

## **Socio-Economic Conditions of Rural Labourers in Punjab: A Case Study of District Barnala**

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### **Abstract**

*The present paper examines the socio-economic conditions of different social groups of rural labour households in district Barnala of Punjab. The study revealed that the majority of the sampled labour households are living in semi-pucca houses. Hiring out labour in non- agriculture sector is the most important component of household income followed by the income from hiring out labour in agriculture sector and income from remittances. Income of these households is very low and not sufficient to meet their family requirements. The consumption pattern of these households is subsistence in nature. A large share of the total consumption expenditure by these categories is allocated to non-durables items. The average propensity to consume comes to be more than one. The value of assets appears to be highly correlated with caste. The value of assets is higher for the general caste households than the backward and scheduled caste households. About 47 per cent of the total labour households are under debt. An average sampled labour household incurred about 58 per cent of the total loan from institutional agencies and the remaining 43 per cent of the total loan is taken from non-institutional agencies.*

**Keywords:** Rural labour, Education, Income, Assets, Consumption expenditure, Loan

**JEL Codes:** H31, J17, R29

### **Introduction**

Rural labour is the most significant and important factor of production from social and economic point of view. A rural labour is defined as 'one who does manual work in rural areas in return for wages in cash or kind' (GoI, 2011). Rural labour, whether in agriculture or non-agriculture, constitute the bottom of the hierarchy in rural economy, society and polity. This reality has not changed for centuries, globalization and the fast growth of the gross Domestic Product over the past few decades notwithstanding (Unni, 2014). In India about two-third of the total labour force lives in the rural areas. Wage paid employment is the main source of their livelihood. The income level of these workers is quite low and employment is quite irregular. Further, these workers lack alternative employment due to lack of training and skills (Sagar, 2017). The poverty level was 33.3 per cent in rural India, it was 49.4 per cent

among the labour (Krishan and Shariff, 2011).

The caste system prevailing in India was responsible for the origin of rural labour. In India landowners belong to the upper caste, tenants to the intermediate caste and landless labour to the lower caste. The landowners were forbidden from doing manual labour. So, they leased- out their land to tenants or employed the lower class landless labourers (Tandon, 1984). They possess virtually no human and physical assets and derive their livelihood from wage paid manual labour in agricultural activities. Among different economic groups, they are the least organised, most vulnerable, economically disadvantaged and highly impoverished (Sharma, 2005). Majority of the rural labours are working in unorganized sector. So, they could not organize in unions. Only a few rural labourers are aware about the social welfare schemes. Government measures to improve their lot by legislation have proved ineffective so far due to powerful hold of the rural classes in the rural economy

(Vetrivel and Manigandan, 2013). Though the situation has improved to some extent during last 65 years of Independence, even now this class of agricultural workers is the poorest and resource starved class in rural areas (Naidu *et al*, 2015).

The Green Revolution almost affected each and every aspect of the agriculture sector in Punjab. All the sections related to agriculture sector were not equally benefited from Green Revolution. It does not provide the benefits to the rural labour. They were expecting the increase in the wages due to the increase in the productivity and also some increase in demand of labour. But this did not happen because of the migration of labour from Uttar Pradesh and Bihar into Punjab, increasing supply effectively suppressed the level of wages. Due to the increased use of farm machinery such as combine harvesters and the use of weedicides, the demand for human labour in the farm sector decreased significantly since the late 1980's. On the one hand, demand for labour has declined and on the other hand, there is heavy demand for casual labour during sowing and harvesting periods, which are termed as peak periods (Ghuman *et al*, 2007). The agricultural labourers are victims of social, political and economic exploitation and discrimination. The earning of labourers is so low to meet their requirements for livings (Singh and Singh, 2016).

Punjab economy has undergone structural change in favour of non-agriculture sector. The share of agriculture in state's GDP has gone down during the last three decades. The agriculture sector does not able to provide employment to the existing workforce in rural areas. The gap between job seekers in the rural areas and employment opportunities in agriculture has widened, the non-farm sector was slowly increasing the employment opportunities to rural labour in Punjab. The rural non-farm sector is trying to absorb the incremental labour force and surplus workforce in Punjab agriculture. There has been a moderate shift of rural workers from agriculture to non-agriculture sector (Biradar and Bagolhoti, 2001).

Punjab is an agrarian rich state but there is an unequal distribution of land which is a major productive asset in the rural areas. Majority of weaker sections mainly scheduled caste and backward caste households are landless (Singh and Singh, 2017). The agricultural labourers are unable to meet their consumption expenditure with their income. This consumption

income gap compels to take debt to meet their daily requirements (Singh *et al*, 2017). Agricultural labour households have to take loans at a high rate of interest from non-institutional agencies because they are not able to give adequate security or surety for getting loans from institutional agencies (Singh and Singh, 2016). They are found to be more indebted to large farmers and landlords. These labour households did not use the debt to buy any luxuries but to arrange basic needs of consumption and medical treatment. About 40 percent of Punjab's rural labour spend around 62 percent of their total income on food (Bharti, 2016). In any agrarian economy, seasonality along with other adversities, uncertainty in availability of work/employment and thereby the resources to meet their basic consumption needs of the household members and production purposes leading the poor labours surrender themselves to the terms and conditions of their employers or landlords. The higher land rents, lower wage rates and higher interest rate have further increased the dependency of labourers on the employer/landlord and, many a times, leading to perpetual bondage (Sarap and Venkatanarayan, 2016).

The rural labour in Punjab has been facing some serious problems. Most of rural labourers belong to socially backward classes and castes. Therefore, they are depressed classes, which have been neglected for ages. They are not organized and cannot fight for their rights (Raju, 2017). The rural labourers are generally illiterate and unskilled workers. They have no skill and training and no alternative employment opportunities. There appears to be near full employment in the case of rural labourers only during the sowing and harvesting seasons. Once the harvesting season is over, majority of the labourers become jobless in the rural areas. The present paper makes an effort to examine the socio-economic conditions of the different social groups of rural labour households in district Barnala.

### Data Sources and Methodology

This study is based on primary survey and focused on socio-economic conditions of labour households living in the rural areas of district Barnala of Punjab. The data were collected for the agricultural year 2015-16. There are three development blocks in district Barnala. For the purpose of this study, two villages from each development block have been selected on random basis. Thus, in all, six villages are selected from the district for the survey. A representative proportional sample of

all households comprising scheduled caste, backward caste, general caste has been taken up for the survey. As many as 15 percent households out of total households are selected for the survey on random basis. As a result, total 213 households have been investigated. Out of 213 households, 151 households belong to scheduled caste, 30 to backward caste and 32 to general caste.

## Results and Discussion

### Education level of sampled households

Attainment of education helped the individual to raise his social and economic status in various ways. Higher levels of education and literacy lead towards greater awareness among the social groups and also contributed in improvement of their socio-economic conditions (Khaton, 2013). The level of education of sampled labour households is shown in Table 1. The table shows that out of total persons, 34.34 per cent have no formal education. 34.59, 21.73 and 41.61 per cent of the total persons have no formal education in the case of scheduled caste, backward caste and general caste labour households, respectively. 37.58 percent of total persons got education up to primary level for all the sampled labour households. This proportion is the highest for the backward caste labour households followed by the scheduled castes and general caste labour households. 14.12 percent persons have got education up to matric; this proportion is the highest for the backward caste labour households and the lowest for the scheduled caste labour households. About 10

per-cent of the total persons got education up to the secondary level for all the sampled labour households. Among different caste categories, the higher proportion of persons having secondary education belongs to the general caste labour households and the lowest proportion of persons who got secondary education belong to the scheduled caste labour households. Only 4.15 percent of the total persons have got education up to graduate and above. Their proportion is the highest for the scheduled caste labour households followed by the backward caste and general caste labour households.

### Economic status of sampled households

The data showing the number of earners, earning dependents and dependents is provided in Table 2. Out of total 1083 persons, 28.16 per cent are earner, 26.13 per cent are earning dependents and remaining 45.70 per cent are totally dependents.

The general caste category has the highest proportion (35.40 %) of earning persons while the scheduled caste category has the lowest proportion of earning persons (26.24 %). The scheduled caste labour households have the highest proportion (48.43%) of dependents and the lowest proportion (34.16 %) of dependents is for the general caste households. The general caste labour households has the highest proportion (30.43 %) of earning dependents persons followed by the scheduled caste and backward caste labour household with respective percentage as 25.32, 25.64, respectively.

**Table 1. Educational level of sampled labour population**

Education Level	Scheduled Caste	Backward Caste	General Caste	All Sampled
No formal education	265 (34.65)	40 (25.64)	67 (41.61)	372 (34.34)
Up to primary	306 (39.94)	67 (42.96)	34 (21.11)	407 (37.58)
Up to matric	107 (13.96)	23 (14.74)	23 (14.26)	153 (14.12)
Up to secondary	62 (8.09)	15 (9.61)	29 (18.01)	106 (9.78)
Graduate & above	26 (18.01)	11 (7.05)	8 (4.96)	45 (4.15)
Total	766 (100)	156 (100)	161 (100)	1083 (100)

Source: Field Survey, 2015-16

Note: Figures in brackets are column-wise percentages

**Table 2. Economic status of sampled labour population**

Description	Scheduled Caste	Backward Caste	General caste	All Sampled
Earners	201 (26.24)	47 (30.12)	51 (35.40)	305 (28.16)
Earning Dependents	194 (25.32)	40 (25.64)	49 (30.43)	283 (26.13)
Dependents	371 (48.40)	69 (44.23)	55 (39.16)	495 (45.70)
Total	766 (100)	156 (100)	161 (100)	1083 (100)

Source: Field Survey, 2015-16

Note: Figures in brackets are column-wise percentages

### Family structure among sampled households

Table 3 shows that 64.32 per cent of the total households are living in nuclear families. This proportion is the highest for the backward caste labour households followed by the scheduled caste and general caste labour households. For all the sampled labour households 35.68 per cent of the total households have joint families. This proportion is the highest for the general caste labour households followed by the scheduled caste and backward caste labour households.

### Housing condition

The data showing the type and condition of houses of the sampled rural labour households is provided in Table 4. This table shows that majority of the labour households, i.e., 54.93 are living in semi *pucca* houses. This proportion is the highest for the backward caste labour households and the lowest for the scheduled caste labour household. As many as 29.58 per cent labour households are living in *Katcha* houses. This proportion is as high as 37.08 per cent for the scheduled caste labour households. Only 15.49 per cent of the labour households are living *pucca* houses. This proportion is

the highest for the general caste households followed by the backward caste and scheduled caste labour household.

If we look at the housing conditions of the different social groups of labour households in district Barnala, 67.14 per cent labour households own the houses of average condition, 27.23 per cent, own dilapidated houses, and only 5.63 per cent own houses of good conditions. For the backward caste labour households, 63.33, 23.34 and 13.33 per cent households have houses of average, dilapidated and good conditions, respectively. For the general caste labour households, this proportion is 75, 12.16 and 9.38 respectively. This proportion for the scheduled caste labour households is 66.22, 30.46 and 3.32 respectively. The analysis reveals that the general caste labour household has better housing facilities as compared to the backward and scheduled caste labour households.

### Levels and pattern of income

The transformation through the Green Revolution increased employment and income in agriculture sector in rural Punjab. But this Green Revolution has not

**Table 3. Family type of sampled labour households**

Description	Scheduled Caste	Backward Caste	General caste	All Sampled
Nuclear	100 (66.22)	21 (70)	16 (50)	137 (64.31)
Joint	51 (33.77)	9 (30)	16 (50)	76 (35.68)
Total	151 (100)	30 (100)	32 (100)	213 (100)

Source: Field Survey, 2015-16

Note: Figures in brackets are column-wise percentages.

**Table 4. Type and condition of houses of sampled labour households**

Description	Scheduled Caste	Backward Caste	General Caste	All Sampled
Semi <i>pucca</i>	81 (53.92)	18 (60)	18 (56.25)	117 (54.93)
Katcha	56 (37.09)	3 (10)	4 (12.5)	63 (29.58)
Pucca	14 (9.27)	9 (30)	10 (31.25)	33 (15.49)
Total	151 (100)	30 (100)	32 (100)	213 (100)
<b>Condition of House</b>				
Good	5 (3.32)	4 (13.33)	3 (9.37)	12 (5.63)
Average	100 (66.22)	19 (63.33)	24 (75)	143 (67.13)
Dilapidated	46 (30.46)	7 (23.33)	5 (12.15)	58 (27.23)
Total	151 (100)	30 (100)	32 (100)	213 (100)

Source: Field Survey, 2015-16

Note: Figures in brackets are column-wise percentages.

made any significant impact on the wellbeing of rural labourer. Their income is not sufficient to meet their requirements. The levels and pattern of income of the different social groups of rural labour households are presented in Table 5. It can be seen that an average sampled labour household earns Rs 63965 per annum in the rural areas of district Barnala. There are considerable variations in the levels of income earned by the different social groups of rural labourer. It is Rs 61070, Rs 64783 and Rs 76856 for the schedule caste, backward caste and general caste labour households, respectively. Hiring out labour in non- agriculture sector is the most important component of household income followed by the income from hiring out labour in agriculture sector and income from remittances. As the labourers are landless, they have no other choice to hire out their labour power. Income of these households from different sources is very low and not sufficient to meet their requirements of food intake and other important facilities.

The analysis of relative shares of income from various sources reveals that the main source of income in the case of an average sampled labour household is the hiring out labour in non- agriculture sector. On an average, 40.65 per cent of the total income consists

of income from hiring out labour in non- agricultural sector. The scheduled caste, backward caste and general caste labour households received 42.83, 35.76 and 36.33 per cent, respectively of their total annual household income from this source. The second important source of income of an average sampled labour household is income from hiring out labour in agricultural sector. About 29 per cent of the total income comes from this source. This proportional share is the highest for the scheduled caste labour households followed by the backward caste and general caste labour households. Income from remittances ranks third contributing 9.01 per cent to total income. This proportional share is as high as 10.15 and 8.77 per cent for the general caste and scheduled caste labour households, respectively and it is 8.70 per cent for the backward caste labour households. The fourth place in the income pattern of the labour households goes to income from salaries. An average sampled labour household earns 8.25 per cent of its total income from salaries. The general caste labour household earns 16.71 per cent from this source of income. The relative share of salaries for the scheduled caste and backward caste labour households is 16.47 and 4.26 per cent, respectively. The income from pensions contributes 4.43 per cent

**Table 5. Annual income of sampled labour households**

Sources of Income	(Rs/annum/household)			
	Scheduled Caste	Backward Caste	General Caste	All Sampled
Hiring out labour in agriculture sector	19740 (32.32)	19633 (29.84)	10937 (14.23)	18403 (28.57)
Hiring out permanent labour in agriculture	6470 (10.59)	3333 (5.15)	0.00	5056 (7.90)
Hiring out casual labour in agriculture	13270 (21.73)	16300 (25.16)	10937 (14.23)	13349 (20.87)
Hiring out labour in non-agriculture sector	26159 (42.83)	23167 (35.76)	27922 (36.33)	26002 (40.65)
Milk and milk products income	652 (1.07)	667 (1.03)	7928 (10.32)	1748 (2.73)
Salaries	2603 (4.26)	10667 (16.47)	12844 (16.71)	5277 (8.25)
Pensions	2967 (4.86)	2100 (3.24)	2891 (3.76)	2833 (4.43)
Remittances	5358 (8.77)	5633 (8.70)	7803 (10.15)	5764 (9.01)
Farm business income	331 (0.54)	1333 (2.06)	4438 (5.77)	1089 (1.70)
Income from MGNREGA	2605 (4.26)	283 (0.45)	156 (0.20)	1910 (2.99)
Others*	655 (1.08)	1300 (2.01)	1937 (2.52)	939 (1.47)
Total	61070 (100)	64783 (100)	76856 (100)	63965 (100)

Source: Field Survey, 2015-16

\*Others: it includes income from sources such as shop keeping, tailoring, beauty parlour etc.

Note: Figures in brackets are column-wise percentages

to the total income for an average sampled labour household. This proportional share is the highest for the scheduled caste labour households and the lowest for the backward caste labour households. Rural employment program, MGNREGS (Mahatma Gandhi national rural employment guarantee scheme) contributes about 3 per cent to the total income of an average sampled labour household. 2.73 per cent of the total income is earned from milk and milk products. This proportion is 10.32 per cent for the general caste labour households.

From the above analysis it can be concluded that the scheduled caste and backward caste labour household earns major part of their income by hiring out labour in agriculture and non-agriculture sectors. For the general caste labour households, the major sources of income

are hiring out labour in non-agriculture sector. The general caste labourers hesitate to hiring out labour in agriculture and go for other employment options. This is due to the reason that these households own small part of land or socio-cultural environment prevents them to do so.

#### Levels and pattern of consumption expenditure

Despite the fact that the green revolution has improved productivity, availability and access of food in the State there has been not been a commensurate decrease in the levels of hunger and under-nutrition among different vulnerable segments of its population (Bhatia, 2013). The consumption expenditure of labour households is demonstrated in Table 6. The annual

**Table 6. Annual consumption expenditure of sampled labour households**

Items of Consumption	(Rs/annum/household)			
	Scheduled Caste	Backward Caste	General Caste	All Sampled
Non-durables	44136 (62.72)	50884 (60.18)	52198 (52.25)	46298 (60.28)
Durables	10627 (15.10)	16687 (19.73)	22522 (22.54)	13268 (17.27)
Services	11601 (16.49)	13786 (16.30)	14541 (14.55)	12350 (16.08))
Marriages and Socio-religious ceremonies	4009 (5.70)	3197 (3.78)	10647 (10.66)	4892 (6.37)
Total	70373 (100)	84554 (100)	99908 (100)	76808 (100)

Source: Field Survey, 2015-16

Note: Figures in brackets are column-wise percentages

consumption expenditure of an average sampled labour household is Rs 76808. The households belonging to the scheduled caste labour households have recorded annual per household consumption expenditure of Rs. 70373, the backward caste labour household have annual per household consumption expenditure of Rs. 84554, whereas the annual consumption expenditure for the general caste labour households has been recorded at Rs. 99908. The consumption expenditure of the general caste households is higher as compared to the scheduled caste and backward caste labour households. The consumption expenditure of the general caste labour household is found to be 1.42 times the consumption expenditure of the scheduled caste labour households and 1.18 times the consumption expenditure of the backward caste labour households. The consumption expenditure on non-durables, durables, services, marriage and other socio-religious ceremonies has a tendency to increase from the scheduled caste to general caste labour households.

The table further reveals that for an average sampled labour household, non-durables consumption expenditure accounts for the major portion of the total consumption expenditure. An average sampled labour household spends 60.28 per cent on the non-durable items. This proportional share is 62.72 per cent for the scheduled caste labour households, 60.18 percent for the backward caste labour households and 52.25 per cent for the general caste labour households. Bansal *et al* (2016) also revealed the same result in case of agricultural labour. An average sampled labour household spends 17.27 per cent of the total consumption expenditure on

durable items. 15.10 per cent of the total consumption expenditure of the scheduled caste labour households is accounted for the durables and the same for the backward caste and general caste labour households is 19.73 and 22.54 per cent, respectively. Slightly more than 16 per cent of the total consumption expenditure is incurred on services. This proportion is the highest for the scheduled caste labour households followed by the backward caste and general caste labour households. Marriages and other socio-religious ceremonies account for 3.97 per cent of the total consumption expenditure for an average sampled labour household. This proportion is 2.87 per cent for the scheduled caste labour households, 1.77 per cent for the backward caste labour households and 9.38 per cent for the general caste labour households.

The above analysis brings out the fact in general, there is much similarity in the consumption pattern of the different caste categories of rural labour. The consumption pattern of these households is subsistence nature. A large share of the total consumption expenditure by these categories is allocated to non-durables items distinctly followed by the durables, services, marriages and other socio-religious ceremonies.

#### **Average propensity to consume**

The average propensity to consume, defined as the proportion of income spent on consumption is worked out for the different caste categories of labour households of the Barnala district in Punjab. The average propensity to consume is given in Table 7. For an average sampled labour household, the average

**Table 7. Average propensity to consume of sampled labour households**

Particulars	Scheduled Caste	Backward Caste	General Caste	All Sampled
Average Consumption (Rs.) $\bar{C}$	70373	84554	99908	76808
Average Income (Rs.) $\bar{Y}$	61070	64783	78856	63965
Average Propensity to Consume ( $\bar{C}/\bar{Y}$ )	1.15	1.30	1.26	1.20

Source: Based on Table 5 and 6

propensity to consume comes to 1.20. It is more than one for the all categories of labour households. It is 1.15 for the scheduled caste labour households, 1.30 for the backward caste labour households and 1.26 for the general caste labour households. Since the average propensity to consume is greater than one for all the three categories of labour household, all the categories incur a deficit. An average household in the sample incurs a deficit of Rs.12843. This implies that the sampled labour households try to maintain a minimum level of consumption whether they can afford it or not. The field survey brought out that to overcome this deficit the different caste categories of labour households have taken loans from various institutional and non-institutional sources.

#### Value of assets

Ownership of assets plays an important role in determining the levels of living of all households. The household assets directly affect their income and consumption. Household assets are directly related to income and levels of living. Table 8 presented the per household value of assets of labourer households. The value of asset ownership is Rs. 319805 for an average sampled labour household. The scheduled caste,

backward caste and general caste labour households own assets worth Rs. Rs.2795562, Rs. 337106 and Rs. 493481, respectively. The per household value of household durable assets and livestock assets increase from the scheduled caste households to general caste labour households.

The value of assets appears to be highly correlated with caste. This is clear from the fact that the value of assets is higher for the general caste household than the backward and scheduled caste labour households. The value of assets of the general caste labour households is about 1.76 times more than the value of assets of scheduled caste and 1.46 times the value of durable assets of backward caste labour households.

The table further reveals that the house durable assets accounts for 91.64 per cent of the total assets of an average labour household. The percentage share of durable assets is the highest for the backward caste labour households followed by the scheduled caste and general caste labour households. The percentage share of livestock asset is 7.31, 5.85 and 12.78 per cent for the scheduled caste, backward caste and general caste rural labour households, respectively, where as it is 8.36 per cent for the entire sampled labour household taken together.

**Table 8. Estimated value of household assets of sampled labour households**

Assets	Scheduled Caste	Backward Caste	General Caste	All Sampled
Durable Assets	259118 (92.69)	317373 (94.15)	430403 (87.22)	293056 (91.64)
Livestock Assets	20444 (7.31)	19733 (5.85)	63078 (12.78)	26749 (8.36)
Total	279562 (100)	337106 (100)	493481 (100)	319805 (100)

Source: Field Survey, 2015-16

Note: Figures in brackets are column-wise percentages.



**Table 9. Extent of debt among sampled labour households**

Particulars	Scheduled Caste	Backward Caste	General Caste	All Sampled
Number of Sampled Households	151	30	32	213
Indebted Households	66	16	18	100
Percentage of Indebted Households	43.70	53.33	56.25	46.94
Amount of Debt (Rs.) Per Sampled Household	27053	68933	102969	44357

Source: Field Survey, 2015-16

### Extent and distribution of debt

An analysis of pattern of income and consumption of the rural labour households brings out the fact that the income generated by them is not sufficient to meet their day-to-day requirements as well as for other expenses. The average propensity to consume is greater than one for rural labour households. To bridge the expenditure-income gap, these poor labour households have no other option to take loans mainly from non-institutional sources at exorbitant rates of interest for meeting their day to day requirements and other purposes. Table 9 shows the extent and distribution of debt among the different caste categories of the rural labour households. The table shows that 46.94 per cent of the total labour households are under debt. This percentage is 43.70 per cent for the scheduled caste labour households, 53.33 per cent for the backward caste labour households, 56.25 per cent for the general caste labour households. The average amount of loan per sampled labour household is Rs. 44357 in district Barnala. The average amount of loan per household is the highest (Rs. 102969) for the general caste labour households followed by the backward caste and scheduled caste labour households.

No doubt the amount of debt is low among the scheduled castes labour households but their capacity to repay is also low because of their low level of income, lack of gainful employment opportunities.

The role of various credit agencies in the study area has also been analysed and information is presented in Table 10. An average sampled household incurred Rs. 25517 from the institutional agencies, while Rs. 18840 from the non-institutional agencies. Among the institutional agencies commercial banks are provided the highest amount to an average labour household followed by the co-operative banks. On the other hand, in case of the non-institutional agencies, large farmers

are advancing the highest amount to an average labour household followed by the professional money-lenders, traders, commission agents and relatives and friends.

It is clear from the table that an average sampled household incurred about 58 per cent of the total loan from institutional agencies and the remaining 43 per cent of the total loan is taken from non-institutional agencies. The general caste labour households have taken 58.57 per cent of the total loan from the institutional sources. This proportion is 58.02 and about 55 per cent for the scheduled caste and backward caste labour households, respectively. The backward caste labour households have taken 45.12 per cent of the total loan from the non-institutional agencies. This proportion is 41.68 per cent and 41.43 per cent for the scheduled caste and general caste labour households. An average sampled household have taken about 45 per cent of the total loan from the commercial banks. This proportion is the highest (55.54 per cent) for the general caste labour households followed by the backward caste and scheduled caste households.

The large farmers are the second important source of debt. An average sampled labour household has taken 16.72 per cent of the total loan from the large farmers. This proportion is the highest for the general caste labour households and the lowest for the scheduled caste labour households. The money-lenders are the third important source of debt from which an average sampled labour household has taken 10.06 per cent of the total loan. This proportion is as high as 30.46 per cent of the total loan for the backward caste labour households. An average sampled labour household has taken 16.72 per cent of the total loan from the large farmers. This proportion is the highest for the general caste labour households and the lowest for the scheduled caste labour households. At the fourth rank comes the traders from which an average sampled

**Table 10. Debt incurred from different credit agencies**

Sources	(Rs/household)			
	Scheduled Caste	Backward Caste	General Caste	All Sampled
<b>Non-Institutional agencies</b>				
Large farmers	3311 (12.24)	1667 (2.42)	32188 (31.26)	7418 (16.72)
Money-lenders	1755 (6.49)	21000 (30.46)	1719 (1.67)	4460 (10.06)
Traders	3841 (14.20)	6433 (9.33)	4062 (3.95)	4239 (9.56)
Commission agents	2120 (7.83)	0.00	4687 (4.55)	2207 (4.97)
Relatives and friends	331 (1.22)	2000 (2.90)	0.00	516 (1.16)
Sub-total	11358 (41.98)	31100 (45.12)	42656 (41.43)	18840 (42.47)
<b>Institutional agencies</b>				
Co-operative banks	3708 (13.71)	10000 (14.51)	0.00	4038 (9.10)
Commercial banks	10497 (38.80)	27833 (40.38)	57188 (55.54)	19953 (44.98)
Regional rural banks	1490 (5.51)	0.00	3125 (3.03)	1526 (3.44)
Sub-total	15695 (58.02)	37833 (54.88)	60313 (58.57)	25517 (57.53)
Total	27053 (100)	68933 (100)	102969 (100)	44357 (100)

Source: Field Survey, 2015-16

Note: Figures in brackets are column-wise percentages.

labour household has incurred 9.56 per cent of the total loan and this proportional share is the highest for the scheduled caste labour households and the lowest for the general caste labour households. The co-operative banks/societies are the fifth important source of loan for an average sampled labour household contributing 9.10 per cent to the total loan. This proportion is 14.51 per cent and 13.71 per cent for the backward caste and scheduled caste labour households. The share of regional rural banks is 3.44 per cent for an average sampled household. About 5 per cent of the total loan has been taken from the commission agents. This proportional share is 7.83 and 4.55 per cent for the scheduled caste and general caste labour households, respectively.

The foregoing analysis clearly brought out that a significant proportion of the total loans of rural labour

households comes from the non-institutional agencies such as; large farmer, money-lenders etc. The main reason behind it is that the rural labour households find it easy to get loans from the large farmers as compared to the other sources. Even after the seven decades of independence the rural labour households still depend upon non-institutional sources particularly large farmers which charge exorbitant rates of interest. Their access to institutional sources is usually minimal due to the absence of any collateral. As a mechanism of exploitation, social differentiation and labour control, debt continues to be a defining feature of rural lives (Fairbairn *et al*, 2014).

### Conclusion and Policy Implications

The above analysis shows that the majority of sampled labour households are living in semi-pucca

houses. Income of these households from different sources is very low and not sufficient to meet their requirements of food intake and other important facilities. The scheduled caste and backward caste labour household earns major part of their income by hiring out labour in agriculture and non-agriculture sectors. For the general caste labour households, the major sources of income are hiring out labour in non-agriculture sector, salaries, hiring out labour in agricultural sector, milk and milk products and remittances. The consumption pattern of rural labour households is subsistence nature. About 47 per cent of the total sampled households are under debt. About 43 per cent of the total loans come from non-institutional agencies.

Thus there is an urgent need to generate non-farm employment opportunities in the rural areas. Government must encourage investment in the non-farm activities in the rural areas. The average literacy ratio is low among the rural labourer. In order to improve the literacy rate, there should be investment in human capital in the form of education which may lead to increase in knowledge of the labourer. Income levels of the labourers can be raised by developing subsidiary occupations like, dairying, poultry, fisheries, repairing etc. There is also a great need to enforce the timely revision and payment of minimum wages and to ensure the proper implementation of MGNREGA for the rural labour. They should be provided the basic consumption items at concessional rates, through the public distribution system. Keeping in view the high cost of healthcare in these days, the state government should provide free medical facilities to the rural labour through its health centres in the rural areas. Since majority of the rural labour households under debt availed from non-institutional sources such as: large farmer and money-lenders, the government should take suitable measures to save them from the exploitation by these people. The institutional credit agencies should come forward with new credit schemes for the labour households enabling them to avail the required loans at concessional rates of interest.

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