dependence of agriculture on nature too is rather ~~too~~ much. In the absence of adequate irrigation facilities, about 75 percent of the cultivation in India <sup>depends on</sup> looks to rains for water supply. But rains in India are inadequate, uncertain and irregular.

An unfortunate fact of Indian agriculture is the very low level of its productivity. Whether measured in terms of output per hectare of land or per worker, productivity is much below the level of advanced countries. It is one-third to one-fourth of the level of such countries.

In respect of some crops it is even less. This aspect of backwardness of Indian agriculture is also by the use of primitive implements, old ways of organising agriculture, low level of living and dominance of traditions in the lives of villagers.

Yet another drawback of Indian agriculture is the fact of mass unemployment and underemployment. A larger number remain out of employment for four to five months or even more in a year. Those seemingly engaged in agricultural activities in fact are not so occupied. They make little contribution of production. Their unemployment is thus disguised. And this number is fast multiplying because of rapidly rising population on the one hand and slowly expanding job opportunities in non-agricultural Sectors on the other.

Overall to these drawbacks, one drawback is very important which mainly responsible for the backwardness of agricultural sector and that is a substantial number of cultivators in the Country are small framers.<sup>6</sup>

#### Predominance of Small Farmers.

A substantial number of cultivators in the Country are small farmers. This is largely due to the backward nature of agriculture and rapidly rising population which is leading to Sub-division and fragmentation of holdings. So farmers cultivating tiny pieces of land. Many of them do not own any land and work as tenants on lands belonging to others.

With no or little resources, these farmers are unable to make any worthwhile investments in land, nor they can make other necessary arrangement for the required agricultural operations. As a result, agriculture is not carried on as a business, instead it serves merely as a source of subsistence. In such circumstances - progressive agriculture is just unthinkable.

Size of land holding and  
their concentration.

All India report on Agricultural Census (1970-71) revealed that there are 705 million operational holdings in Indian Agriculture, operating over an area of 16/- million hectares.

Size distribution of holdings has been classified into marginal (less than One hectare), small (1 to 2 hectares), Semi-medium (2 to 4 hectares), Medium (4 to 10 hectares) and large (10 hectares and above).<sup>7</sup> Size and number of different type of holdings are shown in table No.3.

Table 3

Size distribution of operational holdings.

Category	Size group in hectares	Numbers (000's)	Percentage	Area in (000' hectares)	Percentage
Marginal	Less than 1 hectre.	35682	50.6	14546	9.0
Small	1 to 2	13432	19.0	19282	11.9
Semi-medium	2 to 4	10681	15.2	29999	18.5
Sub-total (small & Semi-medium)	1 to 4	24113	34.2	49281	30.4
Medium	4 to 10	7932	11.3	48234	29.7
Large	10 hectares and above.	2766	3.9	50064	30.9
All Categories		70493	100	162124	100

Source: DEB P.C. "Rural Sociology" P 84.

The problems of small farmer is clear when it is noticed that 69.6 percent of the operational holding in the country is below 2.0 hectares. At present 12.5 million operational holdings are in the size of below 0.40 hectares, another 14.5 million holdings are between 0.41 and 1.00 hectares and 13.2 million holdings are between 1.01 and 2.00 hectares group. The task before the Nation is, therefore, to make these holdings productive.

The average size of the holdings in 1970-71 was 2.3 hectares and it has declined to 2/hectares in 1976-77.<sup>8</sup>

Factors Responsible for Small Holdings.

Sub-Division.

It refers to the division of land among heirs on the death of the owner or during his life-time due to distribution of his property among his sons and daughters. Formerly among Hindus, only sons inherited the property but now under the Hindu Code Bill, daughters will also inherit it. This further gives more importance the evils of Sub-division.

The division is not confined merely to the total area of land but each heir claims a share in each individual field. This leads to fragmentation.

Pressure of Population.

The predominating factor for sub-division besides the laws of inheritance, is the pressure of population due to the absence of employment opportunities in non-agricultural occupations.

Disintegration of Joint Family System.

With the growth of individualism the number of joint families is on the decline. The number of sub-divisions and portions has increased. As given by

A.R.Desai in his book that " Joint family property tends to be disrupted since its individual adult members begin to demand its ~~partitioning~~<sup>9</sup> Partitioning".

The decline of Handicrafts and village industries.

The handicrafts had provided employment and a source of livelihood to the artisans. Owing to competition from machine made goods, the artisans were forced to leave their ancestral occupations and fall back on agriculture. This further increased sub-division and fragmentation.

Rural Indebtedness and indigeneous moneylenders

The village money-lenders are highly unprincipled and have ~~only~~<sup>the only</sup> interest in lending ~~to~~<sup>and they do so by</sup> the needy farmers, ~~and~~<sup>that is</sup> to grab the lands of the latter. They encourage the farmers to borrow, charge them high rates of interest and adopt many unfair practices. As the only way of recovering ~~such~~<sup>highly</sup> interest loans is to acquire agricultural land, ultimately plots of land pass from farmers to the money-lenders in lieu of debt payments.

§ B § LAND TENURE SYSTEM AND ITS CONSEQUENCES.

Meaning and features.

The tenurial system of a country identifies the ownership of land and the relation of the owner with the cultivator. The two i.e. the owner and the cultivator may be separate entities, as for example in the ZAMINDARY system or



the two functions of owning and cultivation may vest in the same person as in the ryotwary system. In case the owner and tiller are separate persons, Cultivation is done in terms of conditions of tenancy. In such a system the cultivator is a tenant who may be paying a rent or sharing the crop with the owner. His tenancy may be temporary or fixed permanently, subject to the fulfilment of certain conditions. The person identified as owner is also related to government in so far as he is responsible for making tax payments such as land revenue to the State.

As a result of historical factors, a number of tenurial systems emerged in the country. These can be broadly classified under three heads : Zamindari system, The Ryotwary system, and the Mahalwary system.

(a) Zamindari System.

Under this system, one or more persons owned a village and were responsible for the payment of revenue. Such villages were typical of Bengal, but also existed in Uttar Pradesh. A variety of landlords estates were found in Bombay. In Tamil Nadu too, there were some big Zamindars of the Bengal type. But now they have been entirely abolished and the discussion now is mainly of academic interest.

Whatever might have been the original intention of this system, it was not beneficial at all. Several demerits of it were i) combined with permanent settlement, it robbed the estate of its due share of the increasing net profit from

land, ii) Frequent rising of rent and constant fear of dispossessing discouraged all the enterprise on the part of the cultivators, iii) far from becoming enlightened leaders of the people, landlords became absentee parasites, iv) - agriculture suffered because the landlords main concern was to get maximum rent without contributing anything to agricultural progress.

(b) Ryotwari System.

This system was first introduced in Madras in 1772 and was later extended to Bombay. Under this system every registered holders of land is recognised as its owner and pays revenue direct to the Government. He is at liberty to sub-let his property or the transfer it by gifts, sale or mortgage. He cannot be dismissed by Government so long as he pays the fixed assessment.

Absence of middleman and cultivators direct relation with the Government have been claimed to be main advantages of the system. Because of the advantages of peasant ownership, the cultivator tries his best to make all possible improvements and contributes to social and political stability.

(c) Mahalwari System.

It was first started in Agra and Audh and was later extended to the Punjab. Under this system, land is held jointly by co-sharing bodies of village communities, and members of which are treated as "Jointly and Severally liable for the land revenue". The most typical of such tenures is



found in the Panjab. It is joint landlordism and distinguished from individual landlordism under Zamindari System.

In a typical joint village, the owners are themselves cultivators. In some cases, land is cultivated by tenants who pay rent either in cash or kind. Best results of cultivation are obtained when a peasant owner possesses enough land to cultivate with the help of his family.

Harmful Consequences.

The tenurial system of India is very defective. Both from the angle of production and investment. For the actual tiller of the soil, the system is one of a injustice. Under the Zamindari system the owner is least interested in making investment, his only objective is to get the maximum share of the produce from nothing. In other hand the tiller knows that the fruits of his efforts, labour and investment will be shared by the Zamindar and so he does not take much interest in cultivating. In other systems too, a similar situation prevails. For example, in case of the ryotwari, many peasants are too small to make investment. A few of them lease out land on rent. In the Mahawari system also more or less the same shortcomings arise in places where farming is being done through tenants.

The various tenurial systems do injustice on cultivators in three important ways. In the first place, cultivators working as tenants do not get a fair share of

their produce. Secondly, with no certainty about the tenure, particularly in tenancy - at will, they suffer throughout their lives from insecurity. Third injustice arises from the widening disparities of wealth and income ~~and~~ between tillers and owners. Many of the owners of small holdings have become landless, and have joined the ranks of tenants or agricultural workers. On the other hand, richer sections among owners have acquired more land. It is estimated that over 71 percent of land is owned by 19 percent of the rural households. The vast majority - the remaining 81 percent - owns not more than 29 percent of the cultivated area. Such vast inequalities of land<sup>own</sup>ership also cause large inequalities in incomes.

It is clear from the above discussion of the consequences of India's tenurial system that it has harmed the cultivator, ~~the~~ agriculture and the Country. The evil effects are far too many and too serious to be removed only by technical remedies. <sup>in order</sup> So to get the optimum output, it is essential that the institutional frame of agriculture is remodelled. ~~So~~ after independence, India <sup>has</sup> come out with various measures of land reforms.

#### 104 VARIOUS TYPES OF FARMERS.

- 1) Zamindars or landlords.
- 2) Kisan or Cultivator farmers.
- 3) Marginal Farmers
- 4) Khet Mazdoor - Landless Labours.

1) Zamindars.

Usually the Zamindar would enjoy a high property right in land. He may hold the land directly under the Government or he may be a superior tenant with rights of occupancy transfer, mortgage and inheritance protected by law. The income from the land might serve to meet the major share of family expenses. The rent from land may be collected either in cash or kind of the peasant cultivator on crop - sharing basis. One or the other member of the family may manage the property as supervisor but none is required to work with his own hands in fields in order to assure family's livelihood. He is often referred to by the peasants as "Malik" or "Thakur" or "Sarkar" etc.

In this socio-economic loss of Zamindars it would be possible to separate them in two groups. One group would consist of large absentee landlords who do not live in the villages or on their farms. Often they hold lands in several villages. The other group consists of Zamindars who reside in the villages and exercise great degree of control over their land. Often the resident Zamindar might also be the money lender to his poor peasants who might be in need of immediate cash. The Zamindars live in big houses, wear good clothes and eat better diet and have a higher standard of living as compared to other villagers. They have considerable social prestige and political power in village Panchayat and other bodies due to their land-ownership rights.

2) The Kisan.

The kisan or small farmers are those whose holdings do not exceed more than two hectares in irrigated areas and one to three hectares in non-irrigated areas. The Kisans drawn from cultivating castes are small owners of land or tenants with varying degree of rights and security in land. They cultivate the land and are considered somewhat inferior to Zamindars or "Maliks". Often the distinction is the smaller size of land held by them. Often the size of this holdings is such that it supports a single family and one or a few members of the family perform the field labour. Often the produce from land may not be enough if there is a large family. Kisans are primarily those peasants who live by their own soil on their own land.

3) Marginal Farmers.

Likewise, farmers having one or less than one hectare of land are regarded as marginal farmers. Share croppers are those cultivators who acquire land to cultivate and produce jointly and share the crops according to their mutual contract. Lease-holders are the laboures - who ordinarily cultivate land on year-to-year basis.

4) Khet-Mazdoor - Landless Labour.

This class of agricultural was non-existent before arrival of British rule in India. Sir Thomas Munroe had recorded that "there was no landless peasant in India."<sup>10</sup> This was a new socio-economic class emerging in agrarian social structure due to the malevolent economic policies of

a colonial Government which had ruined Indian Agriculture and handicrafts in order to provide a market for British goods and to provide raw materials to English factories. The Government skilfully diverted raw materials from India. Under the pretext of modernisation and reforms the British altered the agrarian structure in such a way that a large number of peasants lost their farms and artisans lost their handicrafts and they became landless labourers or "Khet-Mazdoor". As the name suggests the Khet-Mazdoors are those who eke out a living by working on other peoples fields. They get small allowance as wages which may be either in cash or in kind. These may be fixed or in form of crop share. Their conditions are so poor that they live from hand to mouth. Their work is seasonal and hence they are unemployed for other seasons.

In this way the dichotomy of haves and have nots was thus created in agrarian structure in which rich well-to-do landlords were controlling and exploiting the poor ignorant peasants whose numbers have been increasing ever since at an accelerated speed.

#### I D AGRICULTURE FINANCE : ITS SOURCES.

The agriculture finance can be classified into three types according to the period and the purpose for which they are required.

(a) Farmers need funds for short period of less than 15 months for the purpose of cultivation or for meeting domestic expenses. For example, they want to buy seeds,

fertilisers, fodder for cattle etc.

(b) The farmers require finances for medium period ranging between 15 months and 5 years for the purpose of making some improvements on land, buying cattle, agricultural implement, etc.

(c) The farmers need finance for the purpose of buying additional land, to make permanent improvements on land, to pay off old debts and to purchase costly agricultural machineries. These loans are for long period of more than 5 years.

The short term and medium term financial requirements of Indian farmers are met through loan borrowed from money-lender, Cooperative Credit Societies and from the Government. For long term requirements, the farmers depend upon the money-lenders, Land Mortgage Banks and the Government.

The short term agricultural credit needs in the last year of the fourth five Year Plan (i.e. 1973-74) were likely to be of the order of Rs.2,000/- crores while the medium and long-term credit needs were put at Rs.2,000/- crores for the entire Fourth Plan Period. The impact of the new agricultural strategy has generated a vastly increased demand for credit. The fifth Plan estimated the annual short term credit requirements for agriculture at rupees 3,000/- crores and medium term and long term requirement at Rs.2,400/- crores for the Five Year Period (1974-79).<sup>11</sup>

Sources of Agricultural Credit.

There are various sources of finance for agriculture. These can be broadly grouped under two categories (i) Institutional sources comprising the Government, Cooperative societies and commercial banks and (ii) Private sources and agencies of finance as the relatives, traders, commission agents and money lenders.

(i) Money lenders.

The cultivators depend upon the money-lenders for their requirement of cash. Over the last ten years, the importance of the money-lenders as suppliers of cash to the farmers is declining rapidly. For example according to the All-India Rural Credit Survey undertaken in 1951, the money lenders accounted for nearly 70 per cent of all rural credit. According to the Reserve Bank Survey for 1961-62 they accounted for 49 per cent of rural credit. In 1975-76 they met about 43 per cent of the credit needs of farmers. There are many reasons for the preponderance of the village money-lenders in rural areas.

(a) The money lender freely supplies credit for productive and non-productive purposes.

(b) He is easy to reach and maintains a close and personal contact with the borrower, often having relations with his family extending over generations.

(c) His methods of business are simple and elastic.

Though the money-lenders are plying important role in agricultural credit, they have been responsible for many of the ills of Indian agriculture because their main interest has been to exploit the farmers ~~xx~~ for their benefit and grab their lands. As the report of the All India Rural Credit Survey admirably summed up : "Private Credit, Generally unsuitable, is wholly unsuitable in the context of planning for larger production".

In recent years efforts have been made to regulate the activities of money lenders. The Reserve Bank of India now ~~exercises~~ control over these operations of money lenders.

(2) Traders and Commission Agents.

In the sphere of the agricultural credit, traders and commission agents also supply a sizable part of finance. Their share in the total loans ~~advanced~~ advanced was 3.8 per cent in 1961-62. This was much higher than the share in 1951-52 at 5.5 per cent. Traders and commission agents force the farmers to sell their produce at low prices and they charge a heavy commission for themselves. This source of finance is particularly important in the case of cash crop like Cotton, groundnut, tobacco or in the case of fruits.

(3) Relatives.

Farmers generally borrow from their own relatives in cash or kind to help them in temporary difficulties. These loans are generally contracted in informal manner, they carry low or no interest. Actually the importance of this



source of rural credit is declining in 1951-52 borrowing from relatives accounted for 14.2 per cent but in 1961-62 it accounted for 8.8 per cent only.

(4) Landlords and Others.

Farmers, particularly small farmers and tenants depend upon landlords and others to meet their financial requirements. This source of finance has all the defects associated with money-lenders, traders and commission agents. But this source of finance is becoming more important from 3.3 percent in 1951-52 to 14.5 percent in 1961-62.

(5) Co-Operative Credit Societies.

Co-operative finance is the cheapest and the best source of rural credit. The rate of interest is quite low. Till 1950-51, they had played a very insignificant role in rural finance. However, since then the Co-operative Credit movement has started helping the farmers in real manner because of the financial assistance received from the Reserve Bank of India.

At the end of June 1980, there were more than 95,000/- primary agricultural credit societies, covering 96.5% of the rural areas. The membership of these societies was 541.4 lakhs as on June 1980. Universal membership has now been accepted as the policy so far as the primary agricultural societies are concerned. So that the people belonging to the weaker sections could become members of the cooperatives and avail of their services. The societies had a share capital

amounting to Rs.496.6 crores in June 1980 and short term agricultural lending amounting to Rs.969/- crores during 1979-80.<sup>12</sup>

But all the credit needs of farmers are not met by the cooperatives. Besides the small farmers find it difficult to meet all their credit requirements from the cooperatives. In many places, the working of the cooperatives had been hopelessly wrecked by unprincipled and dishonest farmers.

The salient features and operational dimensions of the cooperative movement in India between 1950-51 and 1972-73 are given in table 4 and 5.

Table 4.

Growth of Co-operatives.

Particulars.	:1950-:1955-:1960-:1968-:1969-:1970-:1972-						
	:1951 :1956 :1961 :1969 :1970 :1971 :1973						
No.of societies (in lakhs)	1.8	2.4	3.3	3.3	3.2	3.2	3.3
Membership of primary societies (in Lacs)	137	176	342	585	588	591	678
Share capital (Rs.in Crores)	45	77	222	663	753	851	1051
Working capital (Rs.in Crores)	276	469	1312	4473	5154	6810	8575

Source: Bancil P.C. "Agricultural Problems of India"- P 282



Table 5.

Loan operations of the Cooperatives.  
(Rupees in Crores).

Particulars of	1969-70	1970-71	1971-72	1972-73	1973-74
L O A N .	:	:	:	:	:
Short-term	489.66	519.34	540.94	611.54	689.31
Medium Term	52.34	58.54	73.59	163.35	71.15
Long-Term	155.48	170.36	154.44	131.78	158.09

Source: Bancel P.C. "Agricultural Problems of India" - P 283

(6) Government.

The Government has also been a source of rural finance. Government loans to farmers are known as "taccavi" loans. These loans are generally given in times of emergency or distress, such as famine, flood etc. The rate of interest is low-about 6 percent and the mode of repayment is very suitable in instalments. But the position of Government in rural finance is very poor compare to others.

In 1951-52 only 3.3 percent rural finance was from the Government and in 1961-62 this had come down to 2.6 percent. During 1975-76, state Government disbursed Rs.96/- crores in the form of short-term loans to agriculture as against a total institutional finance of Rs.1,710/-crores.

(7) Commercial Banks.

Commercial banks have entered this field only recently, but the credit supply on this count has been an increase since the nationalisation of big banks in 1969. Till then these banks have served primarily the needs of cities and big towns due to the uncertain character of agriculture.

The agricultural advances of the major commercial banks totalled Rs.171/- crores (in June 1969) to which direct finance of farmers amounted to Rs.44/- crores. During 1975-76 alone scheduled commercial banks extended Rs.374/- crores as direct finance and Rs.270/- crores as ~~direct~~ ~~from~~ indirect finance.

Above all information shows that traditional sources such as money-lenders, commission agents and landlords have much important place in agricultural finance, but these sources are extremely unsatisfactory. To save the farmers from the grip of the money-lenders, the Government started supplying funds to the farmers directly. The Government started the cooperative credit societies to provide short-term finance and Land Development Banks for long-term finance. The Government asked the Reserve Bank of India to come to help of the farmers. In 1955 the Government set up the State Bank of India, in 1963 it set up the Agricultural Refinance and Development Corporation and in July 1969 it nationalised the leading commercial banks in the country.

It can be safely expected that in a matter of few years, things will definitely change for the better and the Indian farmer will not suffer for want of adequate and cheap finance.

Table 6.

Institutional Finance for Agriculture.

( Rupees in Crores).

	1974-	1975-	1976-	1977-	1978-
	1975	1976	1977	1978	1979
				P	E
<b>A. TOTAL DIRECT FINANCE</b>	1391.0	1674.6	2037.4	2136.1	2657.5
<b>I. Short Term</b>					
Loan ( I to IV)	973.6	1176.9	1368.6	1537.6	1312.5
i) Primary Agriculture Credit Societies.	750.0	881.4	1016.3 R	1108.0	1240.0
ii) State Government.	77.5	81.5	823.3 R	97.8	146.4
iii) Scheduled commercial Banks	146.1	212.5	253.8 R	238.1	325.0
iv) Regional Rural Banks	N.A.	1.5	16.2	43.7	101.1
<b>II. Medium and Long term loan ( i to iii)</b>	417.4	497.7	668.8	648.5	345.0
i) Primary Agriculture credit societies	108.4	89.9	136.8	150.1	175.0
ii) Land Development Banks.	130.8	215.4	278.1	217.1	325.0
iii) Scheduled Commercial Banks.	128.2	192.4	253.9	281.3	345.0

table contd. on page No. 29

Table continued from Page No.28 .....

	1974-	1975-	1976-	1977-	1978-
	1975.	1976	1977	1978	1979
				R P:	E
B. TOTAL INDIRECT FINANCE.	589.9	632.8	705.4	687.2	841.0
I) Short Term Loan ( i to iv)	512.0	555.8	617.2	575.0	641.0
i) State Cooperative Banks.	263.3	280.9	307.4 R	551.7	325.0
ii) Central Cooperative Banks.	243.7	275.9	307.9 R	320.6	350.0
iii) Scheduled Commercial Banks	N.A.	N.A.	N.A.	N.A.	N.A.
iv) Regional Rural Banks.	N.A.	N.A.	1.9	2.7	6.0
II) Medium and Long term loans ( i to ii)	79.9	76.0	88.2	112.2	160.0
i) Scheduled Commercial Banks.	N.A.	N.A.	N.A.	N.A.	N.A.
ii) Rural Electrification Corporation.	77.9	76.0	88.2	112.2	160.0

P = Provisional, R = Revised, E = Estimates,

N.A. = Not available.

Source:- Report on Currency and Finance Volume I  
1978-79 Pg 159.

¶ E ¶ RURAL INDEBTEDNESS.

An evil aspect of Indian's rural Sector is the heavy indebtedness of the rural or agricultural people. The burden of debt has been passed on from - generation to generation. Therefore the debt of the farmer goes on increasing, this is what is known as rural indebtedness.

The Indian agriculturalist do not take loans to agricultural purpose only but also to meet such consumption needs as family expenditure on consumption, performance of social functions connected with marriage, birth and death, etc. Since these loans contribute nothing to production, it becomes impossible to provide for their repayment. As a result, such debts go on increasing from generation to generation. Agricultural production in many case of many farmers is so small that they are not able to provide for such unproductive expenditures. Because of these factors the verdict of the Royal Agricultural - Commission that "An Indian is born in debt, lives in debt, dies in debt and passes it over to the successors after his death" is true to a very great extent even to today.<sup>13</sup>

A serious aspect of this problem is that it is by and large a problem of Small Farmers. These farmers are people of small means. They cultivate small pieces of land. Their production is small. But their needs of credit

for agricultural operations and household needs are comparatively greater.

According to All India Rural Credit Surveys between 1951-52 and 1961-62, of the total farming households, 67 to 69 percent were under debt and of the non-farming households about 52 percent were under debt. The average amount of debt of the indebted households was Rs.447/- in 1951-52 and Rs.647/- in 1961-62 showing a rise of 46 percent in indebtedness during this period. If we take only agricultural households, the average debt was Rs.526/- in 1951-52 which rose to Rs.708/- in 1961-62, indicating an increase of 35 percent. In case of farming households alone, it has been estimated that 53.4 percent of the total debt was spent on unproductive activities.

Important facts to remember about Rural Indebtedness are as follows.

- (a) Nearly 70 percent of all agricultural families are in debt.
- (b) The burden of debt is larger in the case of small farmers.
- (c) A high proportion of the loans are short period loans.<sup>14</sup>

The main cause of the indebtedness of the farmer is his poverty. The farmer has to borrow for various purposes, as he has no past savings of his own.



Sometimes, the crops fail because of the failure of monsoons or because of floods. When he has to make some improvements on his land as bunding, construction of wells etc. or when he has to buy costly implements, he is forced to borrow. Secondly, the farmers are given to certain types of expenditure which automatically lead them to borrowing and indebtedness. For example they respect customs very much, and, therefore, they have to celebrate marriages, religious festivals etc. Birth and deaths are also sources of unnecessary and unproductive expenditure.

Thirdly, much of the debt may be inherited. A person inherits his father's property; likewise he inherits his father's debt also. Finally, the money-lenders themselves are responsible to a large extent for rural indebtedness. They are more interested in forcing the borrowers to part with their land. Consequently, they encourage the farmers to borrow from them, get their lands mortgaged to them, charge very high rates of interest, keep false accounts and finally, when the farmer's debt has accumulated to a sufficient amount, they take away the land of the borrowers. About money-lender loan Datt and Sundharam in their book "Indian Economy" excellently wrote that "Loans from the money-lender support the farmer as hangman's rope supports the hanged." 15

Economically, increasing rural indebtedness has

resulted in growing poverty of the farmers. They mortgage their property to the money-lenders and ultimately lose it to the latter. They join the ranks of the landless - laboures. Secondly, the farmers, who are in debt are not in a position to <sup>take</sup> active interest in cultivation. Accordingly, efficiency goes down and agricultural production declines. Thirdly the farmer who is indebted to a money-lender is forced to sell his produce soon after the harvest when the prices are low. Besides, the farmer is forced to pay high prices to the money-lenders while buying seeds, fertilisers, - pesticides and other inputs as well as consumption goods. Thus the farmer loses both ways - gets a low prices while selling his produce but has to pay high price while buying inputs.

Socially, rural indebtedness creates a class of landless labourers and tenants in the place of independent farmers. There is growing discontent among the landless who are getting increasingly restless.

Thus rural indebtedness has evil consequences and the sooner it is removed or at least reduced considerably the better it would be for the country.

The problem of rural indebtedness has two aspects and so the solution is also two-fold. In the first instance, measures may be planned for cancelling old debts. Secondly measures should be planned to see that fresh borrowing is limited to the minimum necessary and to the production-type. At the same time, it is necessary to control the

money-lender and regulate his activities.

¶ F ¶ RECENT LAND REFORMS.

During recent years the main instrument of the redistribution of income, wealth, status, power and opportunities has been thought to be land reform. The U.P. Zamindari Abolition Committee Report (1948) succinctly sums up the agrarian situation in most parts of India on the eve of independence as follows.

" Our agrarian system has collapsed. It has become a drag on the development of productive forces in the country..... landlordism today has reached the state when it cannot be tolerated any longer, without putting our national interest in jeopardy..."<sup>16</sup>

In this way landlordism was a serious problem of that time and it was also recognised by the politicians of India. Indian National Congress of 1935 passed a resolution referring that "There is only one fundamental method of improving village life.... namely, the introduction of a system of peasant proprietorship under which the tiller of the soil is himself the owner of it and pays revenue direct to the Government without the intervention of any Zamindar or talugdar." <sup>17</sup>

After independence, India carried out various measures of land reforms. Of these, the outstanding ones were in relation to the abolition of Zamindari and

and other intermediary types of land tenures. Tenancy reforms and ~~also~~ ceiling on holdings were also taken up.

Abolition of Zamindari and  
Zagirdari

To put agriculture on the rails, Zamindari and Jagirdari had to go, since they were incompatible with efficiency of production. These made Indian Farmer's condition from bad to worse in its history of more than a hundred years. The cultivators had to pay more and more rent while the Government's share as land revenue remained stationary. Zamindari and Zagirdari systems destroyed the very basis of agricultural prosperity. Cultivators had no incentive for introducing improvement in land. Both, the agricultural efficiency and productivity of land suffered.

Consequently, the process of Zamindari and Zagirdari abolition began. It involved the purchase of proprietary rights by the estate from the landlords and conferring them on actual cultivators. Existing tenants would enjoy rights of the occupancy so long as they paid their dues to Government and they will enjoy security of tenure.

Effects of Abolition of Zamindari.

- It has made a revolutionary change in the land system in the Country.
- It has put an end of exploitation of the rural masses by absentee landlords.

- Emerged peasant proprietorship system is more conducive to efficient cultivation.
- So called landlords have turned towards trade and industries and are duly contributing to the National Economic progress.
- Rents received by the States are being spent to promote Social Welfare.

Thus, the abolition of Zamindari and Jagirdari has been beneficial economically, socially and politically.

#### Tenancy Reforms.

In order to put an end to the ruins and socially undesirable land tenure system of British India, after independence, legislation for abolition of intermediaries was passed and implemented.

Measures for tenancy reforms taken after independence refers to (i) Regulation of rent, (ii) Security of tenure, and (iii) Conferment of ownership on tenants.

#### (i) Regulation of Rent.

Pre-independence fixation of rent on land was based either on custom or on the effects of the market forces of demand and supply. Unreasonable rent was a striking feature of Indian agrarian structure. Pre-independence rent of one-half of the produce were excessive and did not meet Social justice. It was recommended in the first

and second plans that rents should not exceed 1/4th or 1/5th of the gross produce. Several states passed legislation for regulation of rents, but there have been large variations in the rates of different status. It was Uttar Pradesh which played as leading role in deciding in 1970 to abolish rents on all the 1.4 Lakhs holdings below a size of 6.25 acres. Now all the states have enacted law for regulating the rent payable by cultivating tenants. But rates of rent have been fixed at different levels in different states. The rent is depending upon whether land is wet or dry, and the area of land owned.

(ii) Security of Tenure.

Sir Arthur Young rightly observed that "Give a man the secure possession of a bleak rock and he will turn it into a garden, give him a nine years' lease of a garden and he converts it in to a desert".<sup>18</sup> This remark very forcibly sums up the need for providing security of tenure.

While framing legislation, pertaining to security of tenures, three essential aims have been kept in view - that large scale dispossessing of tenants do not take place, that resumption of land may be taken up by owner for personal cultivation only and that in these events of - resumption of prescribed minimum area is left with the tenant.

During the Second Plan, states made provision for resumptions broadly following three different patterns.

(a) All tenants have been given fully security of tenures, without giving owner the right for personal cultivation.

(b) Owners have been given rights to resume a limited area (not more than a family holding in any case). Subject, however, to the condition that a minimum area is left with the tenant.

(c) A limit has been placed on the extent of land which land owner may resume, but the tenant is not entitled to retain minimum area for cultivation in all cases.

(iii) Conferment of Ownership on Tenants.

Provision of the right of ownership to tenants is a very important feature of land reform. Second Plan considered it desirable to bring tenants in non-resumable areas in direct contract with the state. On the suggestion of the third plan, the optional clause was removed and the tenant was conferred with full rights to purchase land. In various states, both the tenants and sub-tenants have been brought in direct relation with the state by the conferment of full ownership right. Payable compensation and interest is fully covered by instalment of purchase price received from tenants. In this transaction no economic burdens have been kept on the state.

Land Ceiling Measures.

Land reforms in India envisaged that beyond a certain specified limit, all land holding to the landlords will be taken over by the State and allotted to Small proprietors to make their holdings economic or landless - labourers to meet their demand for land/hunger. Professor D.R.Gadgil, justifying an absolute limit to the amount of land to be held by an individual observed : " Among all resources, the supply of land is the most limited and the claimants for its possession are extremely numerous. It is therefore, obviously unjust to allow the exploitation of any large surface of land by a single individual unless other overwhelming reasons make this highly desirable. Moreover, in the context of the current socio-political climate, redistribution of land would rather appear to be imperative" <sup>19</sup>

Ceiling limit on land was imposed on the following grounds.

- In rural sector, land is principal source of income. If the benefits of land go only to a minor sector of rural population, the whole structure of land ownership fails to meet the ends of social justice. So the policy to bring about the equalities of land ownership was adopted in order to reduce the inequalities of income from land.



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- A large number of peasant proprietorship has been created.

Land ceiling has been imposed on the basis of the categories of the land.

Laws on ceiling of agricultural land have been enacted and are being implemented in almost all states. The ceiling laws enacted in 1950 s and 1960 s were modified in the light of guidelines issued in 1972. Under the pre-revised ceiling laws, nearly 8.4 lakh hectares were declared surplus and distributed among the landless. With the implementation of the revised ceiling laws, nearly 15.58 lakh hectares had been declared surplus by the middle of 1981, of which about 10.64 lakh hectares were taken possession and about 7.34 lakh hectares had already been distributed to nearly 13.31 lakh beneficiaries.

Maharashtra Government has also enacted ceiling law in 1961 namely "The Maharashtra Agricultural Land (Ceiling on Holdings) Act, 1961 with the twin objectives of the determination, and acquisition of surplus land, and - distribution of this land amongst the landless agricultural labourers. The Maharashtra State has also amended the Act in 1972. According to this act generally the ceiling limit is 27 to 75 acres and land holder is considered as unit of application. The ceiling limit is different in each district and talukas according to class of land.

In Maharashtra upto 1972, nearly 271 thousand acres land was declared surplus. 123 thousand acres of land is distributed among landless and 409 thousand acres of waste land is also distributed.

Sources: Datt and Sundharam - "Indian Economy" - P.417

### § G § DRAW BACKS OF INDIAN AGRICULTURE.

#### 1) Excessive pressure on land.

The real problem of Indian agriculture is that there are too many people who depend on agriculture. Since 1901 the proportion of people dependent on agriculture has almost remained constant at about 70 percent. The pressure of population on land has been so heavy that between 1901 and 1971 the area of cultivated land per cultivator has declined from 0.42 hectare to 0.36 hectare, despite an expansion increases. People who depend on land do not get adequate work. A large number remain out of employment for four to five months or even for more in a year. Those seemingly engaged in agricultural activities in fact are not so occupied. Their unemployment is thus disguised.

Although a very large proportion of the working population is engaged in this sector, its contribution to the national income is just 40 percent. As against this, 28 percent of the labour force engaged in the non-agricultural sector contributes 60 percent to the national income.

2) Low Agricultural Production.

An unfortunate fact of Indian agriculture is the very low level of its productivity. Whether measured in terms of output per hectare of land or per worker, productivity is much below the level of advanced countries. It is one-third to one-fourth of the level of such countries and in respect of some crops it is even less.

Table 7.

Land Productivity in Selected Countries.

Commodity	Country	Yield per hectare in Kgs.		
		1966	1968	1972
Rice (Paddy)	India	1290	1610	1605
	Japan	5090	5720	5847
	U.S.A.	4850	4960	5250
Wheat	India	890	1100	1380
	U.K.	3840	3550	4224
	France	2830	---	4579
Cotton	India	110	120	127
	U.S.S.R	830	830	997
	Mexico	790	730	758
Groundnut	India	600	650	585
	Japan	2140	2070	2212
	U.S.A.	1900	1980	2496

Source: Indian Agriculture in Brief 1968, 1971 and 1975.



The table No. 8 7 shows that yield per hectare in case of almost all the principal crops in India is very much below the level obtaining in some other countries. Several facts - technical, economic and social are responsible for this state of affairs.

3) The land holdings.

The smallness of land holdings in India greatly hampers the use of modern technology and equipments which are suitable for mass production. For the large number of farmers have land holding which are so small that it is uneconomic for them to use modern implements.

The average size of holding is much smaller in India as compared with other countries of the world.

Table 8.

Average size of holding in some selected Countries.

<u>Country</u>	<u>Y e a r</u>	<u>Hectares.</u>
Australia	1960	184.2
U.S.A.	1959	122.5
U.K.	1960-61	40.6
Norway	1970	17.6
Belgium	1970	8.4
Yugoslavia	1969	3.8
India	1970	2.3
Japan	1960	1.2

Source: F.A.O. Production year book 1971.

Second side of Indian land holdings is that unequal distribution of land. Small and marginal farmers (with less than 2 hectares) constitute 70 percent of the land holders, but the land they operate is barely 24 percent of the land. The large holders with over 10 hectares - constitute a very small proportion of the total landholders at 3 percent but they operate more than 26 percent of land.

4) Sub-divisions and fragmentation.

Indian agriculture problem about land is not only that the holdings are small but they are also fragmented i.e. scattered over long distances. They are found in tiny plots scattered all over the village. Each holding consist of many small pieces which are found in different parts of the village. Datt and Sundharam quoted in their book i.e. "Indian Economy" that in Maharashtra "fields measuring less than half an acre are found to be sub-divided into more than 20 separately owned plots"<sup>20</sup>.

The prevalence of sub-division and fragmentation is a hindrance in the use of improved practices, such as better seeds, manures, use of superior agricultural machinery, fencing land, protection of crops from pests and improvement of drainage system. As a result, the expenditure of production becomes very high as compared to large farms.

5) Lack of Irrigation Facilities.

Large parts of Indian's agriculture remain thirsty for want of irrigation facilities. By and large the Indian farmers depend on a rains for good crops. That is the reason why Indian agriculture is said to be a gamble on the whim of monsoon and the irrigation facilities are far behind from the needs of the Country. It has been estimated that a minimum of 113.5 million hectares of land can ultimately be irrigated. The present capacity to irrigate at around 57 million hectares (1979-80) is just 50 percent of potential.

As far the sources of irrigation are concerned, the largest source of irrigation in the country is well followed closely by canals. Tanks supply a comparatively small proportion.

6) Primitive methods of farming.

In spite of the efforts made by the Government of the improvement of the agriculture the production remains at generally low level due to a large number of marginal farmers using primitive methods of agriculture. Several thousand of ploughs used in country are wooden while only 22-30 thousands are iron ploughs.

Table 9.

Census of Agricultural Machinery.

P a r t i c u l a r s .	1956 (In thousands)	1966 (In thousands)
1. Iron ploughs	1,376	3,521
2. Sugarcane crusher-work by power	0,023	0,045
3. Oil pumps for Irrigation purposes	0,123	0,471
4. Electric Pump for irrigation purposes.	0,047	0,415
5. Agricultural Tractors	0,021	0,054

Source: India 1974 P 175

These figures show that there is growing machanisation in India, but the progress was indeed quite slow.

Due to poverty the Indian peasants can not buy good seeds, manures, fertilisers or insecticides to control pests and crop disease. The yield of valuable fruit in North-West India is being reduced by 50 percent on account various types of fruits pests.

7) The problem of rural indebtedness.

The Indian farmer borrows year after year but he is not in a position to clear off the loans,

either because the loans are larger or because his agricultural output is not large enough to pay off his debt. Therefore the debt of the farmer goes on increasing - this is what is known as rural indebtedness.

An important aspect of rural indebtedness is concerned with its use. According to the first report of the National Income Committee, of the total debt as much as 83 percent was used for un-productive purposes.

Really speaking, there is no system for providing credit to the farmers as to cover all aspects of the life of the farmers. He also does<sup>not</sup> have the facility for marketing his goods. When the farmers go to the market, he has to cross several hurdles and so that price that he gets is very meagre to his needs. Because of this, economic condition becomes bad. It is the rate of interest charged by the money lenders is very high. Once he has fallen a prey, he is not able to extricate himself from the clutches of the money lender throughout his life. This is what has been said in the report of the Bombay Banking Enquiry Commission, a few lines from which are given below :-

" It is not that the Agriculturist repays too little, he often repays too much. It is the high rate of interest and the malpractices followed by the money-lenders that tride to perpetuate the indebtedness" .<sup>21</sup>



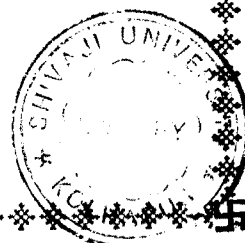
8) Defects of Agriculture Marketing.

For efficient agriculture, well organised marketing is essential. The position of agricultural marketing in India is not good. The Indian farmer is very poor, illiterate and ignorant. First of all, he does not have facilities for storing his produce. The storage facilities which are available in the village at present are so poor that 10 to 20 percent of the produce is eaten away by rats.

Secondly, the average farmer is so poor and indebted that he has no capacity to wait for better prices. He is forced to sell his output to the money-lender or to the traders so as to clear his debts.

Thirdly, the transport conditions in rural areas are so bad that even richer farmer who have large amounts of surplus, may not be interested in going to the market. Most roads are Kuccha and in rainy seasons they are unusable.

Fourthly, in the markets, the farmer makes use of services of a Dalal to sell his output. The Dalals do not bargain openly but secretly, through a code language. So the price which is settled is generally to the advantage of the merchant and not to the farmer.



Fifthly, the farmers do not ordinarily get information about the ruling prices in the big markets. As a result, the farmers have to accept whatever price is quoted to them and have to believe whatever the traders tell them.

9) Co-operative Movement.

The Co-operative movement was introduced in India by the Government as the only method by which the farmers could overcome their burden of debt and escape from the clutches of the money-lenders. The Co-operative - Credit Societies Act 1904 was passed by the Government and rural credit societies were formed.

Cooperative movement's success is very important in the life of rural Sector, but it has not made satisfactory progress. The movement has some major - weaknesses. One is that Co-operative Societies do not command adequate resources. Secondly, farmers are not adequately supplied with credit for all their needs. As a result, in particular, small farmers, are unable to get out of the clutches of money lenders. Thirdly, the movement is neither properly managed, nor does it find the right type of leadership. The Management of institutions often passes into the hands of big landlords.

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Thus it is real to say that the co-operative movement has not succeeded in fully solving any problem, but it is essential that the movement must be succeed. So All India Rural Credit Survey reported that "Co-operation has failed, but Co-operation must succeed".<sup>22</sup>

S E C T I O N   I I .

RESEARCH   DESIGN .

Social research has been defined by P.V.Young (Mrs.) in the following words - " Social research is the systematic method of discovering the new facts or verifying the old facts, their sequences, inter-relationship, causal explanations and the natural laws which govern them"<sup>23</sup> Social research, studies behaviour of human beings as a member of society and their feelings, responses, attitudes under different circumstances. Social research is carried on both for discovering new facts and verification of the old facts.

In this way there are many aims of social research. The researcher has taken this research for the purpose of studying the life of small farmers and discovering the new facts pertaining to their working lives.

( A ) SELECTION OF THE TOPIC

India is predominantly an agricultural and rural country. Majority of her people are living in rural area. According to 1971 census 80 percent of India's population is living in villages. India's primary occupation is farming. But one of the features of Indian agriculture is that the predominance of small farmers. Small and marginal farmers constitute 70 percent of the landholders. But the land they operated is barely 24 percent of the land.

The large holders with over 10 hectares constitute a very small proportion of the total landholders i.e. 3 percent. But they operate more than 26 percent land. The average size of holding in India is very low, less than 2 hectares or 5 acres. Since the average agricultural holdings are too small, no scientific cultivation with improved implements, seeds etc. is possible. Small sized holdings lead to great waste of time, labour and cattle power, difficulty in proper utilization of irrigation facilities, wastage of crops in the absence of fencing etc. The existence of small holdings is one of the causes for poor agricultural yield.

Many efforts have been made to study the problems of small farmers but from the studies made so far, no exact strategy has been proposed to solve the difficulties, and the problems coming in the way of development of the small farmers. It, therefore, has followed that, they have become ~~impoverished~~ impoverished or indebted.

Therefore, it is necessary to concentrate more on the study of such small farmers and to find out the several problems related to the overall development of the small farmers.

So, to make a small contribution in the study of small farmers, I have selected the topic under study i.e. " A study of the problems of Small farmers in

GUGULWAD Village of Malegaon Taluka, Nasik District".

( B ) T I T L E.

" A STUDY OF THE PROBLEMS OF SMALL FARMERS IN GUGULWAD VILLAGE OF MALEGAON TALUKA ( DISTRICT NASIK ).

( C ) DEFINITION OF THE SMALL FARMER.

" A farmer who is having irrigated land under the two hectares and dry land under three hectares is called a Small Farmer".

The above definition is given by Sushila Mehta in her book ' A study of Rural Sociology in India' (p.38)

This definition gives the clear idea about the small farmer.

( D ) AIMS AND OBJECTIVES OF THE STUDY.

The following are some of the objectives of the study of the small farmers.

(I) The purpose of the study is to examine the following problems of the small farmers from Gugulwad village.

- (a) To know the problems of marketing of agricultural produce, connected with small farmers.

- (b) To know their ability of production, ability of using new agricultural methods and implements.
- (c) To know the difficulties of small farmers in connection with of production of several crops.
- (d) To find out the disturbing factors in their economy which prevent the development of the small farmers.

(II) To know the role of Panchayat Samiti and other co-operative societies in the development of the small farmers.

(III) To find out whether some activities or programmes for improvement of their agriculture, would be undertaken in the village.

(IV) To give some suggestions to improve the condition of the small farmers.

( E ) COVERAGE AND LOCATION.

The main objective of this study is to find out the problems faced by the farmers. To realize this objective, I have selected village Gugulwad, which is located in Taluka Malegaon and is in the district Nasik. (Maharashtra State).

The Researcher has selected this village for the following reasons.

(I) This village is away from the taluka place and it is also away from the approach road to taluke place.

(II) Near about 46 percent farmers of this village are small farmers.

( F ) HYPOTHESES

Following were some of the hypotheses on the basis of which, the researcher started his investigations.

(I) Small farmers do not depend upon the farming alone and find out secondary occupations or side business.

(II) The small farmers are primarily interested in producing foodgrains for their own requirements.

(III) Government has started many programmes for the development of small farmers and banks and co-operative societies are trying for the development of small farmers. So small farmers have lot of chances of bringing about improvement in land and in developing their agriculture.

(IV) Due to lack of money, the small farmers are not using hybrid variety of seeds, chemical fertilisers etc.

(V) Most of the small farmers are found in debt not because of the matters connected with land development, but because of the utter poverty which does not allow them to lead even their normal lives happily.

( G ) METHODS OF DATA COLLECTION.

In order to fulfil the requirement of this study the investigator has used different methods of Data ~~collected~~



collection, as follows:-

(I) Most of the respondents are uneducated. So interview schedule was used for the collection of data.

(II) Observation method was used for collecting the additional information.

(III) Personal discussions with Block Development Officer, Panchayat Samiti Staff, Talathi of the village, Sarpanch, and local leaders of the village were held.

(IV) Group discussions with the villagers were held for getting additional information regarding their common views.

( H ) SAMPLING METHOD.

For the purpose of the study, the investigator has taken 60 samples from the universe of 120 small farmers by using proportionate stratified sampling method.

In proportionate sampling the respondents are drawn from each grade or category in the same proportion as they occur in the universe. In this study the investigator has used land holdings of the small farmers for the strata.

The investigator has done 3 categories of the small farmers on the basis of land holding i.e. first category of the small farmers is of the farmers who hold

the land upto 1 hectare, second category who hold land between 1 to 2 hectares, and third category/who hold the land between 2 to 3 hectares.

The members of the universe i.e. total number of the small farmers are 120 and the investigator has selected 60 small farmers for sampling. It is clear that 50 percent small farmers have been selected in sampling.

In proportionate sampling the respondents are taken from each category in the proportion as they occur in the universe. So the investigator has selected 50 percent small farmers from each category.

In the universe, 26 small farmers are in the 1st category, 64 small farmers are in the 2nd category, and 30 small farmers are in the 3rd category.

So by using the proportionate sampling method, the investigator has selected 13 small farmers from the 1st category, 32 small farmers from 2nd category, and 15 small farmers from the 3rd category as samples.

The investigator has used the proportionate stratified sampling because it gives a proper representation of attributes or variables which are most significant for the study. There are clearly three categories in the universe based on land holding and the characteristics of the small farmers of every category are different than other.

( I ) DIFFICULTIES IN THE SURVEY.

Following were the difficulties of the investigator in getting the interviews of the respondents.

(I) In the initial stage it was difficult to get the accurate total annual income and total expenditure.

(II) Some of the respondent did not cooperate with the investigator because the investigator was unknown to them.

( J ) ANALYSIS AND INTERPRETATION.

The investigator completed the data collection work between 1st November 1983 to 30th November 1983 and after that the data collection material was shown to Guide for further instructions. Then the investigator prepared master sheet. Attempts have made to make the data clear by putting down the facts and figures with the help of Statistical tables and by interpreting them.

( K ) REPORT WRITING.

Report writing is an important and fundamental stage of research work. The present report is arranged in chapter scheme as noted below.

(I) Theoretical frame work and research methodology.

(II) ~~Physo~~ Physico-geographical information about the village.

(III) Statistical tables and interpretations.

(IV) Observations, conclusions and suggestions.

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