

The Silent Struggle: Small and Marginal Farmers (SMFs) in India's Agricultural Economy

Atul Kriti

Junior Research Fellow, Department of Public Administration, Panjab University, Chandigarh

Corresponding Author: atulkriti@yahoo.com

India's agricultural economy is often romanticized as the lifeline of the nation, yet beneath this facade lies a stark reality—one of persistent hardship and systemic neglect for small and marginal farmers. These farmers, who account for over 86% of the farming community (NITI Aayog, 2022), cultivate the nation's food but often lack the means to sustain themselves. Their battle is not just for higher yields but for survival against a tide of economic, environmental, and institutional challenges.

The agrarian crisis is neither new nor sudden—it has been decades in the making. The Green Revolution brought immense productivity but also widened disparities, favoring larger landowners with access to technology and capital. The small farmer, with fragmented landholdings and minimal resources, was left behind. Today, their struggle manifests in multiple ways: limited access to quality inputs, financial distress, fluctuating markets, climate adversities, and policy inertia that often fails to address their grassroots realities.

The Economic Conundrum: Credit, Debt and Cycle of Poverty

Agriculture in India remains largely informal, with small farmers dependent on local moneylenders due to stringent bank lending norms. According to the Reserve Bank of India (2021), only 41% of small and marginal farmers have access to formal credit, while the rest are trapped in high-interest loans from informal sources. The Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) scheme provides financial assistance, but at ₹6,000 annually, it is little more than a symbolic gesture in the face of rising input costs and inflation. The government has introduced schemes like the Kisan Credit Card (KCC) to offer low-interest loans, yet awareness and accessibility remain barriers. Despite multiple outreach programs, over 40% of eligible farmers have never applied for a KCC, mainly due to cumbersome documentation processes and a lack of financial literacy (NABARD, 2022). As a result, the vicious cycle of debt continues, often leading to farmer suicides—a grim indicator of the system's failure.

Market Distress and Structural Inefficiencies

For a farmer, growing crops is just half the battle; selling them at a fair price is another. The long-standing APMC (Agricultural Produce Market Committee) system, intended to safeguard farmers from exploitation, has ironically become a bottleneck. Middlemen control price negotiations, leaving small farmers with a meager share of the profits. Government interventions like the e-NAM (Electronic National Agriculture Market) initiative aim to provide digital market access, but implementation remains patchy, and technological illiteracy among rural farmers limits its effectiveness (World Bank, 2022).

The Farm Laws of 2020, which sought to liberalize agricultural trade, sparked nationwide protests, showing the deep mistrust between policymakers and farmers. The repealing of these laws further exemplified the disconnect between ground realities and top-down policy decisions. There is a pressing need to create more robust and localized market solutions that ensure fair pricing and eliminate exploitative middlemen.

The Perils of Climate Change

The increasing unpredictability of weather patterns due to climate change has disproportionately impacted small farmers. Unseasonal rains, prolonged droughts, and declining groundwater levels are severely affecting yields. According to the Economic Survey (2021), climate change has already reduced agricultural productivity by 4-9% annually, with small farmers being the most vulnerable. Traditional farming practices are often ill-equipped to withstand extreme weather events. While crop insurance schemes such as the Pradhan Mantri Fasal Bima Yojana (PMFBY) have been introduced, they have failed to provide adequate compensation due to delayed claim settlements and exclusionary clauses that leave many farmers uninsured. Investing in climate-resilient techniques such as precision farming, crop diversification, and agroforestry could provide long-term sustainability. However, these require state intervention, financial incentives, and localized advisory services to be effective at the grassroots level.

The Landholding Crisis and Declining Viability of Farming

Land fragmentation is another major issue plaguing small and marginal farmers. According to the Agriculture Census (2015-16), the average landholding size in India has shrunk to 1.08 hectares. This declining land size makes farming increasingly unviable, limiting mechanization and economies of scale. In states like Bihar and West Bengal, where landholdings are even smaller, subsistence farming continues to dominate, restricting the scope for commercial agriculture.

Land leasing reforms, like the Model Land Leasing Act (2016), have aimed to address this issue, but their implementation remains weak at the state level. Without proper land consolidation mechanisms and cooperative farming models, small farmers will continue to struggle against diminishing profitability and rising costs.

Policy and Institutional Roadblocks

Despite multiple government schemes aimed at uplifting small farmers, the last-mile implementation remains poor. Policies like the Rashtriya Krishi Vikas Yojana (RKVY) and the Paramparagat Krishi Vikas Yojana (PKVY) for organic farming have had limited reach due to bureaucratic delays and insufficient ground-level infrastructure. Additionally, subsidy leakages and corruption in fertilizer distribution further exacerbate the woes of marginal farmers. The lack of a farmer-centric approach in policymaking is another fundamental issue. While loan waivers and financial doles make for populist measures, they fail to address the structural problems plaguing the sector. Despite these challenges, the future does not have to be bleak. Innovative solutions must be explored to ensure small and marginal farmers are not left behind in the march toward agricultural modernization.

A holistic, farmer-first policy framework focusing on direct market access, improved credit facilities, and technology adoption is essential for long-term agricultural sustainability. A decentralized digital credit system, linked with Aadhaar and mobile-based banking, could revolutionize access to formal credit while reducing reliance on exploitative

lenders. Public-private partnerships in warehousing and cold storage infrastructure could significantly reduce post-harvest losses and provide better market linkages. Encouraging urban-farming collaborations, where urban centers provide technical expertise and financial backing to rural farmers, could create a symbiotic agricultural ecosystem. Additionally, the use of AI-driven weather prediction models, customized crop insurance tailored to regional climate conditions, and blockchain-backed supply chains could introduce transparency and efficiency in farming operations. These interventions, while technologically driven, must be designed with grassroots accessibility in mind, ensuring that even the smallest farmer can benefit from these innovations. Ultimately, the transformation of small and marginal farming will require a shift from fragmented, ad-hoc relief measures to holistic, farmer-centric governance that recognizes agriculture not just as an occupation but as an enduring pillar of national stability and growth.

The plight of small and marginal farmers in India is not just an economic concern—it is a humanitarian issue that requires urgent and sustained action. They are not merely cultivators but custodians of the nation's agrarian heritage. The narrative must shift from survival to sustainability, from despair to dignity. The policies must move beyond token relief measures to ensure long-term economic security. Only then can India's agricultural backbone stand strong, resilient, and self-sufficient.

References

- Food and Agriculture Organization (FAO). (2021). The State of Food and Agriculture. FAO.
- NITI Aayog. (2022). Status of Agriculture in India: Challenges and Prospects.
- Reserve Bank of India. (2021). Agricultural Credit Review Report.
- Economic Survey of India. (2021). Ministry of Finance, Government of India.
- NABARD. (2022). Kisan Credit Card Scheme Performance Review.
- World Bank. (2022). The Role of Farmer Producer Organizations in Rural Development.
