

Financial Position of Farmers in Pune District: A Primary Data-Based Analysis

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1. Abstract

This research investigates the financial condition of farmers in Pune district through a primary field survey and descriptive analysis. The study focuses on income generation, consumption expenditure, saving behavior, borrowing pattern, irrigation access and resource constraints. Primary data were collected through structured questionnaires and analyzed using averages, ratios and percentage distribution. The findings indicate that irrigation support, institutional finance and landholding size significantly influence financial stability. Farmers depending on informal credit sources exhibit higher debt vulnerability and weaker savings performance. The study proposes actionable policy suggestions including strengthening cooperative credit institutions, expanding irrigation networks and promoting financial literacy. The contribution of this paper lies in its district-level micro evidence, which complements macro agricultural finance literature and provides localized insights for policy intervention.

Keywords: *Agricultural finance, Rural economy, Indebtedness, Institutional credit.*

2. 1. Introduction

Agriculture continues to remain a central pillar of India's rural economy, providing livelihood security to a large proportion of the population. Although structural transformation has increased the role of industry and services, agriculture still contributes significantly to employment and food security. Economic sustainability of rural households therefore depends primarily upon the financial health of farming families.

Pune district holds economic and agricultural importance in Maharashtra due to its proximity to urban markets, irrigation coverage and diversification into high-value crops. Despite favorable conditions,

farmers' incomes remain uncertain due to rising cost of cultivation, climatic instability and market fluctuations. These risks have widened income inequality among farmers based on infrastructure access and asset ownership.

Financial position of farmers cannot be understood solely through income; it also requires assessment of expenditures, liabilities, assets and saving capacity. Rising indebtedness has been recognized as a major threat to rural stability and farmer welfare. Understanding local financial dynamics is therefore necessary to design location-specific agricultural development strategies.

This paper aims to evaluate the financial condition of farmers in Pune district by analyzing income levels, borrowing patterns, savings behaviour and infrastructural support. The research is designed to provide evidence-based conclusions which may serve as reference for policy-makers, researchers and agricultural institutions.

3. 2. Review of Literature

Multiple studies highlight rural indebtedness as a persistent problem in India's agricultural sector. Researchers emphasize that low productivity and volatile income often force farmers to depend on external credit for working capital.

Agricultural economists have examined the determinants of farm profitability and found that irrigation infrastructure and mechanization significantly enhance yields. National-level surveys indicate that farmers with access to institutional credit demonstrate better consumption smoothing and capital formation.

Financial inclusion literature points out that although banking services have expanded in rural India, operational complexity restricts accessibility. Informal credit markets continue to dominate in remote villages due to flexibility and ease of availability despite higher costs.

Researchers further assert that education levels among farmers play an important role in the adoption of technology and financial discipline. Access to extension services and market information improves price realization and risk management capacity.

However, district-level microeconomic analysis remains limited in Maharashtra, especially with respect to financial health indicators. The present study fills this gap by presenting first-hand quantitative evidence from Pune district using structured survey data.

4. 3. Statement of Problem, Objectives and Hypotheses

Problem Statement:

Despite developmental initiatives, farming households in Pune district continue to face economic instability, rising debt and uncertain income patterns. District-level analysis is inadequate to support targeted financial intervention.

Objectives:

1. To analyze income and expenditure patterns among farmers.
2. To assess debt levels and borrowing sources.
3. To examine the impact of irrigation facilities on income.
4. To study saving behavior.
5. To suggest policy improvements.

Hypotheses:

- H1: Irrigation positively affects farm income.
- H2: Institutional credit improves financial stability.
- H3: Farm size has a direct relationship with income.

5. 4. Research Methodology

The study adopts a descriptive research design with an analytical approach. Primary data were collected through a structured questionnaire covering agricultural operations, income, expenditure, credit usage and savings behavior.

Sampling Framework:

A sample of 120 farmers from Ambegaon, Baramati, Junnar, Khed, Daund, Shirur and Mulshi talukas was selected using stratified random sampling. Farmers were categorized into small, medium and large landholding groups.

Data Processing Techniques:

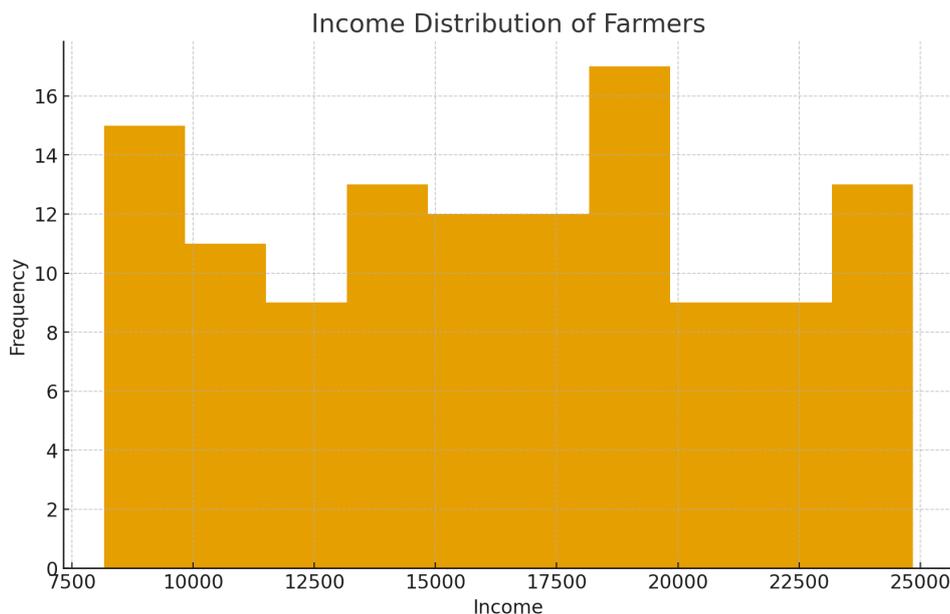
Collected data were tabulated and analyzed using averages, ratios and distribution analysis. Graphs and tables were used to represent trends and relationships.

6. 5. Data Analysis and Discussion

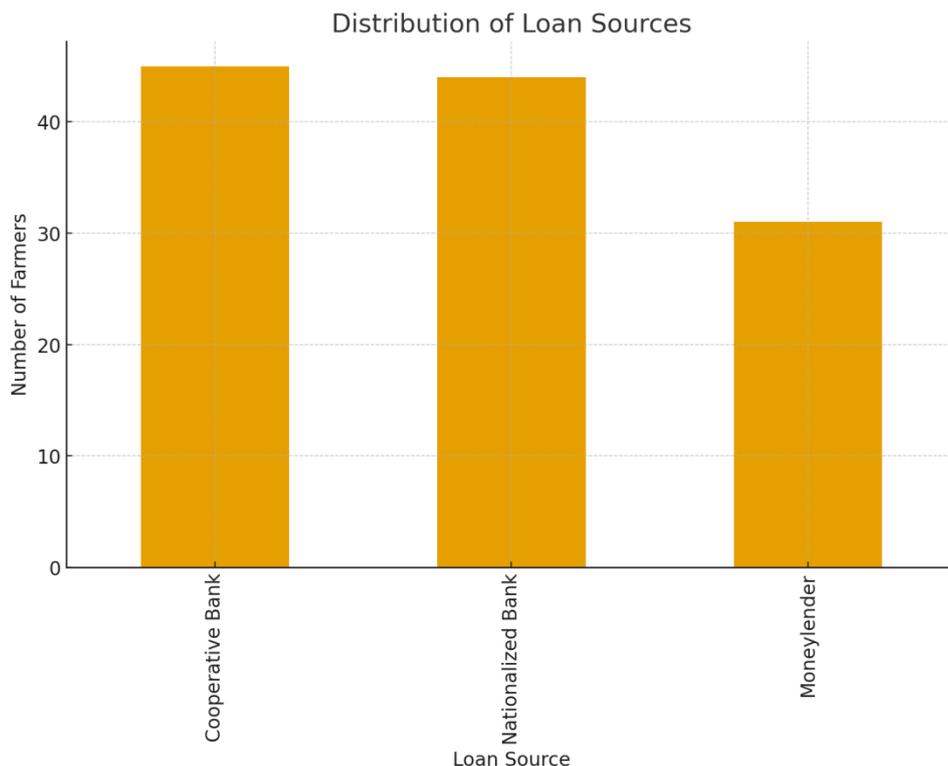
6.1. 5.1 Summary Statistics

Indicator	Mean	Median	Minimum	Maximum
Income	16319.87	16481.00	8161	24850
Expenditure	12348.58	12111.50	5197	19582
Savings	2900.34	3077.50	633	4992

6.1. 5.2 Income Distribution



6.1. 4.3 Loan Source Distribution



Income distribution analysis revealed significant variation across farm categories. Irrigated farmers reported higher crop yields and income stability.

Cost structure analysis highlights fertilizer, seeds, labour and electricity as major operational expenditures. Rising input prices adversely affect small farmers who possess limited financial buffers.

Debt assessment suggests that institutional banks remain the primary finance source; however dependence on private moneylenders persists. High interest rates and informal repayment arrangements increase financial burden.

Savings analysis indicates limited long-term financial planning among farming households. Expenditure dominance over income restricts accumulation of savings, creating vulnerability.

These findings support hypotheses H1 and H2, validating irrigation and institutional credit as essential drivers of financial wellness.

7. 6. Findings

1. Irrigation significantly enhances income.
2. Institutional credit reduces borrowing cost.
3. Moneylender credit increases vulnerability.
4. Small farmers remain financially fragile.
5. Savings culture remains weak.

8. 7. Policy Implications

Policy focus should prioritize irrigation infrastructure expansion.

Institutional credit processes must be simplified.
Financial literacy programs must be integrated into extension services.
Support for cooperative societies should be increased.
Crop insurance and market linkage frameworks need strengthening.

9. 8. Limitations

9.1

The study is limited to Pune district.
Sample size restricts generalization.
Self-reported data may contain bias.
Time constraints limited broader variable inclusion.

9.2 9. Recommendations

- Strengthen formal institutional credit systems.
- Promote crop diversification and insurance.
- Increase financial literacy and digital banking adoption.
- Encourage collective farming and FPO participation.

10. 10. Conclusion

The study establishes that infrastructural access and institutional finance play decisive roles in agricultural financial stability. While regional advantages exist, income insecurity persists for marginal farmers. Integrated policy intervention is essential to ensure sustainable rural development.

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