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CAUSES OF INDEBTEDNESS AMONG MARGINAL AND SMALL FARMERS IN HARYANA

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ABSTRACT

The mainstream of the farmers in India are classified as marginal as well as small farmers and both their number and percentage have increased over time. Smaller holding sizes are the result of rural India's fast population growth, subdividing and fragmenting land holding, and shifting from joint to nuclear families. Marginal and small farmers are only concerned in farming, operating under varied soil types, climatic conditions and socio – profitable conditions. The failure of high coffers like land, capital and labour oppressively decreases the effectiveness of small farming operations. These farmers experience a lack of request relationship, rigid credit policies and other issues that drive them into poverty. The incredibly little effects on which Indian farmers operate hence their designation as marginal are among the primary cause of their poverty. Of the 85 percent of Indian farmers, they are the only ones.

These farmers deal with a number of debt-related issues, which can negatively impact their well-being and means of subsistence. Many issues, including limited loan availability, high transportation expenses, low product pricing, insufficient insurance, reliance on monsoon rains, lack of scientific farming method, high input costs and market volatility, might be linked to indebtedness among marginal and small farmers. The study was undertaking to analyse the perception of causes of marginal and small farmers in Haryana. The data related to their perception were collecting for the year 2023. Primary survey was using to achieve the objectives of the study. The state has been categorized into three agricultural zones based on ecological conditions and cropping patterns. The first zone,

which is the wettest area, primarily grows wheat, rice, and sugarcane.
The second zone, characterized by a mix of semi-wet and semi-dry conditions, focuses on wheat, rice, and cotton. The third zone, the driest area, is known for growing wheat, mustard, and pearl millet. From each zone, three districts were selected based on these key crops, resulting in a total of nine districts. Additionally, two hundred respondents were chosen from each zone, leading to a total of six hundred respondents for a comprehensive study. The respondents were selected proportionately according to farm size categories. For data analysis, tables were created, and averages and percentages were computed.

Multiple policy interventions can be put into place to address the issue of indebtedness among marginal and small farmers in the state of Haryana. The measures to increase formal credit availability should be taken, including the creation of agricultural credit cooperatives, better financial literacy campaigns and loans without collateral. Furthermore, measures like fostering sustainable farming methods, offering input subsidies and creating seed banks can be implement to lower input prices. The problem of debt can also be help by initiatives aimed at fostering market stability, such as the development of rural infrastructure and the setting of minimum support prices.

KEYWORDS: Climate, Effectiveness, Input Subsidy, Land Holding, Minimum Support Price.

I. INTRODUCTION

The mainstream of the farmers in India are classified as marginal as well as small farmers and both their number and percentage have increased over time. Smaller holding sizes are the result of rural India's fast population growth, subdividing and fragmenting land holding, and shifting from joint to nuclear families. About 38 percent of the country's total territory is under cultivation, with marginal and small farmers making up over 80 percent of all operating holdings. The vicious cycle of low savings, low investment and low returns mostly affects this demographic. Other than this, the main issue facing this group includes excess family work, under nutrition or malnutrition and the ownership of un-economic size of agricultural holdings that keep these individuals below the poverty line.

The fundamental idea is that as agriculture advances technologically, the trend of income distribution is getting more unequal, thus putting the rich and more at a greater distance from one and another (Kingra et al. 2018). Marginal and small farmers are only concerned in farming, operating under varied soil types, climatic conditions and socio – profitable conditions. The failure of high coffers like land, capital and labour oppressively decreases the effectiveness of small farming operations. A range of challenges have been documented, such as the absence of novel approaches to creation, biophysical or geophysical regulations, physical labour, marketing strategies, social standards and legal concerns. However, these farmers do not make enough money to cover their everyday expenses. These farmers experience a lack of request relationship, rigid credit policies and other issues that drive them into poverty. The incredibly little effects on which Indian farmers operate hence their designation as marginal are among the primary cause of their poverty. Of the 85 percent of Indian farmers, they are the only ones. Put another way, the success of these marginal and small farmers will determine how sustainable agriculture grows in the future and how the nation's food is protected.

One of the biggest oddities in India's modest lifestyle is the decline in the proportion of agriculture's GDP. Agriculture's percentage of the GDP decreased from 57.7 percent in 1950-1951 to 15.4 percent in 2019-2020. This indicates a 42 percent decline in the proportion of agriculture's GDP share between year 1961 to year 2019. This led to a wider disparity in labor productivity between the agricultural and non-agricultural sectors. The agricultural growth of approximately 0.4 percent annually prior to Independence (Chander et. al.2021). In India's Haryana state, small and marginal farmers are vital to the farming industry. But these farmers deal with a number of debt-related issues, which can negatively impact their well-being and means of subsistence. Many issues, including limited loan availability, high transportation expenses, low product pricing, insufficient insurance, reliance on monsoon rains, lack of scientific farming method, high input costs and market volatility, might be linked to indebtedness among marginal and small farmers. In order to address these issues, we look at the reasons why marginal and small farmers in Haryana are indebted in this article and talk about possible policy remedies. Our objective is to draw attention to how urgently the problematic of indebtedness among Haryana's marginal and small farmers has to be addressed.

II. REVIEW OF LITERATURE

Several studies have examined the causes of indebtedness among marginal and small farmers in India, including those in Haryana.

- **Satish (2006)** investigated farmers' perspectives of the reasons for their debt in Punjab. The study found that crop failure, unusually high agricultural input costs, excessive home consumption spending, excessive social ceremony spending and low price of agricultural products, low and stagnant crop output, unnecessary tractor purchases and laziness were identified by 30.80 percent, 21.50 percent, 18.50 percent, 14.60 percent, 7.30 percent, 4.60 percent, 1.50 percent and 1.20 percent of farmers, respectively, as the main contributors to indebtedness. Furthermore, the study assessed the causes of suicides in Punjab using data from Kumar and Sharma (1998). It was reported that 35.79 percent of suicides were attributed to family disputes, 17.89 percent to alcohol and drug abuse, 16.84 percent to a loss of social status and 12.50 percent to crop failure, lack of resources, conflicts with in-laws, impotence and the death of a family member. Therefore, in Punjab, debt accounted for just 17.89 percent of suicides.
- **Duhan and Rana (2007)** carried out a case study in Haryana's Sonipat district to explore the reasons behind agricultural debt, surveying a sample of 500 respondents selected randomly from all tehsils in the district. The study identified key factors contributing to credit diversion as 35 percent of respondents used credit for social obligations, 20 percent for emergencies, 18 percent for home construction or repairs and 24 percent for domestic expenses. The study also emphasized additional reasons for indebtedness that are associated with procedural and institutional issues, such as excessive formalities, high installment frequency, high interest rates, big installments sizes and delays in receiving loans.
- **Singh et al. (2008)** conducted a field survey involving 600 respondents across Punjab, divided into three agro-climatic regions: semi-hilly, central, and south-western. They selected twenty blocks two from the semi-hilly region, eleven from the central region, and seven from the south-western region representing the net area sown in each region. Within each block, two villages were chosen based on size, and 30 respondents were randomly selected from each village cluster. The study found that the average loan amount was used as follows: Rs.133,858 (74.8 percent) for productive purposes and Rs.45,076 (25.2 percent) for unproductive purposes. The highest productive debt was incurred for agricultural inputs such as seeds, diesel, chemicals, and farm machinery, while unproductive debt was mainly associated with house construction, repairs, and social ceremonies.
- **Kaur (2010)** investigated repayment behaviour among rural households in India using unit-level data from the 59th NSSO round survey and employed the Tobit model for analysis. The

study revealed that the demographic characteristics of households significantly influenced their repayment behaviour. Specifically, the size of the household showed a U-shaped relationship with repayment amounts, meaning that smaller and larger households with older heads tended to make more repayments compared to medium-sized households with younger heads. Additionally, the study found that the repayment elasticity of long-term loans was notably lower in female-headed households compared to male-headed ones. Furthermore, it was observed that higher borrowing for consumptive purposes negatively affected the households' repayment capacity.

- **Rajeev et al. (2011)** investigated the indebtedness situation in Karnataka using unit record data from the 59th round of the NSSO survey, focusing on the purposes for which loans were utilized. They found that 78 percent of the loans were used for income-generating activities, while 22 percent were allocated to non-income-generating activities. Within income-generating activities, the loans were used as follows: 37 percent for current farm business expenditures, 31 percent for capital investments in the farm business, and 10 percent for non-farm business activities. For non-income-generating activities, the distribution was 7 percent for marriage and ceremonies, 6 percent for consumption expenditure, 1 percent for medical expenses, and 8 percent for other activities in Karnataka.
- **Chander (2012)** conducted a study involving 400 respondents from the Bhiwani and Karnal districts of Haryana, uncovering several key factors contributing to farmers' indebtedness. The study's findings included crop failure, low income, large family size, adverse climate conditions, lack of irrigation, high mortgage rates, medical expenses, high input costs, social ceremonies and old debt. The study, which collected multiple responses from participants, found that old debt and crop failure were the most significant causes of indebtedness. Specifically, 66.75 percent of respondents identified repayment of previous loans as a major factor, while 56.25 percent cited crop failure.
- **Singh et al. (2012)** conducted a study in Punjab to assess the extent of indebtedness and the purpose of loans among marginal and small farmers. The study focused on three districts Ropar, Ludhiana, and Bathinda representing different agro-climatic zones. A total of 40 marginal and 40 small farmers were selected from each district, resulting in a sample of 240 respondents for the year 2005-06. The findings revealed that marginal farmers in the state obtained 65.33 percent of their loans for unproductive purposes and 34.67 percent for

productive purposes. For small farmers, 60.60 percent of the total debt was for unproductive purposes, while 39.40 percent was used for productive purposes.

- **Isitor et al. (2014)** investigated credit utilization among arable farmers in Nigeria's Kwara state using data collected from 100 farmers through purposive sampling, analyzed with a logit regression model. The study revealed that 22.6 percent of farmers used loans to start new farming ventures, 83 percent expanded their existing farming operations, and 37.7 percent applied funds to regular agricultural practices. However, it was also noted that 47 percent of the farmers had not benefited from agricultural credit.
- **Singh et al. (2014)** conducted a study on a sample of 300 respondents selected from three agro-climatic zones of Punjab. The study revealed that 57.35 percent of the credit was used for productive purposes, such as purchasing farm inputs or machinery, while the remaining 42.65 percent was for non-productive purposes. A significant portion of the non-productive credit, 27.38 percent, was used for consumption purposes.
- **Bala (2015)** examined the recovery performance of agricultural loans provided by the Regional Rural Bank in Sirsa District, Haryana. Using the lottery method, Sirsa and Nathusari Chopta blocks were selected out of seven and two villages from each block were chosen. Ten respondents from each village, all KCC holders, were randomly selected, making a total of 40 borrowers for the study. The primary data were analyzed using average and percentage methods. The findings showed that 40 percent of borrowers repaid 25-50 percent of the loan amount. Additionally, 20 percent, 17.5 percent, and 5 percent of borrowers repaid less than 25 percent, 50-75 percent, and more than 75 percent of the borrowed amount, respectively. A total of 17.5 percent of borrowers were found to be defaulters.
- **Deogharia (2016)** conducted a field survey in the South Chotanagpur region of Jharkhand, selecting five districts and two blocks from each. A sample of 451 respondents was taken, divided into four categories: marginal, small, medium, and large farmers. The study examined the purpose for which loans were incurred; revealing that 64.68 percent of the total debt was used for productive purposes, while 35.32 percent was for non-productive purposes across all farmer categories. For marginal and small farmers, the average debt for productive purposes was 38.81 percent and 51.89 percent, respectively, while for non-productive purposes, it was 60.19 percent and 48.11 percent. Large farmers, however, used over 80 percent of their debt for productive activities. The study also noted that as farm size increased, the average amount of debt for productive purposes also rose.

- **Sonawane (2016)** analyzed secondary data in Maharashtra and identified several causes of farmer suicides, including crop failure, indebtedness, low income, low prices for farm products, natural disasters, rising production costs, the cycle of moneylender loans, illiteracy, cultural traditions and expensive modern agricultural techniques. The study also suggested remedies such as improving irrigation facilities, better water management, creating special agricultural zones, implementing multiple crop systems, providing farmer training, enhancing export policies, developing effective loan schemes, fostering scientific innovation and offering modernization and rehabilitation packages. Crop failure and indebtedness were identified as the main contributors to farmer suicides in Maharashtra.
- **Kaur et al. (2018)** investigated indebtedness among marginal and small farmers in rural Punjab. The study found that 85.46 percent of these households were in debt, with an average debt of Rs. 336272 per households. Small farm households had higher average debts compared to marginal farm households and debt per acre decreased as farm size increased. Institutional sources accounted for 66.29 percent of the total debt, with their share growing as farm size increased. Marginal and small farmers primarily borrowed to finance crop production due to the adoption of new agricultural technologies. Their income was insufficient to cover consumption expenses, leading them to also borrow for family maintenance. The study highlighted that these farmers were dependent on commission agents and moneylenders they charged high interest rates.
- **Choudhri et al. (2021)** investigated the availability, utilization, and repayment performance of agricultural finance in Bahraich district, Uttar Pradesh. The research employed purposive and random sampling methods to select the district and borrower respondents, gathering primary data through personal interviews with a pre-structured schedule and secondary data from various local and district-level sources, including banks. The findings indicated that Gramin Bank played a significant role in agricultural financing within the study area, contributing substantially to loan borrowing for agricultural development. Loans were primarily allocated for crop production (41.50 percent), followed by machinery and implements (24.64 percent), other purposes (18.90 percent), and dairy and livestock (14.95 percent). In terms of finance utilization, the majority was spent on crop production inputs, followed by machinery and implements, and dairy and livestock purchases. Repayment data showed that borrowers repaid Rs. 7,154,870 out of a total loan amount of Rs. 8,241,356, with overdue amounts totaling Rs. 816,140. This indicates a generally good repayment

performance. The study concludes that institutional financial support is crucial in enhancing the socio-economic conditions of farmers.

- **Tiwari and Goyal (2021)** examined the loan repayment behavior of Kisan Credit Card holders in the Obedullaganj Block of Raisen District, Madhya Pradesh. Conducted with a sample of 200 KCC holders from 2020 to 2021, the research aimed to assess the repayment patterns of these farmers. The study revealed that India is predominantly an agricultural country, with farmers continually engaged in producing grain for both personal and communal consumption. Small farmers often rely on loans from sahukars and private credit companies, which come with high interest rates. This high cost of borrowing makes it challenging for them to repay the loans, leading to the loss of their land and homes. To address this issue, the government introduced the Kisan Credit Card (KCC) scheme, offering loans to farmers at very low or zero interest rates. The average loan amount sanctioned per KCC holder was Rs.155,770. The findings indicate that 32 percent of the KCC borrowers had fully repaid their loans, including interest. Additionally, 39 percent of respondents repaid their debts on time, with a combined total of 55 percent of accounts being either closed or regularly maintained. This suggests strong repayment performance among the sample borrowers. Conversely, 34.5 percent of accounts were irregular, and 10.5 percent were in default.
- **Jakhar et al. (2023)** assessed the loan utilization and repayment behaviour of indebted farmers in Haryana, India. The study, conducted in Haryana, is based on primary data collected from a sample of 600 indebted farmers using proportionate sampling. The analysis revealed that a significant portion of the debt was used for non-productive activities, which is a leading cause of indebtedness, particularly among marginal and small farmers. The survey highlighted that farming is not profitable, yet farmers often spend on consumer goods, housing, and repaying old debts, which are unavoidable but unproductive expenses. Additionally, social and religious ceremonies contribute to financial strain. Better output prices for agricultural produce could alleviate farmers' debts. The study also found that only 39.33 percent of farmers paid their loans regularly, 41 percent did so irregularly, and 19.67 percent were defaulters. Among the regular and irregular payers, 18.18 percent paid biannually, 26.56 percent paid annually, and 54.56 percent adopted both repayment modes. Moreover, 68.5 percent of farmers rescheduled their loans. The study revealed that the high number of defaulters, loan rescheduling, and irregular repayment patterns were linked to small landholdings, low product prices, high input

costs, crop failure, and non-productive loan usage. Non-productive expenditures remain a major challenge, requiring solutions to generate alternative income sources for farmers.

- **Ray and Das (2023)** conducted the study in the West Tripura district of Tripura, aimed to evaluate the use and repayment of farm loans by borrowers based on a 2020 survey. The advancement of agriculture relies on farmers receiving adequate and timely loans. Using purposive multi-stage random sampling, the study surveyed 120 farmers and 20 lenders. The study was found that the majority of beneficiaries received crop loans (82.5 percent), while loans for allied activities accounted for 17.5 percent. Marginal and small farmers were more likely to divert a portion of their loans compared to medium farmers. Medium farmers demonstrated a higher loan repayment rate than their small and marginal counterparts. To enhance the utilization and repayment of farm credit, it is recommended that Bank Field Officers conduct post-credit supervision to minimize loan diversion to non-productive uses and consider providing loans primarily in kind.

Overall, the literature suggests that indebtedness among marginal and small farmers in Haryana is a significant challenge that requires urgent attention from policymakers and other stakeholders. Measures to improve access to credit, reduce input costs and promote market stability can help address the issue of indebtedness and reduce its impact on the livelihoods and well-being of marginal and small farmers.

III. OBJECTIVE OF THE STUDY

The objective of this paper is to examine the causes of indebtedness among marginal and small farmers in Haryana.

IV. RESEARCH METHODOLOGY

The study was undertaking to analyse the perception of causes of marginal and small farmers in Haryana. The data related to their perception were collecting for the year 2023. Primary survey was using to achieve the objectives of the study. Information was collecting on a specially designed pre-tested schedule through personal interview method with the head of the family. The state has been categorized into three agricultural zones based on ecological conditions and cropping patterns. The first zone, which is the wettest area, primarily grows wheat, rice, and sugarcane. The second zone, characterized by a mix of semi-wet and semi-dry conditions, focuses on wheat, rice, and cotton. The third zone, the driest area, is known for growing wheat, mustard, and pearl millet.

From each zone, three districts were selected based on these key crops, resulting in a total of nine districts. Additionally, two hundred respondents were chosen from each zone, leading to a total of six hundred respondents for a comprehensive study. The respondents were selected proportionately according to farm size categories. For data analysis, tables were created, and averages and percentages were computed.

V. DATA ANALYSIS AND INTERPRETATION

Table 1 lists the replies to the questions on what factors contribute to marginal and small farmers' debt throughout the state. Table 2 displays the zone by zone findings. The results are based on the answers provided by a number of the farmers who participated in the survey. The respondents stated that small landholdings, high interest rates, harvest failure, high input costs, low values for agrarian production. The replies concerning the reasons of marginal and small farmer's indebtedness for the entire state are present in Table 1. The outcomes rendering to zone wise are in Table 2. The results signify the replies agreed by a number of the surveyed farmers, conferring to the respondents, the foremost reasons of farmer's indebtedness were ancestral or inherited debt, harvest failure, high charges of inputs, low values for agrarian production, high interest rates, unproductive use of debt and small landholdings. The main reasons of marginal and small farmer's indebtedness described in Table 1.

Table 1: Causes of Marginal and Small Farmer's Indebtedness

(Number of Farmer's)

Sr.No.	Causes of Indebtedness	Marginal	Small	Total
1.	Ancestral or inherited debt	86(21.39)	62(31.31)	148(24.67)
2.	Crop failure	374(93.03)	187(94.44)	558(93.00)
3.	High cost of inputs	348(86.57)	170(85.86)	518(86.33)
4.	Low price of agricultural output	397(98.76)	185(93.43)	579(96.50)
5.	High and compound interest rate	251(62.44)	126(63.64)	377(62.83)
6.	Non-productive usage of loan	181(45.02)	90(45.45)	271(45.17)
7.	Fragmentation of land holdings	365(90.80)	135(68.18)	500(83.33)
8.	Social and religious needs	193(48.07)	103(52.02)	296(49.33)
9.	Litigation	137(34.08)	91(45.96)	228(38.00)
10.	Illiteracy	168(41.79)	109(55.05)	277(46.17)

Total number of sampled farmer's	402(100.00)	198(100.00)	600(100.00)

Source: Primary data (2022-23)

Note: Figures in parentheses represent percentages.

A. **Ancestral or Inherited Debt:** of the 600 sampled farmers in the state of Haryana, 24.67 percent said that one of the primary reasons for their indebtedness was ancestral or inherited debt. In particular, 21. 39 percent of marginal farmers and 31.31 percent of small farmers, respectively, claimed that their debt was a result of inherited or ancestral debt. Based on the zone wise study, the majority of farmers in zone I, zone II and zone III (21.00, 27.00 and 26.00 percent) mentioned this as single of the primary reasons for their debt, though the marginal farmers in the same zone I, zone II, and zone III, reported similar rates of debt (13.43 percent, 27.61 percent and 23.13 percent).Of the small farmers, 36.36 percent said that this was a cause of their indebtedness, 25.76 percent from zone II and 31.82 percent from zone III selected this answer. For instance we all recognize, farming is not a gainful occupation now days. Farmers must incur new debt in order to repay an old debt, which composites the load of debt they appearance. Generally, ancestral or inherited debt was lists as a reason of their indebtedness.

B. **Crop Failure:** of all the farmers in the state, 93.00 percent indicated that one of the main reasons for their debt was a crop failure. Crop failure was cited as the primary reason for indebtedness by 93.13 percent of marginal farmers and 94.44 percent of small farmers, respectively. According to the zone wise analysis, 92.50 percent, 89.00 percent and 99.00 percent of the respondents in zone I, zone II and zone III, respectively, identified it as the primary reason for their debt. The study presented that, among the state's zones, the greatest proportion of farmers in zone III confessed that harvest failure was the primary reason for their debt, placing them in the small and marginal group. All of the small and marginal farmers in the category admitted it as the main reason behind their debt. It arises afterward full rains as well as for the period of scarcities. Drought and rain have a direct impact on rain-fed agriculture. As a result, it was a major factor in Haryana's farmer debt.

C. **High Cost of Inputs:** due to the state's persistently rising input costs, agriculture is not a lucrative sector. Out of the entire group of farmers, 86.33 percent said that one of the reason farming is less profitable is the high charge of agricultural involvements. This also contributed to the level of debt. 86.57 percent of marginal farmers and 85.86 percent of small farmer, respectively, stated that it is a factor that raises the load of liability on farmers. Additionally, the zone wise study presented that 88.50 percent, 95.50 percent and 75.00 percent of the farmers in zone I, zone II and zone III, respectively, cited it as the reason for their debt. Consequently, the majority of the farmers complete demanded that the high charge of involvements makes farming more financially burdensome. Loans are eventually needed to purchase high yield seeds varieties and contemporary farming supplies. This was also among the primary cause of farmer's indebtedness.

D. **Low Price of Agricultural Output:** Expenses also contributed to farmer's debt. The majority of farmers claimed that, in relation to farming expenses, the price of agricultural product was extremely low. They need to revenue obtainable credits in order to come across their necessities. Of all the surveyed farmers, 96.50 percent claimed that their debt load increased as a result of low pricing for agricultural produce. It is also contributed to their debt, according to 98.76 percent of marginal farmers and 93.43 percent of small farmers, respectively. Additionally, the zone wise analysis revealed that 98.50 percent, 96.50 percent and 96.00 percent of the farmers in zone I, zone II and zone III, respectively, said that stumpy price for farming production were a main cause of their indebtedness. For this reason, the majority of farmers believed that this was the main reason behind their debt. On the other hand, if farmers are paid the true value of their agricultural output, the issue of farmer debt can be resolved.

Table 2: Causes of Marginal and Small Farmer's Indebtedness: Zone-Wise Analysis (Number of Farmers)

Zone	Causes of Indebtedness	Marginal	Small	Total
I	Ancestral or inherited debt	18(13.43)	24(36.36)	42(21.00)
	Crop failure	123(91.79)	62(93.23)	185(92.50)
	High cost of inputs	113(84.33)	64(96.96)	177(88.50)
	Low price of agricultural output	134(100.00)	63(95.45)	197(98.50)
	High and compound interest rate	100(74.63)	45(68.18)	145(72.50)
	Non-productive usage of loan	67(50.00)	31(46.97)	98(49.00)
	Fragmentation of land holdings	128(95.52)	53(80.30)	181(90.50)
	Social and religious needs	68(50.75)	42(63.64)	110(55.00)
	Litigation	54(40.29)	32(48.48)	86(43.00)
	Illiteracy	63(47.01)	44(66.67)	107(53.50)
Total number of sampled farmers		134(100.00)	66(100.00)	200(100.00)
	Ancestral or inherited debt	37(27.61)	17(25.76)	54(27.00)
	Crop failure	119(88.80)	59(89.39)	178(89.00)

II	High cost of inputs	133(99.25)	58(87.88)	191(95.50)
	Low price of agricultural output	131(97.76)	62(93.94)	193(96.50)
	High and compound interest rate	91(67.91)	38(57.57)	129(64.50)
	Non-productive usage of loan	79(58.95)	42(63.64)	121(60.50)
	Fragmentation of land holdings	125(93.28)	46(69.70)	171(85.50)
	Social and religious needs	59(44.02)	38(57.57)	97(48.50)
	Litigation	46(34.33)	41(62.12)	87(43.50)
	Illiteracy	57(42.53)	39(59.09)	96(48.00)
Total number of sampled farmers		134(100.00)	66(100.00)	200(100.00)
III	Ancestral or inherited debt	31(23.13)	21(31.82)	52(26.00)
	Crop failure	132(98.51)	66(100.00)	198(99.00)
	High cost of inputs	102(76.12)	48(72.73)	150(75.00)
	Low price of agricultural output	132(98.51)	60(90.91)	192(96.00)
	High and compound interest rate	60(44.77)	43(65.15)	103(51.50)
	Non-productive usage of loan	35(26.12)	17(25.76)	52(26.00)
	Fragmentation of land holdings	112(83.58)	36(54.45)	148(74.00)
	Social and religious needs	66(49.25)	23(34.85)	89(44.50)
	Litigation	37(27.61)	18(27.27)	55(27.50)
	Illiteracy	48(35.82)	26(39.39)	74(37.00)
Total number of sampled farmers		134(100.00)	66(100.00)	200(100.00)
Haryana		402(100.00)	198(100.00)	600(100.00)

Source: Primary Data (2022-23)

Note: Figures in parentheses represent percentages.

When comparing MSP and market determined pricing to farming costs, they are quite low. In Swami Nathan's report on farmers, it is said that farmers require a price guarantee for their produce. The reason of distress in rural areas were another major topic of this paper. This was, therefore, a major contributing factor to farmers' debt.

A. **High and Compound Interest Rates:** In general, one of the reasons farmers were indebted was the high interest rates imposed through non-institutional sources. Of all the farmers surveyed, 62.83 percent said that one of the main reasons they were indebted was because of excessive interest rates. Among the marginal farmers, 62.44 percent believed that this one was a reason, followed by small farmers 63.64 percent. Zone I farmers reported that interest rates were a contributing factor to their debt at a rate of 72.50 percent, followed by zone II farmers at 64.50 percent and zone III farmers at 51.50 percent, according to the zone wise analysis. Thus, another factor contributing to their debt is high and compound interest rates. High interest rates are accused by non-institutional sources. Farmers are burden with higher interest rates from non- institutional sources. Once a farmer gets caught in this kind of debt circle, it can be exceedingly challenging to escape debt.

B. **Non-Productive Usage of Debt:** Farmers debt load is further increases by their non-productive use of credit-based finances. They struggle to make loan repayment on time. The study showed 45.17 percent of the selected farmers stated that this was the reason they were in debt. Small farmers reported this as the reason for their debt at 45.45 percent, followed by marginal farmers at 45.02 percent. The zone wise investigation found that 49.00 percent of farmers in zone I, 60.50 percent in zone II and just 26.00 percent of farmers in zone III supposed that non-productive debt utilization worsened their debt load.

C. **Fragmentation of Landholdings:** According to Darling (1925), one of the primary reasons of Indian farmer's indebtedness is the fragmentation of their landholdings. It was an issue, especially for small and marginal farmers. Their landholdings are modest, which contributes to their low agricultural output. To meet their demands, they must take out loans, which they are unable to pay back on time. This was given as the cause of their debt by 90.80 percent and 68.18 percent, respectively, of the marginal and small farmers polled. Based on zone wise study, 95.52 percent, 93.28 percent and 83.58 percent of marginal farmers in zone I, zone II and zone III, respectively, provided this as their rationale. Among the zone's modest farmers 80.30 percent, 69.70 percent and 54.45 percent of small farmers in zone I, zone II and zone III, respectively, said that this was the cause of their debt. In general, marginal and small farmers face significant challenges owing to their tiny and fragmented landholdings, which have resulted in a daily increase in the amount of debt.

D. **Social and Religious Needs:** Farmers are typically assured by the societal ethnicities and customs, which are revered and obligatory to follow. The study reported that 49.33 percent of all the farmers measured proficient this form of causes. In the midst of the marginal and small farmers, respectively, 48.01 percent and 52.02 percent of them causes of their indebtedness. The zone wise study presented that 55.00 percent, 48.50 percent and 44.50 percent of the surveyed farmers in zone I, zone II and zone III, respectively, reported having social and religious requirements because of debt. Thus, social and religious needs are foremost reason of their indebtedness.

E. **Litigation:** In India, marginal and small farmers are typically embroiled in a variety of legal conflicts that require the involvement of a court. These disputes can be about property, land, boundary lines, and theft of crops, division of ancestral lands or any combination of these issues. According to 38.00 percent of the state's total farmer cohort, lawsuits were significant contributor to their debt. 34.08 percent of marginal farmers and 45.96 percent of small farmers, respectively, stated that their debt was primarily due to litigation. According to the zone wise study, 43.00 percent. 43.50 percent and 27.50 percent of the respondents were in zone I, zone II and zone III, respectively, and indicated it as the foremost reason of their debt. Among the zones of states, the majority of farmers in zone I confessed that litigation was a major factor contributing to their debt.

F. **Farmer's Illiteracy:** One of the core roots of farmers is indebted may be their lack of literacy. 46.17 percent of the farmers polled said that one of the main causes for their debt was illiteracy. Small farmers reported it to be a cause at 55.05 percent, followed by marginal farmers at 41.79 percent. The zone wise study revealed that 53.50 percent of the farmers in zone I, 48.00 in zone II and 37.00 percent in zone III stated that their debt was also a result of their illiteracy. Therefore, their debt was also a result of their illiteracy.

Thus, numerous factors add to farmer's debt loads. While no one cause works very well on its own, the combined effect of all causes might entangle someone in a debt deception. A farmer may catch it quite problematic to escape it they were ensnared in it. Once more, crop catastrophe, high involvement charges and low valuing for agricultural production were the main reasons for their indebtedness. The phrase "The Indian farmer born in debt, lives in debt and dies in debt" (Darling, 1925) captures the essence of farmer indebtedness.

VI. CONCLUSION AND POLICY IMPLICATIONS

Marginal and small farmers in Haryana deal with a variety of debt-related issues. The main factors include low productivity, high input costs, market instability, reliance on monsoon rains, and lack of access to credit as well as insufficient facility of institutional credit. Small and marginal farmers frequently turn in the direction of high-interest non-institutional lenders since conventional banking channels are difficult to navigate and difficult to access. Furthermore, crop failures brought on by unfavorable weather and insufficient crop insurance plans increase their financial susceptibilities. All of these elements work together to create a debt cycle that limits farmer's capacity to invest in more productive farming methods, hence sustaining low production and unstable finances.

Multiple policy interventions can be put into place to address the issue of indebtedness among marginal and small farmers in the state of Haryana. Firstly, and foremost, measures to increase formal credit availability should be taken, including the creation of agricultural credit cooperatives, better financial literacy campaigns and loans without collateral. Furthermore, measures like fostering sustainable farming methods, offering input subsidies and creating seed banks can be implement to lower input prices. The problem of debt can also be help by initiatives aimed at fostering market stability, such as the development of rural infrastructure and the setting of minimum support prices. Lastly, initiatives to strengthen climate resilience and diversify rural livelihoods can help lessen the negative effects of debt on marginal and small farmers.

This can be accomplishing by encouraging non-farm source of income, building renewable energy infrastructure and offering assistance and training for environmentally friendly farming methods. In conclusion, the resolution of indebtedness amongst marginal and small farmers in Haryana necessitates a comprehensive and diversified approach that takes into account the systemic difficulties and structural inequities that underlie the problem. Policies that tackle the underlying causes of debt can aid in advancing the welfare and means of subsistence of marginal as well as small farmers in the region.

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