



COMMERCIAL CROPS AND AGRARIAN DISTRESS IN GUNTUR DISTRICT OF ANDHRA PRADESH

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ABSTRACT:

The main objective of the paper is attempted to examine the socio economic status of the farmers in Guntur district of Andhra Pradesh and also examine the indebtedness among the farm households in the district. A multi stage random sampling method will be employed to select the study area. A proportionate sampling method has employed to select the farm households in the state. As a result 300 farm households will be selected, out of the 300 farm households 226 belongs to commercial crops cultivated farm households and 74 are from traditional crops cultivated farm households.

KEYWORDS: Agriculture, Indebtedness, Commercial crops, Traditional crops, Regression, Guntur.

INTRODUCTION

Agriculture is back bone of Indian economy more than 58 per cent of the population depended on the agriculture and allied activities. Although the share of agriculture sector in gross domestic product has been declined from 48 per cent to 14.5 per cent during the last sixty years. The agriculture plays an important role in the development of the state. Half of the total rural workforce and 60 per cent of the livestock depend on agriculture. It is not able to provide full employment and sufficient income for the people living in rural people. Farm profitability has witnessed a sharp decline due to land degradation, risk and uncertainty associated with agriculture. As farming alone is not able to generate sufficient income to small and marginal farmers are in deep crisis.

OBJECTIVES:

The paper concentrates on the following objectives. The present paper attempt to examine the socio economic status of the respondents in the study area. And to estimate the indebtedness among the farm households in two agro climatic regions of the state of Andhra Pradesh.

METHODOLOGY

A multi stage random sampling method will be employed for the study. In the first stage Guntur district can be dividing in to four revenue regions, namely Guntur, Tenali, Narasaraopet and gurazala. In the second stage one mandal will be selected which is mangalagiri from Guntur, Sattenapalli from Narasaraopeta, Vemuru from Tenali and Rentachintala from Gurazala mandal. In the third stage one village from each mandal will be selected which is Nidamaru from Mangalagiri, Kantepudi from Sattenapalli, Battiprolu from Vemuru and Rentachintala from Rentachintal mandal altogether four villages selected. A proportionate sampling method has employed to select the farm households in the state. As a result 300



farm households will be selected, out of the 300 farm households 226 belongs to commercial crops farm households and 74 are from traditional crops farm households .

RESULTS OF THE EMPIRICAL STUDY.

As indicated earlier, 300 farm households are selected to examine socio economic dimension of the farmers in commercial crops and Traditional crops conditions. Of this total 226 farm households are derived from commercial crops cultivated and 74 farm households are from traditional crops cultivated in the study area. The distribution of selected commercial crops and Traditional crops farm households by size wise are presented in the table-1. The table shows that 75.33 percent (226) of farm households are under commercial crops cultivation and remaining 24.67 percent (74) of farm households are under Traditional crops cultivation. In the total 300 farm households 22.67 percent (68) are marginal farms. Out of these 24.50 percent (55) are in commercial crops cultivation and 18.00 per cent (13) are traditional crops cultivation. And 32.67 percent (98) of farm households are small. Out of this total 35.00 percent (79) are commercial crops farm households and 25.00 percent (19) are traditional crops farm households, 25.66 percent (77) are semi medium farmhouse holds. Out of total semi- medium farm house holds 22.50 percent (51) are in commercial crops cultivation, 35.00 percent (26) are in traditional crops cultivation. Finally 19 percent (57) of farm households are medium and large. Out of the total medium and large farms 18.00 percent are in commercial crops cultivation and 22.00 percent are traditional crops cultivation. Finally the table conclude that the 75.33 percent of farm households are in commercial crops condition and 24.67 percent of farm households are in traditional crops conditions.

Table –1
The distribution of farm households by size of holdings

Farming Category	Commercial crops	Traditional crops	Total
Marginal	55 (24.50)	13 (18.00)	68 (22.67)
Small	79 35.00	19 (25.00)	98 (32.67)
Semi-medium	51 (22.50)	26 (35.00)	77 (25.66)
Medium and Large	41 (18.00)	16 (22.00)	57 (19.00)
Total	226 (100.00)	74 (100.00)	300 (100.00)

Source: Primary Data

Note : Figures in parenthesis indicates the percentage to the total

SOCIO ECONOMICS STATUS OF THE SAMPLE RESPONDENTS

Type of family is again another important social variable that influences social behavior of an individual in the society. It reveals that joint family system is a common phenomenon in the rural Indian society. However in the present study, out of 300 farm households, 40 accounting for 13.33 per cent are joint families. 86.67 per cent are nuclear families. This nuclear family system still exists in the study area inspite of its backwardness. The joint family system is closely associated with large farms. The joint family system is found to be high in traditional crops farms in the study area. Level of literacy is one of the important parameters that indicate the social and economic status of farm households. It can be seen from the table that the literacy percentage is higher on traditional crops farms than that of on commercial crops farms. Literacy rate is directly related to farm size and traditional crops farms. The literacy rate is 11 per cent

higher in traditional crops farm when compared to that of commercial crops farms. It is observed that the literacy rate is very low in marginal and small farms of commercial crops farm households.

The social group composition of sample household's under different conditions is presented in table-2. An examination of data reveals that out of the total 226 commercial crops farm house holds 47.35 percent belong to backward cast, followed by 37.17 per cent of forward caste, scheduled caste with 12.39 percent and scheduled tribe with 3.09 percent. The proportion of farm households' in the traditional crops farming is 67.57 percent are backward castes, followed by forward castes with 29.73 percent and scheduled castes with 2.70 percent only. This table clearly indicates that under both conditions the forward castes are economically sound and scheduled caste and scheduled tribes are economically very poor. Large portion of land is in the hands of forward castes under both the condition and very small patches of land is in the hands of SCs and STs, this situation can be interpreted that forward castes are economically well settled in the study area .While SCs and STs are in poor economic conditions under both commercial crops farming and traditional crops farming.

Housing status of the respondent clearly reveals that 26.99 percent of (61) commercial crops farm households have pacca houses, 49.12 percent of (111) farm households have semi-pacca houses and the remaining 23.89 percent (44) of farm households are live in katcha houses. Similarly in traditional crops condition 33.78 per cent (25) of farm household have pacca houses, 56.76 percent of farm households have semi- pacca houses and the remaining 9.46 (7) percent of households are have katcha houses. This clearly indicates the low slandered of living of the commercial crops farm households. That is to say, 25 per cent and 49 percent of commercial crops farm house holds respectively have kattcha semi-pacca houses.

Table-2
Socio economic variables of the respondents

Indicators	Variables	Commercial crops		Traditional crops	
		Number	Percentage	Number	Percentage
Type of family	Joint family	200	88.50	60	81.08
	Nuclear family	26	11.50	14	18.92
Literacy level	Literate	99	43.81	24	32.43
	Literates	127	56.17	50	67.56
Caste category	SC	28	12.39	2	2.70
	ST	7	3.09	0	0.00
	OBC	107	47.35	50	67.570
	General	84	37.17	22	29.57
Housing status	Pacca	61	26.99	25	33.78
	Semi-Pacca	111	49.12	42	56.76
	Katcha	44	23.89	7	9.46
Occupational status	Cultivators	170	75.22	59	79.73
	Agricultural labours	40	17.70	6	8.11
	Service	13	5.75	5	6.76
	Govt of Private employe	3	1.33	4	5.40

Source: Primary data.

Occupation impacts socio-economic status of the household. So occupational distribution of the farm households is examined to know the levels of living. A close scrutiny of the distribution of households under different occupations reveals that the proportion of family members engaged in occupations other than cultivation is 4.51 per cent high in Traditional crops farm households than that of commercial crops farms. 17.70 per cent of commercial crops respondents are dependent on wage labour. Thus it is clear that

there is diversity in the occupational pattern. Still the commercial crops farmers depend on cultivation and wage labour.

Source of Credit

In the commercial crops cultivation, agricultural credit assumes more importance when compared to other traditional crops farming. Limited availability of money for farmers to save does not allow them to finance farm expenses. Though private agencies play an exploitative role, credit through institutional channels is the only way to break agricultural stagnation in commercial crops regions. So the farmers depend on loan from various institutional sources to meet the costs in raising the crops. Farmers are engaged in cultivation to make profit out of capital by investing on land and extracting surplus value from work, but as a means of self-employment and family maintenance. Typically, a farmer in India, particularly in commercial crops regions would still be the owner cultivator, who mainly cultivates land with family labour. The returns they get from land in a large measure are a response of their family labour expected in the production process. However, since cultivation needs cash investments, farmers have to borrow money to carry out the agricultural activities, either from government or from cooperative institution or from private money lenders. It should be kept in mind that unlike other professions and occupations, farmers do not receive their income on a daily or weekly or monthly basis. Income for them comes only at the end of the crop season. So, farmers borrow money not only to meet the cultivation expenses, but also to meet their consumption and family needs. It is also difficult to demarcate clearly the loans taken by farmers as the ones taken for cultivation purpose and family needs, as they may spend the loan amount on both, as the situation demands.

The credit requirements of the farms are met by obtaining loans from institutional and non-institutional agencies. Institutional agencies particularly that provide loan to farmers are banks, cooperative societies and bank sponsored self help groups. The non institutional agencies include commission agents, input dealers, money lenders and others. Source wise distribution of credit by Traditional crops and commercial crops farm households are presented in the table-3. The data evidently shows that more than 50 per cent of both traditional crops and commercial crops farm households are depended on non-institutional sources on an average of Rs 37,794/- among commercial crops farms and Rs 29973/- among traditional crops farms. Moreover, it can be noticed that major chunk of both categories of farm households depends on money lenders. As shows in the table, 33 per cent of commercial crops farms and 40 per cent of traditional crops farm households borrow loans from money lenders to meet the farm expenditures. It clearly shows that the outstanding debt of commercial crops farm households is higher than that of traditional crops farm households among all farming categories. On an average amount of Rs 13,426/- of credit is higher with commercial crops farm households. The small and marginal farms need credit to meet their family expenditure also when they work in their farms. Low return to cultivation and absence of non-farm opportunities are said to be the indication of the larger socio- economic analysis of commercial crops cultivation. This will be alienated by multiple risks like, income, yield, price and credit among others. This has led to the incidence of indebtedness among farm households.

Indebtedness among Farm Households

The indebtedness among farm households is the indication of distress in commercial crops and Traditional crops farm households. The outstanding debt of the farm households by size wise and source wise is presented in the table-4. A farmer gets income from cultivation, and also from other than cultivation, besides, wages employment, non-farm employment, pension and other sources. A farm household is considered to be indebted if he could not repay the loan out of the total receipts from all sources of income at the end of the agricultural year. The indebtedness of farm households is presented in the table. Out of 300 farm households, 226 (75 per cent) are commercial crops farm households and the remaining 25 per cent (74) are traditional crops farm households. The indebtedness is higher by 27.51per cent in

Table-3
Source-wise Distribution of Credit by Traditional crops and Commercial crops farm households

Source	Traditional crops									
	Marginal		Small		Semi-		Medium		Total	
	Amou	%	Amou	%	Amou	%	Amou	%	Amou	%
Banks	8357	22.9	12300	26.8	23978	37.1	30596	35.1	18808	32.1
Co-operative societies	4553	12.4	5693	12.4	4836	7.49	10984	12.6	6517	11.1
Self Help Group	3589	9.85	4109	8.95	3543	5.49	1551	1.78	3198	5.47
Total Institutional (A)	16499	45.2	22102	48.1	32357	50.1	43131	49.5	28522	48.7
Commission agent	2500	6.86	3289	7.17	4896	7.58	8956	10.2	4910	8.39
Input dealers	4479	12.2	3808	8.30	6532	10.1	7998	9.19	5704	9.75
Money lenders	12963	35.5	16698	36.3	20789	32.1	26983	30.9	19358	33.0
Total Non-institutional	19942	54.7	23795	51.8	32217	49.8	43937	50.4	29973	51.2
Outstanding Total (A+B)	36441	100.	45897	100.	64574	100.	87068	100.	58495	100.
	Commercial crops									
Banks	10436	26.0	12829	25.2	20854	27.9	38537	31.5	20664	28.7
Cooperatives	4631	11.5	7247	14.2	10046	13.4	18733	15.3	10164	14.1
Self Help Group	4254	10.6	3205	6.30	2800	3.75	2935	2.40	3299	4.59
Institutional outstanding	19321	48.2	23281	45.7	33700	45.1	60205	49.2	34127	47.4
Commission agents	3207	8.02	3912	7.69	6033	8.08	8397	6.87	5387	7.49
Input dealers	2800	7.00	3200	6.29	3904	5.23	3111	2.55	3254	4.52
Money lenders	14680	36.6	20477	40.2	30987	41.5	50467	41.3	29153	40.5
Non-Institutional	20687	51.7	27589	54.2	40924	54.8	61975	50.7	37794	52.5
Outstanding Total (A+B)	40008	100.	50870	100.	74624	100.	12218	100.	71921	100.

Source: Primary Data

commercial crops cultivation .The prevalence of indebtedness is increasing with the increasing farming category among the both traditional crops and commercial crops farm households except among medium and large farms in commercial crops cultivation. The percentage of indebtedness of all the farm sizes is higher in commercial crops farming than that of traditional crops farming.

Table-4
Distribution of category-wise respondents by Credit (Debt)

Farming Category	Commercial crops			Traditional crops		
	Number of Sample households	Number of Indebted households	Average amount per acre	Number of Sample households	Number of Indebted households	Average amount per acre
Marginal	55	48 (87.27)	22682	13	7 (53.85)	18500
Small	79	72 (91.14)	35650	19	10 (52.63)	32787
Semi-medium	51	47 (92.16)	49423	26	15 (57.69)	44623
Medium and large	41	33 (80.49)	78567	16	10 (62.30)	75743
Total	226	194 (85.84)	42723	74	42 (58.33)	41846

Source: Primary Data

Note : Figures in parenthesis indicates the percentage to farming category.

It is 33.42 per cent higher in marginal farms, 38.51 per cent higher in small, 34.47 per cent in semi-medium and 18.19 per cent in medium and large farms. The average amount of debt per acre in Traditional crops farms is Rs 18,500 of marginal farms, Rs 32,787/- of small farms, Rs 44,623/- of semi-medium farms and Rs 75,743/- of medium and large farms, while the amounts of debts are Rs 22,682/- of marginal, Rs 35,650/- of small, Rs 49,423/- of semi-medium and Rs 78,567/- of medium and large respectively in commercial crops farms. This clearly shows that the indebtedness is higher by 27.51 per cent in commercial crops cultivation. The prevalence of indebtedness is increasing with the increasing farming category among the both Traditional crops and commercial crops farm households. And also shows a slight variation between commercial crops and Traditional crops farms in per acre average debt amount. It is reported that the institutional credit availability is not sufficient for the farmers to meet the required agricultural expenses besides difficulty in securing loans from institutional sources due to their restrictive formalities. So the farmers go for credit from non-institutional sources. Further, as the returns are not favorable, they are borrowing from non-institutional sources to repay loans taken from the institutional sources. It leads to a situation that debt gets accumulated over the years. Thus the debt brings out situation of debt trap among farm households. This clearly reveals the distress conditions of farm households and ultimately its leads to farmers' suicides in the commercial crops cultivation.

UTILIZATION OF LOAN AMOUNT

The main purpose of agricultural loan is to meet the expenses in crop cultivation. The farmers get income only at the end of crop season. As there is no other main source of income other than agriculture, the farmers borrow money not only to meet the agricultural expenditure but also to meet the consumption expenses and other socio-domestic needs. In this regard, the relation between indebtedness and loan utilization has to be examined to understand the roots of indebtedness. The utilization of loan by farm households is presented in the table-5. The table shows that 58.20 per cent of commercial crops farmers and 68.68 per cent of traditional crops farmers are utilizing loan for productive purpose, while 41.81 per cent of commercial crops farmers and 31.62 per cent of traditional crops farm households are spending the loan amount on unproductive purpose. When compared, the utilization of loans on productive purposes among traditional crops is 10 per cent higher than that of commercial crops farms. Regarding utilization of loan amount on unproductive purpose is 10 per cent of higher among commercial crops farm households. It is to be noticed that the utilization of loan for unproductive purpose is higher among marginal and small farm households in both traditional crops and commercial crops conditions. The data clearly reveals that the indebtedness among farm households is due to un-productive consumption like social ceremonies, marriages and other religious ceremonies and may be causing for piling up of indebtedness.

Table - 5
Utilization of Loan Amount

Purpose	Commercial crops					Traditional crops				
	Marginal	Small	Semi medium	Medium and Large	Total	Marginal	Small	Semi medium	Medium and Large	Total
Agricultural inputs	26.75	32.90	35.89	40.85	34.10	46.75	42.9	39.68	52.8	45.53
Labour charges	20.46	25.82	25.73	24.38	24.10	20.46	20.82	25.73	24.38	22.85
Productive purposes	47.21	58.72	61.62	65.23	58.20	67.21	63.72	65.41	77.18	68.38
Health	6.35	4.98	11.54	9.22	8.02	3.35	4.98	11.54	2.22	5.52
Education	10.77	5.38	6.87	6.31	7.33	6.77	5.38	5.87	1.31	4.83
Marriage/ rituals	6.50	3.07	2.23	3.14	3.74	2.14	3.07	2.23	2	2.36

House construction	15.63	17.85	12.74	10.10	14.08	8.53	12.85	9.95	7.3	9.66
Consumption	13.54	10.00	5.00	6.00	8.64	12	10	5	10	9.25
Un-Productive purposes	52.79	41.28	38.38	34.77	41.81	32.79	36.28	34.59	22.83	31.62
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Primary Data

Note: Figures in parenthesis indicates the percentage to the total

Functional Analysis:

It is important to study the factors associated with indebtedness. Linear regression is tried to analyse the relative indebtedness of the farm households categorized from the three regions as given below.

$$Y_i = a_0 + a_1X_1 + a_2X_2 + a_3X_3 + a_4X_4$$

$$Y_{ui} = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4$$

Y_i = Indebtedness in Traditional crops region

Y_{ui} = indebtedness in Commercial crops region.

X_1 = Income from Cultivation

X_2 = ratio of credit from non- institutional source to that from institutional sources

X_3 = Income from subsidiary occupation

X_4 = Expenditure on unproductive purpose of borrowed fund

X_5 = Educational level

X_7 = family size

In order to analyze the variation in the significance of factors influencing the magnitude of indebtedness, region wise analysis has also been done and it has presented in the table-6. The estimated of regression coefficient suggested that the variation in the magnitude of indebtedness among the two regions of the farm households in the study area explained size of the family, ratio of credit from institutional and non-institutional sources, income from subsidiary occupation, expenditure on unproductive purpose, educational status and farm size.

The regression coefficients for family size in all the selected region traditional crops and commercial crops region are positive and non significance. The regression coefficient for ratio of credit from non institutional sources and expenditure on unproductive purpose are found to be positive and non significance. The income from subsidiary occupation is found to be negative in commercial crops region in case of Traditional crops farm marginal and small farm households are also found to be negative signs, relationship with indebtedness and educational levels has a negative signs. These variables are significant at one per cent level of probability commercial crops regions. The educational level of the farm households has inverse relationship with indebtedness and also the farm size. The variation of expenditure on unproductive bears a direct relationship with indebtedness implying an expenditure on unproductive purpose it is found to be high in commercial crops regions. This indicates that the capacity of the farmers to taken loans increases with increasing the farm size. The values of R square are of the order of 0.68 and 0.80 in the both commercial crops and Traditional crops regions respectively.

Table-6
Factors Determining Indebtedness of farm households in the study area

Factors	Marginal	Small	Semi-Medium	Medium and Large	Total
Commercial crops					
Family size	0.8926 (1.58)	0.732** (1.32)	0.6332** (1.01)	0.9156* (1.86)	0.8326** (2.01)
Credit	0.853* (1.88)	0.7314* (1.99)	0.536** (1.87)	0.966** (4.10)	0.8774* (2.12)
Income	-0.1763* (2.25)	-0.5393* (3.23)	-0.578* (3.03)	0.356* (2.75)	-0.653* (2.00)
Expenditure on unproductive purpose	0.703** (1.02)	0.615** (2.05)	1.532*** (2.86)	1.895** (3.02)	0.981** (2.39)
Education	-0.5652* (3.02)	-0.9562* (2.85)	-1.236* (3.58)	-0.0378** (1.05)	-0.4532* (2.98)
Farm size	0.2782** (0.94)	0.5563** (1.55)	0.783* (1.58)	0.795* (1.60)	0.5982** (1.458)
R2	0.69	0.75	0.74	0.69	0.68
Traditional crops					
Family size	0.8514 (1.34)	0.710** (1.19)	0.5220*** (1.10)	0.498* (1.92)	0.786* (2.00)
Credit	0.729* (1.90)	0.614* (1.80)	0.869*** (1.95)	0.967* (4.10)	0.8867* (2.09)
Income	-0.504* (3.24)	-0.6822** (1.04)	0.3016** (4.23)	0.215** (1.80)	0.012* (1.18)
Expenditure on unproductive purpose	1.218** (1.05)	0.5525** (1.03)	0.3974* (2.27)	0.121* (1.50)	0.653* (1.25)
Education	0.1839 (2.96)	-1.576* (3.12)	-0.3507 (2.48)	0.190 (2.45)	-0.2589* (3.04)
Farm size	0.1743*** (0.94)	-0.4322 (1.20)	0.7833** (1.34)	0.2303* (0.58)	0.2312** (2.96)
R2	0.72	0.74	0.89	0.92	0.80

Source: Primary Data

Note: Figures in Parentheses indicate t- values

*Significant at one per cent

** Significant at five per cent

*** Significant at ten per cent

SUGGESTIONS

Keep the emerging challenges in view the present study made the following suggestions for improving the distressed situation of farmers and farming in commercial crops agriculture

- There is a need to emphasis rural economic diversification to more value-added activities and non-agriculture activities.
- Provision of irrigation facilities through watershed and micro irrigation system will improve farm income and farm labour employment through improvement in the cropping intensity.

- National Rural Employment Programme in the commercial crops regions could be dedicated to improve the watershed areas.
- To provide insurance for crops in case of crop failure due to floods or droughts
- The crisis in agriculture cannot be tackled effectively within the framework of agriculture alone. Improving the quality of education in rural areas and small towns needs urgent attention. It can equip farmers with capacity to acquire knowledge of technology and obtain opportunities not only from agriculture but also from outside. Similarly, rural infrastructure including roads, warehouses, computer access etc. need vast improvement. It could facilitate diversification of the rural economy.
- Setting up of an 'Agri Risk Fund' which could help in mitigating risks of the lending banks and the hardships of the farmers.
- Live stock based farming system should be encouraged.
- There is need to undertake a significant shift in Government investment from Traditional crops areas to rainfed areas, with a major emphasis on afforestation and soil conservation projects organised on watershed basis.
- Seed banks must be established with government support in order to help farmers adopt contingent strategies whenever.
- There is need to strengthening the policies of Price support and procurement mechanism for crops grown in rainfed area.
- Government should avail insurance policies that should be covering all the farmers in commercial crops regions. The bankers should bear the burden of payment of insurance premium instead of farmers.
- In case of crop failure insurance amount should be paid in the same crop season.

CONCLUSION

The empirical data clearly shows that the indebtedness among farm households is the indication of distress in commercial crops and Traditional crops farm households. Out of 300 farm households, 226 (75 per cent) are commercial crops farm households and the remaining 74 (25 per cent) are traditional crops farm households. The indebtedness is higher by 27.51 per cent in commercial crops cultivation. The prevalence of indebtedness is increasing with the increasing farming category among the both traditional crops and commercial crops farm households except among medium and large farms in commercial crops cultivation. The percentage of indebtedness of all the farm sizes is higher in commercial crops farming than that of traditional crops farming. And also shows a slight variation between commercial crops and Traditional crops farms in per acre average debt amount. The data shows that 58.20 per cent of commercial crops farmers and 68.68 per cent of traditional crops farmers are utilizing loan for productive purpose, while 41.81 per cent of commercial crops farmers and 31.62 per cent of traditional crops farm households are spending the loan amount on unproductive purpose. The data clearly reveals that the indebtedness among farm households is due to un-productive consumption like social ceremonies, marriages and other religious ceremonies and may be causing for piling up of indebtedness. The regression coefficients for family size in all the selected region traditional crops and commercial crops region are positive and non significance. The regression coefficient for ratio of credit from non institutional sources and expenditure on unproductive purpose are found to be positive and non significance. The income from subsidiary occupation is found to be negative in commercial crops region in case of traditional crops farm marginal and small farm households are also found to be negative signs, relationship with indebtedness and educational levels has a negative signs. These variables are significant at one per cent level of probability commercial crops regions. The educational level of the farm households has inverse relationship with indebtedness and also the farm size. The variation of expenditure on unproductive bears a direct relationship with indebtedness implying an expenditure on unproductive purpose it is found to be high in commercial crops regions. This indicates that the capacity of the farmers to taken loans increases with increasing the farm size. The values of R square are of the order of 0.68 and 0.80 in the both commercial and traditional crops regions respectively.

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