Punjab Peasantry in Life and Debt

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The agrarian crisis engulfing the country is bankrupting the farming communities. The euphoria that began with the green revolution, making India self-sufficient in food grains and increasing the incomes of farmers across the board, was eroded within a matter of decades, so plunging the agrarian economy into deep gloom. Facing low yields, spiraling costs of cultivation, a near stagnant technology and dipping incomes, farmers are now struggling for survival. Their heavy borrowing to meet their day-to-day expenditure on subsistence and farming, coupled with their inability to repay back loans, have brought them to a stage where they are choosing death rather than debt. The state's apathy, and the failure of institutions to provide adequate, timely and cheap credit, has aggravated the problem. Punjab's economy is no exception, although the media and policy makers alike have largely ignored the crisis in this grain bowl of India. The present paper attempts to highlight the agrarian crisis and its manifestations in indebtedness and suicides in the state of Punjab. The widely held misconception that indebtedness is a result of unproductive expenditure has been refuted by our analysis of the empirical evidence. The study points out that the problem is multidimensional and attempts to curb this crisis would require both short-term as well as long-term measures.

Introduction

"A debt-ridden farmer of Tumbhanbar village (in Ferozepur) committed suicide by consuming some poisonous substance…. A suicide note written by the deceased said he owed Rs. 8 lakh to five persons… they were harassing him" (*Hindustan Times,* 2007).

"Charandas could not take the burden of debt anymore, so he wrote to the most famous person from his district, Amravati – President Pratibha Patil – requesting mercy killing. When no help came, the farmer committed suicide" (Maitra, 2007).

The above are just two of the numerous media reports of farmers deeply indebted, unable to bear the burden. Between debt and death, they are choosing the latter. Farmers' suicides are being reported from different parts of the country, but the underlying story is more or less the same – the agrarian crisis engulfing the country is bankrupting farming communities. Low yields, spiraling costs of cultivation and living, and dipping incomes have eroded the euphoria of attaining green revolution and self-sufficiency in food grains. Punjab's case is not much different. But it is certainly ironical in the sense that this state was the forerunner in green revolution, the grain bowl of the country, contributing as much as 75 per cent of wheat and 34 per cent rice to the central pool (Rangi and Singh, 2007). The farmers of even this prosperous state could not escape the crisis, and when they could no longer fight it out, they simply ended their life.

The present paper is an attempt to examine the ongoing crisis in the agrarian economy of Punjab. An effort is made here to diagnose factors that have led to the problem of indebtedness and suicides. The paper is divided into four sections. The first section examines the agrarian crisis in the state. The manifestation of this crisis into indebtedness and farmer suicides is taken up in the second section. Possible solutions for this crisis are suggested in the third section, while the fourth section provides a brief conclusion of the paper.

I

Punjab State has turned from a leader of economic development to a laggard state. It was ranked fourth in terms of per capita income at 1993-94 prices (Rs. 16756) in the year 2004-05 whereas Maharashtra, Gujarat and Haryana are ahead of Punjab. If we include the union territories and the smaller states like Delhi, Punjab's rank has slipped to seventh. The rate of growth of Punjab economy has continuously decelerated in the nineteen-nineties (Ahluwalia, 2002; Singh and Singh, 2002) and early years of the present century. The average annual growth rate of Net State Domestic Product (NSDP) of Punjab economy during the period 2000-01 to 2005-06 was 3.7 per cent per annum (Table 1) which is surprisingly lower than the national average growth rate (Govt. of India, 2007).[1]

Economic growth of Punjab state since the ushering in of green revolution remained higher than the national average up to the late nineteen eighties. Punjab State, because of its agricultural development, has been projected as a successful model of economic development worth emulating elsewhere. However, the agriculture sector of Punjab state has grown at a rate of 0.9 per cent per annum during the period 2000-01 to 2005-06 (Table 1).The value addition of agriculture proper (cropping sector) has grown at a rate of less than one per cent per annum and is so meager that it has threatened the livelihood of those who have remained dependent on this sector. This is a crisis like situation, which needs explanation.

The structure of the economy of Punjab state was predominantly agrarian especially after the ushering in of green revolution. The share of agriculture sector (agriculture and livestock) in the NSDP was 54.27 per cent in the year 1970-71 (Table 2). Agriculture proper (cropping sector) contributed 38.51 per cent of the NSDP whereas income share of livestock was nearly 16 per cent in the same year. Trade, hotel and restaurants, construction and manufacturing contributed 10.96, 9.21 and 8.04 per cent respectively to the NSDP in the year 1970-71. A perusal of Table 2 reveals that share of agriculture sector in NSDP declined nearly 6 percentage points between the period 1970-71 and 1980-81. This share remained stagnant between the period 1980-81 and 1990-91. The rising sector, which emerged during the decades of 1970s and 1980s was the manufacturing sector. This sector consistently improved its relative share in the

NSDP, which, however, remained meager compared with the agriculture sector. It is important to note here that during the decade of 1990s there has occurred a sharp decline in the relative share of agriculture sector in the NSDP. The decline between the periods 1970-71 to 2005-06 was 20.57 percentage points. It is surprising to note that both the sectors (agriculture and manufacturing) have shown relative decline in importance so far as the contribution to state income is concerned. However, the services sector seems to have progressed during the 1990s and early years of the 21st century. The deceleration of growth rate has reduced relative income share dramatically of the agricultural sector proper (cropping sector).

This structural shift has occurred in sharp contrast to the high degree of dependence of majority of population of Punjab on agriculture. The workforce engaged in the agriculture sector (cultivators and agriculture workers) in the year 1971 was nearly 62.67 per cent. This share of workforce declined at a slow pace between the period 1971 and 1991, that is, 6.6 percentage points during two decades. However, the share of workforce engaged in agriculture sector declined sharply between the period 1991 and 2001, that is, 17.12 percentage points.[2] Given that nearly 39 per cent of the workforce is still engaged in the agriculture sector points to the fact that Punjab is still predominantly an agrarian economy (Table 3). A perusal of Table 3 indicates that the gain of the workforce in the services sector was quite dramatic during the decade of the 1990s. However, in the earlier period, there was a slow increase in the relative share of workforce in the services sector. It is important to note that the division of agricultural workforce between cultivators and agriculture workers shows that the share of agricultural workers increased between 1971 and 1991, but dwindled between the period 1991 and 2001 (Table 3). The share of cultivators declined continuously throughout the period under consideration though more sharply between the period 1991 and 2001. This structural transformation of the economy of Punjab state has created a crisis of its own kind. The income share of agriculture has declined sharply compared with high dependence of the workforce on the agriculture sector of Punjab.

The changing structure of an economy from a agricultural to non-agricultural one has been viewed in economic development literature as a healthy sign. But the economic transformation of the developed and recently fast growing economies of East Asia has shown that industrial sector had played a lead role. Industrial sector not only provided gainful employment to labour force released by the agriculture sector but also remained highly dynamic and centre of gravity of the economy. However, the transformation of Punjab economy has bypassed the usual path of structural transformation and has prematurely become service oriented. It needs to be noted here that the strategy of economic transformation adopted by the policy makers has squeezed agricultural income without lifting the work force engaged in agriculture. This strategy is indicative from the fact that the terms of trade between agriculture and non-agricultural activities remained unfavourable to the agricultural sector throughout the period of 1980s and 1990s (Table 4). The agriculture sector received prices lower than the prices paid by agriculture sector, which amply speaks of the bitter truth that an agricultural squeeze policy continued throughout the decade of 1980s and 1990s. This has not only resulted in loss of income of Rs. 3944 crores (Ghuman, 2002) but also plunged the agrarian economy of Punjab into a crisis of unprecedented scale. The minimum support prices recommended by the Commission for Agricultural Costs and Prices (CACP) during the 1980s and 1990s presented in Table 5 clearly brings out the fact that the real rise of minimum support prices for wheat and paddy (the two major crops of Punjab) was negative. The average annual growth rate of wheat Minimum Support Price (MSP) was negative (-0.69 per cent) during the period 1980-81 to 2005-06.The growth of MSP for paddy during the same period was -0.33 percent per annum. This implies that agricultural income is continuously being squeezed in terms of adverse prices given to this sector. This process has reduced per hectare return on land to such a low (Table 6) that the farmers dependent on agricultural income have no other option but to borrow to fulfill both productive and consumption needs. Further, this process has provided circumstances where their capacity to service debt has decreased dramatically during the post reform-period. Therefore, there is an unprecedented rise in indebtedness across the board and widespread distress, manifesting itself in suicides.

II

Punjab economy's agrarian distress, outlined in the previous section, has pushed the peasantry deeper and deeper into a trap of indebtedness. Increasing costs, declining productivity and shrinking incomes have left farmers with no other option but to borrow heavily from any and every source. Borrowings by itself would not have posed any serious problem but for the fact that farmers simply are not attaining sufficient repaying capacity and the burden of debt kept on becoming heavier. Malcolm Darling's famous observation made as far back as in 1925 is a ground reality nearly a century later too, with only slight modifications: the Punjab peasant, even if not born under debt, lives under debt and dies under debt, or more aptly, commits suicide under debt (Darling, 1947). In this section we will examine the extent and other aspects of indebtedness, which will lead us to its most destructive consequence- suicides.

The enormity and gravity of the problem of indebtedness in Punjab has been amply captured by a number of surveys (Sukhpal et al., 2007; NSSO, 2005; Gill and Kaur, 2004; Kaur, 2000; Iyer and Manick, 2000; Shergill, 1998) both at the macro and micro level. The National Sample Survey Organisation (NSSO) data has been used mainly in the present study, which is supplemented by other studies and surveys as and where considered appropriate. As per NSSO, in Punjab, 65.4 per cent of farmer households were found to be indebted (Table 7) as against the All India figure of 48.6 per cent in 2002-03. Punjab was only behind Andhra Pradesh (82 per cent) and Tamil Nadu (74.5 per cent). However, in terms of average outstanding loan per household, Punjab was at the top: the grain bowl state of the country also 'boasted' of the biggest loan bowl! The green revolution state of Punjab carries out farming more intensively than other states, hence requiring greater input expenditure, which itself is not declining while incomes are declining. According to land size (Table 8), it was, understandably, the marginal farmer (upto 1 hectare of land) households, which showed the highest percentage (53.3 per cent of indebted households, although average loan outstanding per household normally increased with increase in land size, presumably because expenditure on farming rises with rise in land size.

Table 9 provides greater details on the picture of indebted Punjab. Of the loans taken, 62.4 per cent was for current and capital farm expenditure, while nearly 4 per cent was for non-farm business – all conventionally classified as productive loans. Section I has amply demonstrated that returns from agriculture are meager, while expenditure on it is not mitigating, hence the need for borrowing. Other studies, (Shergill, 1998; Gill, 2000; Chahal, 2005; Sukhpal et.al., 2007) corroborate the fact that a greater percentage of loans are for productive purposes. Land-size wise, except for the marginal farmers, all categories took 60 per cent or more of the loans for productive purposes. Again, barring marginal farmers, not more than 12-13 per cent of the loans were for consumption, education and medical purposes. This category of loans justifiably cannot be classified as unproductive, as spending for maintaining/enhancing one's productive capacity is currently recognized as being highly productive expenditures (Strauss and Thomas, 1995).Hence this percentage, ideally, should be deducted from the total of unproductive loans.

The expenditure on marriages and other ceremonies, conventionally labeled as 'unproductive', was below 10 to 11 per cent of the loans; even for marginal farmers, it was barely 20 per cent. Compared to other states, nine states were ahead of Punjab so far as marriage and other ceremonies was the purpose of loan, whereas two states had the same percentage as Punjab (NSSO, 2005, p. 20). Even the All-India percentage (11.1 per cent) was greater than Punjab's (10.2 per cent). The continuous and convenient explanation of indebtedness of the Punjab peasantry as mainly due to loans taken for unproductive purposes or conspicuous consumption does not hold much ground. This has been established in other studies carried out at micro level also (Gill, 2000); Gill and Kaur, 2004; Bhangoo, 2006). Even the small percentage actually spent on marriages will be justified in an economy where demonstration effect forces even the poorest farmer to make some minimum expenditure on a marriage (even the educated, elite, 'reformist' elements of society succumb to social and family pressures and spend lakhs on marriages) or else face the social 'shame' of not being able to find a groom for his daughter, or let his daughter bear the consequences after marriage. A total change in the mindset of the society at large, beginning from the educated class, against the evil of lavish marriages can be the only solution for this.

A distressing aspect of indebtedness of the farmers is the source of loan (Table 10). The non-institutional sources account for nearly the same percentage of loans as the institutional sources (government, cooperative societies and commercial banks taken together). This is a clear indication of the inefficiency of the institutional set up in meeting the credit needs of an important sector of the economy. The inadequacy of formal loans and the highly exploitative set up of the informal loans, mainly the commission agents, has been underlined by the author time and again (Gill, 2000; Gill and Kaur, 2004; Gill and Singh, 2006). Other studies (Sukhpal et al., 2007; Chahal, 2005; Shergill, 1998) have also pointed to the dominance of informal lenders and also established that a major percentage of loans even from these informal sources are for productive purposes (as expenditure on farming is ever increasing) even though incomes are dipping) and less for conspicuous consumption. These informal sources, the commission agents, being the dominant lenders, entrap the hapless farmers into interlinked contracts, forcing them to sell their produce to the lender-agent in return for easy loan (easy in terms of availability, not rate of interest) with the result that farmers are left with meager incomes when their produce is sold to the commission agent, who deducts the loan amount first and then pays the farmer. Another round of an interlinked credit-crop contract, thus, begins. The exorbitant rates of interest - often around 36 per cent per annum or more - charged by these lenders only enhance the misery of farmers, who, not being able to get adequate institutional credit, have no option but to turn to commission agents. And the farmer continues to live a life of debt. When they can no longer bear this burden, they attempt to end their misery by taking their own lives.

Suicides by farmers began to be reported in the late 1980s and 1990s. It became a public issue because these were not occasional or stray incidents, but were increasing both in total numbers as well as the states in which where they were occurring - Andhra, Maharashtra, Kerala, Karnataka, and then surprisingly, the prosperous grain rich state of Punjab. The media was joined in by the economists, political scientists, sociologists, social workers, and farmer organizations in drawing attention towards this tragic situation.

As per the state government, 2116 suicides have taken place in Punjab since 1986, while as per a survey conducted by *kisan* organizations in some villages of Malwa, 2870 suicides had taken place between 1990 and 2006. The figures are for eight districts. It was claimed that the figure would shoot up to 46000 if all 12,400 villages of Punjab were to be considered (Sidhu, 2006) The Chandigarh based Institute for Development and Communication (IDC) quotes the figure as 2000 per year (IDC, 2006).

In Punjab, as elsewhere, analyses of suicide victims were carried out in an attempt to find the root cause of suicides (IDC, 1998); Iyer and Manick, 1999; Association for Democratice Rights (AFDR), 2000; IDC, 2006; Bhangoo, 2006). Indebtedness as a prime cause of suicide figured prominently in the studies carried out by Iyer and Manick and the Ludhiana based AFDR (78 per cent and 52 per cent) and Bhangoo, although IDC's 1998 study focused on social issues like alcohol and drug addiction (18 per cent) family discord (36 per cent) as the main determinants besides indebtedness (18 per cent) as the causes of the tragedy. This was also the institution's stance in its second report (IDC, 2006) too although now it attributed 30 percentage points (the highest) to indebtedness as a single cause of suicides, and also a higher percentage to causes where indebtedness also figured as one of multiple causes (IDC, 2006:

50). Other micro-level studies (Jaijee, 1999; Bhangoo, 2006) as well as several media reports point towards indebtedness as a major cause of suicides.

In fact, Bhangoo's field survey carried out in December 2006 on 50 suicide victims in Bathinda district of Punjab revealed that per household and per hectare debt was very high in the case of the suicide victims, as compared to Punjab farmers in general, and indebted farmers in particular. The same is also true when the debt is considered land-size holding wise (Table 11). His study also revealed that over 80 per cent of the households of victims attributed high costs of inputs and implements and low prices of farm products accompanied by low yield and/or crop failure as the reasons for indebtedness. A very low percentage (12 per cent) put the blame on excessive expenditure on social ceremonies, and a still lower percentage (2 per cent) attributed alcohol and drug abuse as the reason behind suicides of their kin. This corroborates our stand that indebtedness is the single most important cause of suicides, and indebtedness is mainly attributable to the crisis in agriculture, not to the lavish life style that the Punjabi culture is (in) famous for.

The phenomenon of debt-to-death in particular and agrarian crisis in general, thus, needs to be studied, analysed and solved together. Borrowing is not to be considered as a sign of weakness, nor a stigma. It is only when the repaying capacity of the borrower is eroded and farmers in distress prefer to commit suicide rather than be faced with the humiliation that comes with indebtedness, that the serious problem arises. The need is to find ways to make farming more remunerative, to enhance repaying capacity and to strengthen the institutional credit set up to prevent exploitation at the hands of informal lenders.

III

The problem is multi-dimensional - agrarian crisis in the form of rising expenditures and falling incomes, necessity to borrow to meet this crisis, eroded the repaying capacity leading to indebtedness, public shame, harassment at the hands of lenders, and the only 'succour' available in the form of suicides. The remedy too, thus, has to be multi-pronged. It should begin with immediate relief to the kith and kin of suicide victims and move on to long-term measures aimed at addressing the problem of agrarian crisis.

As part of relief measures to help the physical survival of the families of victims, monetary assistance needs to be provided immediately.[3] To rehabilitate the family, the eldest child/wife of the victim should be provided with suitable employment, especially if the victim was the sole earning member of his family. Rescheduling the repayment of a loan could also be considered, but only after the family gains financial strength through employment/pension, so that it could live a life of honour, not having to bear the shame of having to beg for a loan waiver. NGOs can also do a lot by helping such families both financially and emotionally.

The long-term measures would have to tackle the problem of agrarian crisis at large. It has been suggested that a section of farmers could be shifted to the non-agricultural secondary and tertiary sectors so as to improve income levels

(Gill, 2007). Diversification of agriculture from the existing wheat-paddy cropping pattern as suggested by Johl Committee (Govt. of Punjab, 1986) is also desirable and will be highly beneficial, but only if the Taiwan model is strictly followed – that is, process agricultural produce at the farm gates and plough back surpluses to expand rural industrial activities – and that private firms as middlemen in the process are discouraged from operating. The state too, will have to play its role by providing essential institutional infrastructure and investment. A strategy which is not purely private and market based but one which leads farmers to organize themselves to carryout production, processing and marketing, is, thus, strongly recommended. Also, diversification will be a success "only if an equivalent mechanism for MSP and procurement is in place" (Satish, 2006).The state also has to focus attention on R & D in agriculture and allied sectors. Information relating to new technologies in farming, inputs etc. should be made available to the farmers continuously. Equally necessary is the quality control on inputs – seeds, fertilizers, pesticides – so that farmers do not waste their resources in purchasing substandard or fake inputs and suffer losses in productivity too. Provision of substandard inputs by trader-lenders through interlinked contracts is a major menace. The state agencies can play a pro-active role in curbing such practices.

To address the specific problem of credit, remedy lies in the provision of institutional credit at the right time, in the right quantity and at a low rate of interest. Informal lenders are so deeply entrenched in the credit system of the country that it will be difficult to ouster them, but the credit institutions can gear up to provide a formidable competition to these informal lenders, so that their business is reduced to a minimum. To do so, institutions would do well if they took a tip or two on lending practices of the informal lenders – how to reduce transaction costs and make credit readily available. The ICICI Bank's example of micro-financing can be cited here: in order to tackle the unorganized moneylenders (read *arhtiyas*), the ICICI Bank is giving unsecured loans to farmers at 12.5 per cent, using local distributors who are prominent people of the area. A loan is thus given at 'hi-speed', and since farmers are known to local distributors, chances of bad debts are rare (Sally, 2007). Direct payment to farmers for food grains brought by the Punjab Agriculture Department (TNS, 2006) instead of through commission agents concerned will be a step in the right direction. Although this is bound to earn the wrath of commission agents, strengthening of institutional credit set up can save farmers from the fury and clutches of these informal lenders.

There is, therefore, much that can be done to mitigate the misery of farmers, and this has to be done both at the level of the government as well as civil society institutions. The real problem is not a dearth of ideas and solutions, rather it is of implementing a solution in the right measure, at the right time. On this account, the policy towards Punjab is a glaring example of the callous attitude of the Central Government. When a Rs. 3750 crore relief package was announced for distressed farmers of Vidarbha as part of a central package that would also cover Andhra, Kerala and Karnataka, Punjab was left out of this relief measure. However after much lobbying and six months later, the union government announced for Punjab a financial package of Rs. 1044 crore, which included Rs. 500 crore as one time settlement (OTS) of loans of commercial banks, and Rs. 210 crore as compensation to the cooperative banks for the OTS benefit extended, as well for the interest subsidy. However, none of the relief measures were given towards relieving farmers from the debt incurred from informal lenders. There is an urgent need to look into this aspect, because it is the informal lenders who are the dominant sources of finance, especially in Punjab.

IV

A desirable structural transformation of an economy would require a diminishing importance of its agricultural sector, both in terms of reduction of workforce dependent on agriculture, as well as transfer of surpluses from the agricultural to the industrial sector of the economy. In the case of Punjab, while surpluses are being extracted, a big percentage of the workforce still continues to depend on agriculture. The burden of this heavily dependent workforce is aggravated by the fact that the benefits of the green revolution – sharp increases in income, production and productivity for all classes of cultivators – are being eroded with declining productivity, increased costs of production and living, a near freeze in minimum support prices and declining real incomes. With alternative opportunities for employment being low, a crisis like situation has gripped the agricultural sector, so much so that even bare survival needs are difficult to meet. Farmers have been left with no option but to borrow heavily, to meet both cultivation as well as living expenses. But their limited repaying capacity due to low incomes has led to them being heavily indebted. A very distressing manifestation of this economic crisis is mental trauma, which is being demonstrated through a large number of farmers committing suicide. The magnitude of indebtedness, the purpose of loans, as well as the sources of loans pointedly underline that farmer suicides are result of their rising burden of debt. Other causes might be there, but they emerge largely from this single malaise. Attempts to curb this crisis, and hence indebtedness, would have to be in the form of short term relief measures like putting the families of suicide victims on a strong financial footing, as well as long term measures ranging from arresting the decline in agricultural production and productivity through improved technologies and greater R & D, through diversification and by revamping the institutional credit set up. The only point common to both short-term and long-term remedies should be the sincerity in efforts at the implementation stage. And this task of implementation should not be left to the state alone, but also taken up by civil society at large.

Table 1

Average Annual Growth Rates of NSDP and Agricultural NSDP of Punjab at 1999-2000 Prices (per cent per annum)

Year	Agricultural NSDP	NSDP
2000-01	0.69	3.40
2001-02	-0.18	1.32
2002-03	-5.79	2.57
2003-04	7.79	4.94
2004-05	1.78	5.24
2005-06	1.11	4.52
2000-01 to 2005-06	0.90	3.66

Source: Estimated from NSDP at Factor Cost by sectors in Punjab; Economic and Statistical Organisation, Govt. of Punjab, 2006 (*Statistical Abstract of Punjab*)

Table 2

Sectoral Distribution of NSDP at Factor Cost in Punjab
(Figures in percentages)

Year / Sector	1970-71	1980-81	1990-91	1999-00	2005-06
1. Agr. & Livestock	54.27	48.46	47.63	39.34	33.70
(a) Agriculture	38.51	32.22	30.69	27.62	22.87
(b) Livestock	15.76	16.24	18.94	11.72	10.83
2. Manufacturing	08.04	11.00	16.27	13.50	11.71
3. Electricity, gas and water supply	00.84	01.31	02.45	02.12	01.66
4. Construction	09.21	06.15	03.74	04.69	06.72
5. Trade, hotel and restaurants	10.96	14.58	11.33	13.07	17.68
6. Transport, storage and communication	01.73	02.05	02.32	04.07	05.63
7. Banking & Insurance	01.80	02.55	04.67	04.74	05.52
8. Real estate and business services	04.79	04.26	03.20	03.97	03.14
9. Public Administration	01.79	02.81	03.28	04.52	04.47
10. Others	06.57	06.81	05.11	09.98	09.77

Source: Economic and Statistical Organization, *Statistical Abstract of Punjab* (various issues), Govt. of Punjab.

Table 3

Changing Structure of Workforce in Punjab

Year	Agriculture	(a) Cultivators	(b) Agricultural workers	Industrial Workers	Other Workers	Total
2001	35,54,928 (38.95)	20,65,067 (22.62)	14,89,861 (16.32)	7,69,047 (08.43)	48,03,499 (52.63)	91,27,44 (100.00)
1991	34,19,333 (56.07)	19,17,210 (31.44)	15,02,123 (24.63)	7,49,136 (12.28)	19,29,905 (31.65)	60,98,37 4 (100.00)
1981	28,59,511 (58.02)	17,67,286 (35.86)	10,92,225 (22.16)	6,65,442 (13.50)	14,02,806 (28.47)	49,27,75 9 (100.00)
1971	24,51,858 (62.67)	16,65,153 (42.56)	7,86,705 (20.11)	4,42,070 (11.30)	10,18,664 (26.03)	39,12,59 2 (100.00)

Source: Economic and Statistical Organization, Statistical Abstract of Punjab, (various issues), Government of Punjab.

Note: Figures in parentheses are percentages

Table 4

Terms of Trade between Agricultural and Non-Agricultural Sector

Year	Terms of Trade (Prices paid and prices received CACP) at 1971-72 = 100	Net barter terms of trade between food grains and manufacturing (1970-71 = 100)	Estimated loss/gain to Punjab farmers (Rs. Crores)
1981-82	82.9	87.65	-127
1982-83	84.7	91.51	-121
1983-84	86.3	92.57	-161
1984-85	86.0	86.25	-240
1985-86	82.4	86.30	-278
1986-87	85.3	83.29	-373
1987-88	86.9	86.16	-267
1988-89	86.2	94.21	-111
1989-90	86.5	85.37	-427
1990-91	90.0	85.48	-467
1991-92	92.7	93.09	-236
1992-93	86.6	93.62	-259
1993-94	90.9	93.92	-310
1994-95	91.8	95.20	-280
1995-96	80.2	93.10	-354
1996-97	92.7	101.57	+83
1997-98	88.8	99.7	-16
Total			-3944

Source: Bhatia, M.S. (2002) and Ghuman, R.S. (2002)

Table 5

Minimum Support Price for Wheat and Paddy (Values in Rs.)

Year	MSP of Wheat at Current prices	MSP of Wheat at 1993-94 prices	Growth Rate per cent per annum	MSP of Paddy at Current prices	MSP of Paddy at 1993-94 prices	Growth Rate per cent per annum
1980-81	130	399.63	-	105	322.78	-
1985-86	162	336.06	-3.41	142	294.54	-1.81
1990-91	225	307.04	-1.79	205	279.75	-1.02
1995-96	380	317.86	0.69	360	301.13	1.48
2000-01	610	393.17	4.34	510	328.71	1.77
2005-06	640	332.59	-3.29	570	296.21	-2.06
Overall Average Annual Growth rate			-0.69			-0.33

Source: 1.Estimates are based on statistics made available by Rangi and Singh (2007); 2. Bhatia, M.S. (2002).

Table 6

Per Hectare Return in Rupees on Land at A_1, B_2, and C_2 Costs (at 1970-71 prices)

Year	Wheat			Paddy		
	A_1	B_2	C_2	A_1	B_2	C_2
1980-81	843	162	80	1457	672	501
1985-86	1732	773	612	1382	564	389
1990-91	1648	571	436	1498	449	315
1995-96	1761	472	291	1470	503	318
1997-98	2088	766	645	-	-	-

Source: Ghuman, R.S. (2002)

Table 7
Extent of Indebtedness (2002-03)

	Estimated No. of Households ('00)	Percent of Indebted Farmer Households to Estimated No. of Farmer Households	Average outstanding Loan Per House hold (Rs.)
Punjab	12069	65.4	41576
India	434242	48.6	12585

Source: NSSO, 59th Round, 2005.

Table 8
Indebtedness According to Land Size

Land Size (Hectares)	Percent of Indebted Farmer Households			
	Punjab (%)	Average Outstanding Loan per household (Rs.)	India (%)	Average Outstanding Loan per household (Rs.)
Upto 1.00 ha (Marginal)	53.3	38808	61.03	21289
1.01-200 ha (Small)	15.8	27543	18.9	13762
2.01-4.00 (Semi-Medium)	17.0	94344	12.5	23456
4.01-10.00 (Medium/Large)	11.8	132907	6.4	42532
10+	02.2	267601	1.2	76232

Source: Same as Table 7.

Table 9
Purpose of Loan (Per cent)

Size-Class (Hectares)	Capital Exp. On Farming	Current Exp. On Farming	Non-farm Business	Consumption	Marriage & Ceremonies	Education	Medical	Others
0-1.00	18.2	13.96	4.1	20.26	19.60	0.1	7.56	16.23
1.01-2.00	12.0	49.6	10.1	12.0	7.6	0.3	0	8.4
2.01-4.00	28.9	49.1	4.9	1.6	6.3	0	1.2	8.1
4.01 -	33.4	38.6	0.7	9.6	10.9	0	2.9	4.0

10.00								
10+	27.5	30.4	0	3.9	4.0	0	0	34.2
All Sizes	26.4	36.0	4.4	8.5	10.2	0	2.6	12.0

Source: Same as Table 7.

Table 10

Land Size Wise Source of Loan (Punjab) (Per cent)

Land Size / **Source**	**0-1.00**	**1.01-2.00**	**2.01-4.00**	**4.01-10.00**	**10+**	**All**
Govt.	3.6	0	2.6	0.1	0	1.9
Coop Society	12.8	22.0	21.7	17.3	14.6	17.6
Bank	23.46	27.1	36.9	30.1	15.5	28.4
Agri./Prof. Money Lender	31.7	35.5	31.1	35.9	65.3	36.3
Trader	6.26	2.9	5.8	13.4	4.6	8.2
Relatives &Friends	18.16	11.5	1.0	3.1	0.1	6.3
Doctors/Lawyers	2.26	1.0	0.9	0	0	0.6
Others	1.83	0	0	0	0	0.7

Source : Same as Table 7.

Table 11

Magnitude of Indebtedness among the Victims, Indebted Farmers and Punjab Farmers (Rs.)

Farm Category / Holding Size	**Suicide Victim (Field Survey)**		**Indebted Farmer (PSFC Study)**		**Punjab Farmer (PSFC Study)**	
	Per Household	Per Hectare	Per Household	Per Hectare	Per Household	Per Hectare
Landless	80167	-	-	-	-	-
Marginal	181000	217589	89603	128004	72017	102881
Small	284591	174819	126813	77310	112441	68549
Semi-Medium	386386	113509	231177	74637	210023	67807
Medium	521000	116344	234128	46036	215290	42332
Large	300000	20036	336050	38341	309949	35363
All	302009	50972	201427	56422	178934	50140

Source: Adapted from Bhangoo (2006)

Notes

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1 Indian economic growth rate during the period 2000-01 to 2005-06 at 1999-2000 prices was 6.9 per cent per annum. Acceleration of net state domestic product of the national economy is in sharp contrast to deceleration of economic growth in Punjab and deserves the attention of policy makers.

2 The unimaginable falling share of agriculture workforce provided by census statistics has been questioned in terms of rising unemployment in Punjab (Gill, 2002). The NSSO data shows that a high percentage of the workforce was engaged in agriculture in the year 2000-01 i.e. 53 per cent. This figure seems reasonable and confirms the falling trend of agriculture workforce. Nevertheless there is still a very high degree of workforce engaged in the agricultural sector. Falling income shares are in sharp contrast to the slow falling trend of workforce and have decreased availability of income.

3 It is, however, shameful to note that the state government's apathy forced public interest litigation (PIL) to be filed, and the Punjab Govt. had to be issued a notice with the *obiter dicta* that it is taking no remedial steps to save poor farmers.

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