



Marginal and Small Farmers in India: Changes and Challenges

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Abstract :- Indian agriculture is concerned about the story of small and marginal farmers as small and marginal land holdings accounted for approximately 86.07% of total number of land holdings in 2015-16. Therefore, the future of sustainable agriculture growth and food security in India depends on the performance of small and marginal farmers. The objective of this research paper is to discuss the issues and challenges of marginal and small farmers in India. The number of small and marginal farmers is increasing by 1,000.62 thousand quinquennially in the concerned time period. It is suggested that for ensuring viability of marginal and small farmers, farm activity must be linked with non-farm economic activity which would provide an allied economic support.

Keywords - Marginal, Small, Farmers, India, Changes, Challenges.

Introduction - The majority of farmers in India are classified as marginal and small farmers their numbers and proportion in the agricultural sector, have been steadily increasing. Factors such as rapid population growth, the subdivision and fragmentation of land holdings and the shift from joint to nuclear families in rural areas have contributed to the shrinking size of agricultural holdings. Marginal and small farmers now represent over 70% of the total operational holdings in the country, but they only cultivate approximately 46% of the total agricultural land (2015-16). The area under small and marginal holdings have increased by CAGR of 2.14% from 1970-71 to 2015-16. These farmers are trapped in a cycle of low savings, minimal investment, low returns and low productivity.

Table 1 presents data on the share of agriculture in India's Gross Domestic Product (GDP) and employment over several decades. It breaks down agriculture into the broader sectors of agriculture, forestry, and fishing. The table includes the share of agriculture in GDP, the share of agricultural employment, and the growth rate of agriculture during each period.

The share of agriculture in India's GDP has consistently decreased from 53.71% in 1950-51 to 17.10% in 2018-19. This decline reflects the structural transformation of the Indian economy, where other sectors, such as industry and services, have grown faster than agriculture. Despite the decline in agriculture's share of GDP, the proportion of the population employed in agriculture remained relatively high for several decades. In 1950-51, 69.7% of the workforce was employed in agriculture, but by 2018-19, this had decreased to 43.33%. This suggests that while agriculture remains a significant source of livelihood for a large portion of the

population, employment is gradually shifting to other sectors. The growth rate of agriculture has fluctuated over the years. In the early years (1950-51 to 1960-61), growth was modest but increased significantly in the 1980s. However, post-1990, growth has been slower, indicating challenges in the sector, possibly due to factors such as land degradation, water scarcity, and inadequate modernization in farming techniques.

From 1950-51 to 1960-61, Agriculture's share in GDP was high (around 50%), but the growth in agriculture was modest at 1.9% per year. The share of agriculture in employment remained stable at around 69.5%. While agriculture's contribution to GDP continued to decline, growth in agriculture picked up, especially in the 1980s with a peak growth of 12.8% in 1980-81. As the economy liberalized, the share of agriculture in GDP continued to drop, but employment remained high, though starting to decline slowly. Growth in agriculture slowed during this period. By 2010-11, agriculture's share in GDP had decreased to 16.84%, and while employment in agriculture continued to decline, growth in agriculture showed slight improvements (8.6% in 2010-11). However, the decline in agricultural employment was more pronounced in the following years, reaching only 43.33% by 2018-19, indicating an ongoing shift towards non-agricultural employment.

Table 1 : All India share of Agriculture in GDP and Employment

Year	Share in GDP (%)			Share in Employment (%)
	Agriculture, forestry and fishing	Agriculture	Growth in Agriculture	
1950-51	53.71	50.2	1.9	69.7
1960-61	49.80	47.3	7.1	69.5
1970-71	43.85	35.8	6.3	69.7
1980-81	38.30	32.0	12.8	60.5
1990-91	33.00	25.7	4.7	59.0
2000-01	25.21	21.6	5.5	58.2
2010-11	16.84	12.4	8.6	54.6
2015-16	17.70	10.6	0.6	45.67
2018-19	17.10	9.4	2.4	43.33

Source: Economic survey and indiastat.com

Review of Literatures- Beriya, A. (2020) worked on a comparative study on the small holder farmers of Uttar Pradesh and Rajasthan. The study concludes that despite inadequate economic returns, smallholder agriculture in India remains significant for food security and livelihoods of our farmers in the absence of alternate and better remunerating economic opportunities. Kumar, S. et al. (2019) studied the role of small and marginal farmers in the Indian agriculture. These farmers always face problems of credit, input supply and proper linkage with market to their products. Women farmers are also lagging behind in adopting the hard labour on the issues of health and nutrition of farm families. They suggested that their living standard can be enhanced by utilizing various strategies as more land utilization, more income generation, capacity building, information and communication technologies (ICTs), combating climate change and increasing food production. Chandrasekhar and Sahoo (2018) analyzed data to study how short-term migration is influenced by land ownership and agricultural participation. Their findings show that households with less than 1 hectare of land, leasing land, or leaving land fallow are more likely to experience short-term migration. Improving irrigation and finance access could reduce distress migration. Bijukumar (2017) examined the

impact of economic reforms on food security in India, noting that food insecurity contributes to malnutrition among children, women, and marginalized groups. Economic liberalization has worsened food security, with reduced state expenditure and rising food prices, undermining the goals of food security and human welfare. Sukhvindar Singh (2016) focused on the income and employment status of small farmers, revealing that cotton-wheat rotation was the dominant cropping pattern. It highlighted the importance of physical productivity for income levels and recommended developing non-farm activities and improving crop productivity through high-yield varieties. Ajit Kumar Singh's 2013 study in Uttar Pradesh revealed that agriculture is inadequate to sustain most farmers. Surveying 3474 households, it showed low incomes, particularly for marginal farmers. The study advocates improved infrastructure and a multi-sectoral strategy for rural development.

Objectives: To study the change in the number of marginal and small farmers of the country and also highlight the issues and challenges of marginal and small farmers.

Hypothesis : H₀: There is no significant change in the number of small and marginal farmers in India

H₁: There is significant change in the number of small and marginal farmers in India.

Methodology: This study is exploratory in nature. It focuses on the issues and challenges of marginal and small farmers in the country. The study is based on secondary data which have been taken from different agriculture census of ministry of agriculture and farmers welfare.

Analysis of the Study : According to the data of Agricultural census, there were about 146.45 million agricultural holdings in India in 2015-16 in which, around 126.06 million were small and marginal farmers. Average size of farm land holdings has declined from 2.28 hectare in 1970-71 to 1.08 hectare in 2015-16. The share in operated area of small and marginal farmers is around 46.94% in 2015-16. It shows the significant land inequalities in India. The data of area operated by operational holdings and number of land holdings for two time periods have been given in the table.

Table 2 : Area and Number of Operational Land Holdings of India

	Area Operated by Operational Holdings			Number of Operational Land Holdings		
Census year	1970-71 (%)	2015-16 (%)	CAGR	1970-71 (%)	2015-16 (%)	CAGR
Marginal	9.0	24.03	2.14	50.98	68.45	2.29
Small	11.89	22.91	1.41	18.92	17.62	1.46
Semi-Medium	18.50	23.84	0.5	15.04	9.55	0.6
Medium	29.74	20.16	-0.92	11.17	3.8	-0.79
Large	30.87	9.07	-2.74	3.9	0.57	-2.62
Total	100	100	-0.06	100	100	1.62

Source: Different Agriculture Censuses, Ministry of Agriculture and Farmers Welfare.

Average size of operational land holdings of India was 2.28 hectare in 1970-71 which is reduced by 1.20 hectare to 1.08 hectare in 2015-16. The decline in average size of operational land holdings is caused by the increasing number of operational land holdings of small and marginal farmers. As area under different land holdings was estimated at 162.17 million hectares in 1970-71 and reduced by only 5 million hectares to

157.81 hectare in 2015-16. On the other hand, number of land holdings was 71.01 million in 1970-71 which is increased to 146.45 million hectares in 2015-16. Thus, it can be interpreted that one on the main region behind the reduction of average size of land holdings is the doubling of number of land holdings, especially the number of small and marginal farmers.

Table 3 : Number of Marginal and Small Farmers in India (in 000)

Census year	Marginal	Small
1970-71	36200	13432
1980-81	50122	16072
1990-91	63389	20092
2000-01	75408	22695
2010-11	92826	24779
2015-16	100251	25809
1970-71 (%)	50.98	18.92
2015-16 (%)	68.45	17.62
CAGR	2.29	1.46

Source: Different Agriculture Censuses, Ministry of Agriculture and Farmers Welfare.

Table 4 : Coefficients of Marginal and small farmers in India

Model	Unstandardized Coefficients		R ²	Sig.	Average of marginal and small farmers
	B	Std. Error			
1	(Constant)	35079.67	2530.13	0.00	90179.17
	time	15742.71	649.68	0.99	

a. Dependent Variable: Marginal and small farmers in India (000)

Source: SPSS output table

In the table of estimated model summary and coefficient table, we obtain that on 5% level of significance and 4 degree of freedom the p-value is 0.00 for number of small and marginal farmers of India against time variable. The p-value is less than the critical value of significance i.e. 0.05. **It shows that we can reject the null hypothesis and cannot reject the alternative hypothesis.** This means that at 5 percent level of significance and 4 degrees of freedom, there is significant change in number of small and marginal farmers in India for the duration of 1971-2015. Estimated linear regression equation shows that holding other things the same, the number of small and marginal farmers is increasing by 1,000.62 thousand quinquennially in the concerned time period.

Issues and Challenges of Marginal and Small Holders : There are many issues and challenges faced by small and marginal farmers in the country. The report of 'India- Situation Assessment Survey of Farmers 2003'¹ reveals many issues related to marginal and small farmers. A study based on the survey, NCEUS² (2008) stated that some of the general issues that confront marginal and small farmers as agriculturalists have

¹ NSS 2003, Round 59th

² National Commission for enterprises in the unorganized sector

imperfect markets for inputs, product leading to smaller value realizations, access to credit markets, input applications, poor human resource base. The inefficient access to suitable extension services restricting suitable decisions regarding cultivation practices and technological know-how, poorer access to 'public goods' such as public irrigation, command area development, electricity grids, greater negative externalities from poor quality land and water management etc. Major issues and challenges relating to marginal and small holding are discussed as follows:

A. **Land Issues: Land and Tenancy Security** : Land relations are complex, creating challenges for small and marginal farmers. Limited land ownership restricts access to resources and credit, impacting productivity. Tenancy security is essential. The Steering Committee recommended supporting small farmers with institutional credit for land purchases, liberalizing land leases, and ensuring tenant tenure security during contracts.

B. **Globalization Challenges** : Globalization has worsened challenges for smallholding farmers, as subsidies and protectionist policies in developed countries harm farmers in developing nations. Without support, globalization benefits large farms. Trade liberalization negatively impacts crops like cotton, oilseeds, and plantation crops, with domestic prices rising above international prices in recent years.

C. **Impact of Climate Change** : Climate change poses a significant threat to agriculture, food security, and rural livelihoods, particularly for smallholding farmers. It exacerbates crop failures, livestock loss, and reduces resources from fisheries and forests, worsening food insecurity. Pro-poor, climate-sensitive policies must prioritize marginal and small farmers to address these challenges.

D. **Social Groups** : The share of SCs and STs is higher for marginal and small farmers rather medium and large farmers. Around 22% of semi-marginal and marginal farmers are from SCs compared to 7.8% in medium and large farmers. SCs have more than half of their holdings of less than half a hectare. Similarly, 15.6% of small farmers belong to STs compared to 14.9% for medium and large farmers. Social identity of farmer is also seen to mediate access to economic resources and outcomes.

E. **Credit and Indebtedness** : Small holding farmer needs credit for both consumption and investment purposes. Increasing indebtedness is one of the reasons for indebtedness among these farmers in recent years. It shows that overall indebtedness is lower for small and marginal farmers compared to large farmers. At all India level, the share of formal source ranges from 22.6% to 58% for small and marginal farmers while it varies from 65% to 68% for medium to large farmers. Dependence of small and marginal farmers on informal sources is high even in states like Andhra Pradesh, Punjab and Tamil Nadu. For example, small and marginal farmers of Andhra Pradesh have to depend on 73% to 83% of their loans on informal sources.

F. **Water problems** : Water is an important input in agriculture. Development of irrigation and water management are crucial for a sustained farming and living in rural areas. Agriculture has to compete for water with urbanization, drinking water and industrialization. As mentioned above, small holding agriculture depend more on ground water compared to large farmers who has more access on canal (surface) water. Ground water is depleting in many areas of India. Marginal

and small farmers are going to face adverse problems regarding water in future. Therefore, water management is going to be essential for these farmers.

- G. **Diversification** : Indian diets have shifted from food grains to higher-value products like milk, meat, fruits, and vegetables, driven by urbanization, rising incomes, more women in the workforce, and globalization. The demand for non-grain items is growing, with higher expenditure elasticity in both rural and urban areas. Diversifying into high-value crops and allied activities can boost agricultural growth, but small and marginal farmers need infrastructure, marketing support, and favourable price policies to manage risks and succeed in diversification.
- H. **Role of women** : The participation of women in agriculture is quite important. The share of rural females in agriculture was around 83 per cent in 2004-05 as compared to 67% among rural males, shows the importance of women in agriculture. The share of women among marginal farmers (38.7%) is higher than that for large farmers (34.5%) in 2004-05. These proportions have increased over time. Women play a crucial role in agriculture, with 83% of rural females involved in farming compared to 67% of rural males in 2004-05. Their share is higher among marginal farmers. As men migrate, agriculture becomes more feminized. Protecting women's rights in land, enhancing infrastructure support to women farmers, and giving legal support on existing laws, will facilitate recognition for women as farmers and enable them to access credit, inputs, and marketing outlets.
- I. **Low level of formal education and skills** : Education and skills are crucial for improving farming practices and productivity. Smallholding farmers generally have lower literacy and education levels compared to medium and large farmers. This gap limits their awareness of agricultural information, including bio-fertilizers and support prices.
- 1. **Conclusions and Suggestions** : the number of small and marginal farmers is increasing by 1,000.62 thousand quinquennially in the concerned time period. The challenges faced by smallholder of agriculture in achieving growth, food security, and improved livelihoods have been widely discussed. Market-oriented reforms alone are not enough to foster their development. Government intervention and additional support are necessary to empower small and marginal farmers. Small farmers often struggle with access to essential inputs and markets. They require equal opportunities compared to large farms, particularly in areas such as land, inputs, water, credit, technology, and market access. The study has recommended for promoting sustainable livelihood for farmers are (i) to increase the agricultural productivity which is the key to improving living conditions of farmers and promoting non-farm activities through forward and backward linkages (ii) Mixed farming should be encouraged by the local government to supplement their income.

The above discussion highlights the significant shift in India's economy from an agrarian-based economy to a more diversified economy. Although agriculture still plays a crucial role in employment, its contribution to GDP is decreasing, reflecting the broader trend of industrialization and growth in the service sector. The slower growth of agriculture in recent decades may indicate underlying challenges that need attention, including agricultural policy, rural development, and technological modernization.

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