

# Economic Contribution of Small and Marginal Farmers in India

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**Abstract:** Agriculture remains the backbone of the Indian economy, supporting millions of livelihoods and ensuring food security for a population exceeding 1.4 billion. Within the agricultural sector, small and marginal farmers constitute the largest category of cultivators. Despite possessing limited land resources, these farmers make a substantial contribution to agricultural production, rural employment, and national economic development. This study examines the economic contribution of small and marginal farmers in India through an analysis of secondary data obtained from government reports, agricultural census publications, and scholarly literature. The findings reveal that small and marginal farmers account for approximately 86 percent of total operational holdings while cultivating nearly 47 percent of the agricultural land. Their contribution extends beyond crop production to employment generation, poverty reduction, food security, and rural economic sustainability. However, challenges such as fragmented landholdings, inadequate access to credit, technological constraints, and market inefficiencies continue to hinder their productivity and income growth. The study concludes that strengthening institutional support, digital agriculture, farmer-producer organizations, and sustainable farming practices can significantly enhance the economic contribution of small and marginal farmers in India.

**Keywords:** Small farmers, Marginal farmers, Agriculture, Rural economy, Food security, Economic development, India.

## I. INTRODUCTION

Agriculture has historically played a crucial role in India's economic development. Although the share of agriculture in Gross Domestic Product (GDP) has gradually declined due to industrialization and the growth of the service sector, it continues to employ a significant proportion of the population and remains vital for food security and rural livelihoods. Small and marginal farmers form the foundation of Indian agriculture. According to the Agricultural Census, farmers operating less than two hectares of land are categorized as small and marginal farmers. These farmers constitute nearly 86 percent of all operational holdings in the country and represent the largest segment of the agricultural community.

Despite controlling less than half of the total cultivated area, they contribute substantially to food grain production and rural employment. The increasing fragmentation of landholdings has further expanded the proportion of small and marginal farmers over the years. Their role is not limited to agricultural production; they also contribute to

poverty alleviation, social stability, environmental sustainability, and rural economic growth. In recent decades, policymakers have recognized the importance of supporting this group through schemes such as PM-KISAN, crop insurance programs, agricultural credit initiatives, and Farmer Producer Organizations (FPOs). Nevertheless, challenges related to low productivity, climate change, market volatility, and limited access to technology continue to affect their economic performance.

Understanding the contribution of small and marginal farmers is therefore essential for designing policies aimed at achieving inclusive and sustainable economic development in India. Agriculture is one of the most important sectors of the Indian economy. It provides food, raw materials for industries, employment opportunities, and contributes significantly to rural development. India is among the world's largest producers of rice, wheat, pulses, fruits, vegetables, milk, and spices. Despite rapid industrialization and growth in the service sector, agriculture continues to play a crucial role in supporting the livelihoods of millions of people.

### Growth Of Agriculture In India (2020–2025)

Year	Agriculture Growth Rate (%)
2020-21	3.3
2021-22	3.5
2022-23	4.7
2023-24	1.4
2024-25*	4.6 (Estimated)

India possesses diverse climatic conditions, fertile soils, and abundant natural resources that support a wide range of agricultural activities. The country has approximately 140 million hectares of cultivated land, making it one of the largest agricultural producers globally. Agriculture and allied sectors, including livestock, fisheries, and forestry, contribute around 16–18 percent of India's Gross Domestic Product (GDP) and employ nearly 45 percent of the workforce.

### Objectives Of The Study

1. To examine the role of small and marginal farmers in India's agricultural sector.
2. To analyze their contribution to the national economy.
3. To evaluate the challenges faced by small and marginal farmers.
4. To suggest policy measures for enhancing their economic contribution.

## II. RESEARCH METHODOLOGY

The study is based on secondary data collected from Agricultural Census reports, Government of India publications, research articles, FAO reports, and economic surveys. Descriptive and comparative analyses have been employed to interpret the data and understand the economic significance of small and marginal farmers in India.

## III. DATA ANALYSIS AND INTERPRETATION

### Interpretation

The data indicate that small and marginal farmers constitute more than 86 percent of all agricultural holdings in India. However, they operate only about 47 percent of

the total agricultural land. This highlights the fragmented nature of Indian agriculture and the pressure on small landholders to sustain their livelihoods with limited resources.

**Table 1:** Distribution of Land Holdings in India

Category	Share of Holdings (%)	Share of Operated Area (%)
Marginal (<1 ha)	68.5	24
Small (1-2 ha)	17.7	23
Small & Marginal Combined	86.2	47
Medium & Large	13.8	53

**Source:** Agricultural Census 2015-26.

**Table 2:** Contribution of Agriculture to the Indian Economy

Indicator	Value
Share of Agriculture in GDP	15-18%
Share in Employment	About 45-50%
Number of Farm Families	Around 138 million
Share of Small & Marginal Farmers	86%

**Source:** Government of India and Agricultural Census Reports.

### Interpretation

Although agriculture contributes approximately 15–18 percent to India's GDP, it supports nearly half of the country's workforce. Since small and marginal farmers form the majority of agricultural households, their economic activities significantly influence rural income, employment generation, and economic stability.

**Table 3:** Economic Contributions of Small and Marginal Farmers

Contribution Area	Impact
Food Production	Major producers of food grains, fruits, and vegetables
Employment	Generate self-employment and wage employment
Poverty Reduction	Support rural household incomes
Food Security	Ensure continuous food supply
Rural Development	Stimulate local markets and economic activities

### Interpretation

Small and marginal farmers contribute significantly to India's food security. Historical evidence suggests that despite limited land ownership, they account for a disproportionately high share of food production. Their farming activities create employment opportunities and stimulate economic transactions in rural areas.

## IV. DISCUSSION

The findings demonstrate that small and marginal farmers are central to India's agricultural and rural economy. Their contribution extends beyond production to include employment generation, food security, poverty reduction, and rural market development. Despite limited land resources, these farmers utilize labor-intensive cultivation methods that maximize land productivity. However, shrinking farm sizes, increasing input costs, climate variability, and inadequate access to modern technologies continue to affect their economic viability. The study also highlights the need for collective farming models, Farmer Producer Organizations (FPOs), digital agricultural platforms, and improved market access to enhance their productivity and incomes. Government initiatives such as PM-KISAN, agricultural credit schemes, and crop insurance have provided some relief, but broader structural reforms are necessary to ensure long-term sustainability.

## V. FINDINGS

1. Small and marginal farmers account for approximately 86 percent of agricultural holdings in India.
2. They cultivate nearly 47 percent of the total agricultural land.
3. They play a critical role in food security and rural employment.
4. Fragmented landholdings limit economies of scale and profitability.
5. Access to credit, technology, and markets remains inadequate.
6. Government support schemes have improved financial security but require further strengthening.

### Suggestions

1. Strengthen Farmer Producer Organizations (FPOs) to improve bargaining power.
2. Promote digital agriculture and precision farming technologies.
3. Expand access to institutional credit and crop insurance.
4. Develop efficient agricultural marketing infrastructure.
5. Encourage diversification into high-value crops and allied activities.
6. Enhance rural storage, transportation, and processing facilities.
7. Increase investment in agricultural research and extension services.

## VII. CONCLUSION

Small and marginal farmers are the backbone of Indian agriculture and play a vital role in sustaining the country's economy. Despite operating on limited land resources, they contribute significantly to agricultural production, employment generation, food security, and rural development. Their economic importance extends far beyond their landholdings, making them indispensable to India's growth and development. Strengthening support systems, promoting technological adoption, and improving market access can enhance their productivity and income levels, thereby contributing to inclusive and sustainable economic growth. The future of Indian agriculture largely depends on the empowerment and prosperity of its small and marginal farmers.

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