CHAPTER 7

SUMMARY OF FINDINGS AND SUGGESTIONS

7.1. INTRODUCTION

Labour is a prime factor; be it the primary, secondary or tertiary sector. It is the live spring that injects life, strength and continuity to the development-cum-welfare programme of the Government. If the leaver spring is weak or depleted, the consequences would be grave. It is very important that we should engineer the development oriented welfare programmes. It bears an analogous significance that the benefits of development are harnessed by the weaker sections. Crux of the problem is that the benefits of development have not been made available, particularly to the have not’s. Even after the completion of Eleventh five year plans, it has been found that there is a big gap between the haves and have not’s. Virtually, this questions the sustainability of our constitution, perfectibility of our development plans and accessibility of our administration.

The poor wage conditions and the growing unemployment or the man-days lost have been contracting the total earnings of the agricultural workers. Consequently, they face the problem of indebtedness. The Rural Labour Enquiry committee has made an in-depth study of indebtedness. The committee has reported that in 1964-65, the average debt per agricultural labour households was higher at Rupees 147.89. It further increased and stood at Rupees 161.96 on June 1971. Thus, the agricultural workers were under debt
not only during the post days but the magnitude of indebtedness has been progressively increasing-year-after-year, as the wage condition have deteriorated and the cost index has been multiplying like anything. Hence, it is clear that the magnitude of indebtedness has been affecting the living conditions of the agricultural workers like a virus. A solid proof of an increase in the magnitude of indebtedness would also be confirmed by these facts in 1950-51, debt per agricultural labour household was Rs.47, it got raised upto Rs.88 in 1956-57, Rs.148 in 1964-65 and further to Rs.187 in 1974-75.

Thus, the problem of indebtedness has been chronic, as since 1951, its magnitude has been increasing year after year. It would be right to say that the growing indebtedness is particularly on account of poor wage conditions and the rising unemployment. Virtually, this has been affecting the normal conditions of the agricultural workers. Hence, it is one of the questions to channelise a portion of their income to the other jobs. Not only this, the growing magnitude of indebtedness has also affected their capacity of organizing into union and raising their bargaining efficacy. Hence, indebtedness is considered as the genesis of poor social conditions.

The study is based on both secondary and primary data. The growth of agricultural labourers in India, Karnataka and the study area was examined by drawing secondary data from NSSO and Census of India. The household level survey was conducted in the eight villages of Raichur and Davanagere districts in Karnataka state, covering 320 households for collection of primary data for the present
study. The simple statistical tools such as averages, percentages ratios and mean variations were employed for data analysis. Graphs, diagrams and flow charts are taken recourse in presenting facts and figures of the study area.

In this chapter an attempt has been made to present the findings and conclusions of the present study. It is also proposed to offer some suggestions and recommendations for the policy making for the upliftment of socio-economic conditions of the agricultural labour households.

7.2. MAIN FINDINGS OF THE STUDY

7.2.1. Agricultural Labourers in India and Karnataka

Agricultural labourers are socially and economically poorest section of the society. Agricultural labour households constitute the historically deprived social groups, displaced handicraftsmen and dispossessed peasantry. They are the poorest of the poor in rural India.

Agricultural labour is unorganized unlike industrial workers; agricultural workers need not work in unison. A lack of contact between workers makes it impossible to develop any meaningful organization.

A major part of agricultural labour households do not own any land. Agricultural labourer remain as unemployed for a large part of the year, they find only seasonal employment. Because of this reason
they are forced to barrow and fall in debt. Once the labour falls in the
debt he finds it hard to get out the bondage.

It has been also observed that the household income and
consumption expenditure of an average agricultural labour
households are precariously balanced, and that too when they find
some work. Otherwise, most of them are in debt, which they owe to
the money lenders and other local sources.

Since independence, the central as well as the state
governments have taken some measures to improve the economic
condition of agricultural labourer. They include the passing of
legislation to fix minimum wages for agricultural labour, the removal
of disabilities the ceilings on land holding and the redistribution of
surplus land among the landless labourers etc.

The Indian census reports from 1961 to 2011 was one of the
earliest warning notes about the growth of surplus population on
land. It was cumulative effect of a large number of factors like land
tenure, monetization and commercialization of the agriculture and
decline of the handicrafts, etc. During the period after independence
the proportion of agricultural labour continued to be increased.

The proportion of agricultural labourers tended to rise with the
increasing year in Indian economy. Such proportion was estimated at
28.0 million and 144.3 million in 1951 and 2011, respectively. The
working population engaged in agricultural in 1961 was 72.36 per
cent, whereas, in 2011 it was only 54.60 per cent. It shows how the
dependency of population on agriculture has declined and cultivator's
percentage has also declined during same period. The agricultural labourers workforce has increased in during the period of 1961 to 1991, whereas, in 2001 it got slightly declined. However the agricultural labourers workforce get increased in 2011.

It has been found that in Karnataka the percentage of agricultural labourers has increased from 16.65 per cent in 1961 to 25.67 per cent in 2011. On the other hand the percentage of agricultural workforce declined from 70.36 in 1961 to 49.28 in 2011. In the same period the percentage of cultivators also declined from 53.70 in 1961 to 23.61 in 2011.

In case of Davanagere district the proportion of cultivators has decreased from 30.76 per cent in 2001 to 26.38 per cent in 2011, accounting for a decrease of -4.38 per cent. Similarly the proportion of agricultural labourers has decreased from 34.54 per cent in 2001 to 33.81 per cent in 2011, accounting for a total decrease of -0.73 per cent.

The proportion of cultivators has been declined more than 50 per cent during 1961-2011 in Harih Kar taluk. Whereas the proportion of agricultural labourers tended to increase with the increasing year upto 1981 and thereafter (1981 onwards) declined.

It has been also found that in Jagalur taluk the proportion of cultivators has been declined around 29 per cent during 1961-2011. However the per cent of cultivators has increased from 40.37 in 2001 to 40.83 in 2011 accounting for a total increased of 0.46 per cent. Whereas, the proportion of agricultural labourers tended to increase
with the increasing year upto 1981 and thereafter (1981 onwards) declined.

The data on distribution of agricultural workforce in Raichur district shows that the proportion of cultivators has decreased from 28.21 per cent in 2001 to 27.15 per cent in 2011, showing a decrease of -1.06 per cent. Similarly the proportion of agricultural labourers has decreased from 44.83 per cent in 2001 to 42.45 per cent in 2011 recording a decrease of -2.38 per cent.

The data on distribution of agricultural workforce in Devadurga taluk reveals that the proportion of cultivators has been declined more than 50 per cent during 1961-2011. Whereas the proportion of agricultural labourers tended to increase with the increasing year upto 1991 and thereafter (1991 onwards) declined.

The data on distribution of agricultural workforce in Sindhanur taluk during 1961-2011 shows that the proportion of cultivators tended to decrease with the increasing year. Whereas the proportion of agricultural labourers tended to increase with the increasing year upto 1991 and thereafter (1991 onwards) declined.

7.2.2. Socio-Economic Well-Being of the Sample Agricultural Labour Households

The proportion of agricultural labourer households was found to be higher in Hindu religion as compared to Muslim religion. Across regions the share of households belonging to Hindu was found to be higher in irrigated region as compared to that of in dry region.
Whereas, the share of households belonging to Muslim was found to be higher in dry region as compared to that of in irrigated region.

It has been observed that the agricultural labour households was higher in socially disadvantaged and economically marginalized sections of the society, namely, SCs/STs and OBCs.

The distribution of sample agricultural labour households by gender, social groups and regions indicates the male domination. Going by Social groups, the proportion of the male headed households was found to be higher in Others and OBCs as compared to that of in SCs and STs. Across regions, the proportion of male respondents was found to be higher both in irrigated and dry regions and more so in dry region.

The proportion of agricultural labour respondents who were illiterate was found to be higher as compared to those literates. Going by social groups the proportion of agricultural labourers, who were illiterate, was found to be higher in SCs and STs as compared to OBCs and Others. The proportion of agricultural labour respondents who were illiterate was found to be higher in dry region as compared to that of in irrigated region.

The proportion of agricultural labourer households was found to be higher in nuclear families as compared to that of joint family. Going by social groups the proportion nuclear households was found to be higher in Others and OBCs as compared to that of in SCs and STs. Across region the proportion of nuclear households was found to
be quite significant in dry region as compared to that of in irrigated region.

The housing status of most of the sample households is not congenial, a great majority of them stay in semi-pucca followed by katcha and pucca house. Going by social groups the proportion of households staying in katcha and semi-pucca house was found to be quite higher in case of SCs/STs as compared to OBCs and Others. Across regions the proportion of households staying in katcha households was found to be higher in dry region as compared to irrigated region.

It has been found that, going by social groups the proportion of agricultural labour households living in own and rented houses was found to be higher in Others and OBCs as compared to SCs and STs. Region wise analyses indicates that the proportion of agricultural labour households living in own house was found to be quite higher in irrigated area as compared to that of in dry region.

The data on the distribution of sample agricultural labour households with access to PDS by regions shows that the proportion of households with BPL Card was estimated at 96.50 per cent and households with APL card were not found. Going by social groups the proportion of households with BPL Annapurna and BPL Antyodaya was found to be relatively higher in respect of SCs/STs, more so in case of SCs as compared to OBCs and Others. Across regions, the proportion of households with BPL Annapurna and BPL Antyodaya
was found to be quite significant in dry region as compared to that of in irrigated region.

The proportion of households with electricity was found to be quite significant as compared to the household with electricity connection under Bhagya Jyothi Scheme. Going by social groups the proportion of households without electricity connection was found to be higher in case of SCs/STs as compared to Others and OBCs. Across regions the proportion of households with own electricity connection was found to be higher in irrigated region as compared to that of in dry region.

It has been observed that public taps and open well are the prime sources of drinking water in the study area. Going by social groups, at the aggregate level the proportion of households who bring drinking water from public tap and bore with hand pump was found to be quite higher in case SCs/STs as compared to OBCs and Others. Across regions, the public taps, private taps and bore with hand pumps were found to be the prime source of drinking water in dry region as compared to that of in irrigated region.

The data on distribution of sample agricultural labour households by sanitation facility and regions. The data shows that a smaller proportion of the sample households have individual sanitation and none of the sample households have not got access to community latrines. While a majority of them depend invariably on open defecation in the country side. Going by social groups the proportion of households with individual sanitation was found to be quite
significant in case of Others and OBCs as compared to SCs and STs. Across regions the proportion of agricultural labour households with individual sanitation was found to be quite significant in case of irrigated region as compared to that of in dry region.

The asset position was found to be less in case of socially disadvantaged and economically marginalized sections of the society, namely, SCs/STs. Across regions, the proportion of households assets was found to be quite significant in case of irrigated region as compared to the dry region. It has been also observed that the proportion of the estimated value of assets held by the agricultural labour households was found to be higher in irrigated region as compared to that of in dry region.

The data on distribution of sample agricultural labour households by size of land holdings and regions clearly indicates that the proportion of agricultural labour households who are landless was found to be most significant as compared to the agricultural labour household with land. Going by social groups the proportion of landless agricultural labour households was found to be higher in SCs and STs as compared to OBCs and Others. Region wise data indicates that the proportion of landless agricultural labour is high in dry region as compared to that of in irrigated region.

The data on the distribution of agricultural labour households by household size, social groups and regions indicates that the size of the households was found to be quite significant in SCs and STs as compared to that of in OBCs and Others. Across the regions, the
household size was found to be higher in dry region as compared to that of in irrigated region.

The data on distribution of agricultural labour households by occupations of the household member, social groups and regions shows that a majority of the sample household members were engaged in agricultural and allied labour activities. Going by social groups the proportion of members who were engaged only in agricultural occupations was found to be quite significant in SCs and STs as compared to OBCs and Others. Whereas the proportion of members who were engaged in agriculture and allied occupations was found to be higher in Others and OBCs as compared to SCs and STs. Further, the members who were engaged in agriculture and government job have been found only in Others and OBCs. Across regions, the proportion of the members who were engaged in agricultural occupations were found to be higher in irrigated region as compared to that of in dry region.

The data on nature of employment in agricultural activities indicates that the proportion of respondents who were engaged as seasonal or daily agricultural wage earners was found to be quite significant as compared to that of other activities. Going by social groups the proportion of respondents who were engaged as seasonal labourer or daily wage earner was found to be quite significant in SCs and STs as compared to OBCs and Others. Whereas the proportion of respondents who were engaged as marginal cultivator-cum-daily wage earner was found to be higher in Others and OBCs as compared to
that of SCs and STs. However, the respondents who were engaged as share cropper-cum-daily wage earner have been found in SCs and STs. Across region the proportion of respondents who were engaged as seasonal labourer or daily wage earner was found to be quite significant in dry region as compared to that of in irrigated region.

The data on employment days in agriculture of the sample respondents engaged in a year shows that the proportion of respondents who have got employment in agricultural activities between 101 to 200 days are quite significant as compared to that of other range of days. Going by social groups the proportion of average man-days of employment of the agricultural labourers was found to be higher in Others and OBCs as compared to SCs and STs. Across regions the proportion of average man-days of employment of the agricultural labourers was found to be quite significant in dry region as compared to that of in irrigated region.

The proportion of respondents who were paid wages from Rs.101 to 150 was found to be quite significant as compared to that of Others. Going by social groups the proportion of respondents who were paid wages up to Rs. 100 was found to be higher in SCs/STs as compared to OBCs and Others. Whereas the proportion of respondents who were paid wages from Rs. 151 to 200 per day was found to be quite significant in Others and OBCs as compared to SCs and STs.

The casual wage employment in agricultural was found to be a major source of income of the sample households. The average annual
income per household from casual wage employment in agriculture was estimated to be around Rs. 26,710, accounting for 91.8 per cent of the total household income. Going by social groups the average annual income per household from casual wage employment in agriculture was quite higher in case of SCs and STs as compared to OBCs and Others. Whereas the proportion of annual average income per worker was found to be quite significant in Others and OBCs as compared to SCs and STs.

Across regions, the annual average per household income from casual wage employment in agriculture was estimated to be higher in irrigated region as compared to that of in dry region. The average annual income per worker was also found to be quite higher in irrigated region as compared to that of in dry region.

The data on annual average income of sample agricultural labour households by others sources, social groups and regions indicates that the annual average income per household was approximated at Rs.17387, accounting for 8.2 per cent of total household income. Going by social groups the proportion of the annual average income per household was found to be quite higher in case of Others and OBCs as compared to that of SCs and STs both in dry and irrigated region.

7.2.3. Nature and Magnitude of Rural Indebtedness among Agricultural Labourers

The data on distribution of sample agricultural labour households by sources, social groups and regions clearly shows that
the proportion of agricultural labour households who have borrowed loan from non-institutional sources was found to be quite significant as compared to that of in institutional sources. Going by social groups, the proportion of agricultural labour households who have borrowed loan from institutional source was found to be higher in Others and OBCS as compared to that of SCs ad STs. Whereas the proportion of agricultural labour households who have borrowed loan from non- institutional sources was found to be higher in SCs ad STs as compared to that of OBC and Others. However, the proportion of agricultural labour households who have borrowed loan from institutional cum-non-institutional sources was also found to be quite significant in Others and OBCs as compared to that of in SCs and STs. A similar trend by and large was also observed both the dry and irrigated regions and more so in irrigated regions.

It has also been found that among the households with cultivated land the highest proportion of loan was borrowed from institutional sources. Whereas among the households without cultivated land the highest proportion of loan was borrowed from non-institutional sources.

The data on distribution of indebted agricultural labour households by institutional sources and regions shows RRBs and Scheduled Commercial Banks stand at rank I and II in both irrigated and dry regions. Co-operative credit societies and Others provide loan but not in a significant way.
It is also found that among social groups the proportion of households who have borrowed loan from Co-operative credit Societies was found to be higher in Others and OBCs as compared to that of in SCs and STs. Whereas the proportion of households who have borrowed loan from RRBs was found to be quite significant in SCs and STs as compared to that of in OBCs and Others. While the proportion of households who have borrowed loan from Scheduled Commercial Banks was found to be quite higher in Others and OBCs as compared to that of in SCs and STs.

It has been observed that the informal sources of information play an important role in transforming the information about institutional loan both in irrigated an dry regions and more so in dry region.

The data on distribution of sample agricultural labour households by the satisfaction with the terms and conditions of institutional loan clearly indicates that the proportion of agricultural labour households who have reported satisfied with the terms and conditions of institutional loan was found to be quite higher as compared to the agricultural labour households who have not satisfied with the terms and conditions of institutional loan.

Going by social groups the proportion of agricultural labour households who have reported satisfied with the terms and conditions of institutional loan was found to be quite higher in Others and OBCs as compared to that of in SCs and STs.
The data on distribution of sample agricultural labourer households by number of days taken to grant institutional loan clearly indicates that the share of agricultural labourers who have taken loan for a period of 8 to 15 days was found to be quite significant as compared to that of Others. Going by social groups at the aggregate level the proportion of agricultural labourers who have taken loan for a period of 8 to 15 days was found to be quite significant in Others and OBCs as compared to that of in SCs and STs.

The data on distribution of sample agricultural labour households by the response about utilization of institutional loan clearly indicates that a majority of 69 accounting for 62.7 per cent of the total agricultural labour households have utilized the institutional loan for specific purpose. Similar trend was found both in dry and irrigated regions and more so in irrigated region. Across social groups, at the aggregate level the proportion of agricultural labour households who have utilized the institutional loan for specific purpose was found to be quite significant in Others and OBCs as compared to that of in SCs and STs.

The data on distribution of sample agricultural labour households by the institutional loan amount adequate for the purpose indicates that the proportion of the agricultural labour households who had reported the institutional loan amount adequate for the purpose was found to be quite significant as compared to the agricultural labourer households who had reported the institutional
loan amount not adequate for the purpose both in dry and irrigated regions and more so in irrigated region.

Going by social groups the proportion of agricultural labour households who had reported the institutional loan amount adequate for the purpose was found to be quite significant in Others and OBCs as compared to that of in SCs and STs. Whereas the proportion of agricultural labour households who had reported the institutional loan amount not adequate for the purpose was found to be higher in SCs and STs as compared to that of in OBCs and Others.

The data on distribution of sample agricultural labour household by the response about interest rate of institutional loan shows that a great majority of 80 accounting for 72.8 per cent of the total agricultural labour household had reported that the interest rate of institutional loan was higher.

Going by social groups the proportion of agricultural labour households who had reported the interest rate of institutional loan as higher one was found to be quite significant in SCs and STs as compared to that of in OBCs and Others. Whereas the proportion of agricultural labour households who had reported the interest rate of institutional loan as a reasonable one was also found to be higher in Others and OBCs as compared to that of in SCs and STs.

The information relating the opinion of the institutional borrowers relating to why they have not obtained the non-institutional loan indicates that, out of the total institutional borrowers a majority of them stated that they have not obtained non-institutional loan due
to high rate of interest, namely village money lenders, farmers and landlords and small traders, followed by due to more access to banking facilities, due to fear of harassment and due lack of assets.

Going by social groups, at the aggregate level the proportion of agricultural labour households who have not obtained non-institutional loan due to high rate of interest was found to be higher in SCs and STs as compared to that of in OBCs and Others. Whereas the proportion of agricultural labour households who have not obtained non-institutional loan due to more access of banking facilities was found to be quite significant in Others and OBCs as compared to that of SCs and STs.

The data on distribution of indebted agricultural labour households by non-institutional sources and regions indicates that the village money-lenders, farmers and landlords, small traders and relatives and friends stand at I, II, III and IV rank in both the regions. From the whole analysis, it may also be concluded that the most dominating sources of loan are village money-lenders and landlords.

Across social groups the proportion of agricultural labour households who have borrowed loan from village money lenders was found to be quite significant in Others and OBCs as compared to that of in SCs and STs. Whereas the proportion of agricultural labour households who have borrowed loan from farmers and landlords was found to be higher in socially disadvantaged and economically marginalized section of the society namely SCs and STs as compared
to that of in socio-economically better off section of the society, namely OBCs and Others.

The data on distribution of sample households who borrowed from non-institutional sources by nature of security and regions indicates that the proportion of agricultural labour households who have offered personal security like know since fathers time, borrowed previously, previously worked as attached labour and friends and relatives was found to be higher as compared to that of other securities. A similar trend by and large was also observed across the regions.

The data on the share of households who expressed their opinion as to why they haven’t secured loan from the formal sector shows that out of the total non-institutional borrowers a great majority of them stated that they have not obtained institutional loan due to rigid conditions of banking institutions, namely, Co-operative Banks, RRBs and Nationalised Banks, followed by due to lack of procedural awareness, due to more paper work, due to delay in sanctioning the loan and due to corruption.

Going by social groups the proportion of agricultural labour households who have not obtained institutional loan due to rigid conditions of banking institutions was found to be quite significant in Others and OBCs as compared to that of in SCs and STs. Similarly, the proportion of agricultural labour households who have not obtained institutional loan due to delay in sanctioning of the loan was
found to be higher in Others and OBCs as compared to that of in SCs and STs.

The data on distribution of indebted agricultural labour households by nature of loans, social groups and regions shows that the proportion of agricultural labour households which had contracted loan was found to be quite significant as compared to that of the hereditary loan. Across social groups at the aggregate level the proportion of hereditary loan was found to be higher in case of agricultural labour households belonging to Others and OBCs as compared to that of with SCs and STs. Whereas the proportion of contracted loan was found to be higher in case of agricultural labour households belonging to SCs and STs as compared to that of in OBCs and Others.

The data on distribution of indebted agricultural labour households by nature of loan and land possession indicates that the proportion of hereditary loan was found to be quite significant in case of agricultural labour households with cultivated land as compared to that of with the agricultural labour households without cultivated land. Whereas the proportion of contracted loan was found to be higher in case of agricultural labour households without cultivated land as compared to that of agricultural labour households with cultivated land.

The data on distribution of indebted agricultural labour households by purpose of debt, social groups and regions indicates that a majority of agricultural labour households have taken loan for
productive purposes, followed by household consumption, marriages and other ceremonial expenses, repayment of old debt and unspecified purposes.

Going by social groups the proportion of agricultural labour households who have taken loan for unproductive purposes like household consumption and marriages and Others ceremonial expenses was found to be quite significant in SCs and STs as compared to that of in OBCs and Others. Whereas the proportion of agricultural labour households who have taken loan for productive purposes was found to be quite significant in Others and OBCs as compared to that of in SCs and STs.

Across regions, the proportion of agricultural labour households who have borrowed loan for unproductive purposes like household consumption and marriages and other ceremonial expenses was found to be higher in dry region as compared to that of in irrigated region. Whereas the proportion of agricultural labour households who have borrowed loan for productive purposes was found to be higher in irrigated region as compared to that of in dry region. Such proportion was estimated at 45.00 per cent and 25.8 per cent in irrigated and dry regions respectively.

The data on distribution of indebted agricultural labour households by purpose of debt and land possession indicates that among the households with cultivated land the data shows that the highest proportion of agricultural labour households borrowed loan for productive purposes, followed by household consumption,
marriages and other ceremonial expenses, unspecified purposes and for repayment of old debt. Whereas, among the households without cultivated land, the highest proportion of agricultural labour households borrowed loan for household consumption purpose, followed by productive purposes, marriages and other ceremonial expenses, unspecified purposes and for repayment of old debt. Across regions, among the households with cultivated lands the proportion of agricultural labour households who borrowed loan for productive purposes was found to be higher in irrigated region as compared to that of in dry region.

The data on average amount of debt per indebted agricultural labour households by sources, social groups and regions shows that the proportion of average debt per indebted ALHs was found to be quite significant in institutional-cum-non-institutional source as compared to that of other sources. Going by social groups the proportion of average amount of debt per indebted agricultural labour households was found to be higher in Others and OBCs as compared to that of in SCs and STs.

Across regions in case of institutional sources the proportion of average debt per indebted ALHs was found to be higher in irrigated region as compared to that of in dry region. While in case of non-institutional sources the proportion of average debt per indebted ALHs was found to be higher in irrigated region as compared to that of in dry region. Similarly in case of institutional cum non-institutional sources the proportion of average debt per indebted ALHs was also
found to be higher in irrigated region as compared to that of in dry region.

The data on the average amount of debt per indebted agricultural labour households by sources and land possession shows that the proportion of amount of debt per indebted household was found to be quite significant in case of the households having cultivated land as compared to that of in households without cultivated land.

Across regions among all the sources in case of households with cultivated land the proportion of average debt per indebted ALHs was found to be higher in irrigated region as compared to that of in dry region. Whereas in case of households without cultivated land the proportion of average debt per indebted ALHs was found to be higher in dry region as compared to that of in irrigated region.

The data on distribution of agricultural labour households by interest rates, sources and regions shows that the interest rates charged by institutional agencies for outstanding debt of the total was at 82.3 per cent for agricultural labour households who paid interest in the range of 12 to 20 per cent per annum. On the other hand, 32.2 per cent of agricultural labour households outstanding debt from non-institutional agencies, at the interest range of 20 to 30 per cent and another 22.2 per cent of farmers outstanding debt was of high interest rate i.e., 30 per cent and above.

Across, the regions the proportion of the interest rates charged by the institutional agencies was found to be similar both in irrigated
and dry regions. Whereas the proportion of the interest rates charged by the non-institutional agencies was found to be quite-significant in irrigated region as compared to that of in dry region.

The data on distribution of sample agricultural labour households by pattern of repayment, social groups and regions shows that at the aggregate level proportion of agricultural labour households who had repaid the loan amount by wage income was found to be higher as compared to that of other patterns, followed by off farm income, re-borrowing, selling farm produce, livestock and selling ornaments.

Going by social groups the proportion of agricultural labour households who had repaid the loan amount by wage income was found to be quite significant in SCs and STs as compared to that of in OBCs and Others. Whereas the proportion of agricultural labour households who had repaid the loan amount by off farm income was found to be significant in Others and OBCs as compared to that of in SCs and STs.

Region wise analysis implies that in case of irrigated area selling farm product and livestock income were the prime sources of repayment, whereas in case of dry area wage income and off farm income were the prime sources of repayment.

The data on repayment performance of borrowers towards institutional and non-institutional sources of loans by regions indicates that the proportion of the repaid amount was found to be higher in non-institutional source as compared to that of in
institutional source due to higher rates of interest, effective supervision and the gradual waning out of coercive powers of private lenders to force repayment. For institutional source the repaid amount was found to be lower due to lower rates of interest, lack of effective supervision, loan exemption and difference in the modes of repayment acceptable to institutional source.

Across regions, data shows that the proportion of repaid amount was found to be higher among the all borrowers in irrigated region as compared to that of dry region. Similarly, the proportion of outstanding amount was also found to be higher among the all borrowers in irrigated region as compared to that of in dry region.

The data on distribution of sample ALHs by difficulties in repayment of both institutional and non-institutional loans, social groups and regions show that a majority ALHs have been faced with difficulties in repayment of loans due to extreme poverty, followed by more household expenditure, absence of alternative sources of income lack of rain and crop failure and other reasons like construction of house, children's education, health expenditure, etc.

Going by social groups at the aggregate level the proportion of agricultural labour households who have been faced with difficulties in repayment of loans due to extreme poverty was found to be quite significant in SCs and STs as compared to that of in OBCs and Others. Similarly the proportion of agricultural labour households who have been faced with difficulties in repayment of loans due to the absence of alternative source of income was also found to be higher in
SCs and STs as compared to that of in OBCs and Others. Whereas the proportion of agricultural labour households who have been faced with difficulties in repayment of loans due to more household expenditure was found to be quite significant in Others and OBCs as compared to that of with SCs and STs.

The data on distribution of sample ALHs by consequences of rural indebtedness, social groups and regions clearly reveals that a majority of ALHs have low income and low standard of living due to debt. Across regions, such proportion was found to be higher in dry region.

Going by social groups the proportion of agricultural labour households who have low income and low standard of living due to debt was found to be quite significant in SCs and STs as compared to that of in OBCs and Others. Similarly the proportion of agricultural labour households who have migrated to urban areas and pursued same seasonal work, construction work and transportation of articles from place to place due to debt was also found to be higher in SCs and STs as compared to that of in OBCs and Others.

The data on distribution of sample agricultural labour households by problems, social groups and regions clearly reveals that a majority of agricultural labour households have been faced with the problem of lack of assets, followed by low wages, exploitation by lender, lack of subsidiary, problem of unemployment and lack of skills.
Going by social groups at the aggregate level the proportion of agricultural labour households who have been faced with the problem of low wages was found to be quite significant in SCs and STs as compared to that of in OBCs and Others. Whereas the proportion of agricultural labour households who have been faced the problem of exploitation by lender was found to be quite higher in Others and OBCs as compared to that of in SCs and STs. A similar trend by and large was also observed both in dry and irrigated regions and more so in dry region.

It is evident that the proportion of all the serious problems except exploitation by lender was found to be higher in agricultural labour household who belonged to socially disadvantaged and economically marginalized section of the society, namely SCs and STs as compared to that of OBCs and Others.

**7.3. POLICY IMPLICATIONS**

- Unlike industrial labour, agricultural labour has no social security, no earned leave, no sick leave and no pension or gratuity. Substantial efforts should be made in this field. Since these labourers are permanently attached to any employer, the task of providing social security is indeed a complex one. Therefore this responsibility has to be borne by the state. The State must provide compulsory insurance on marginal contribution or no contribution and institute old age pension schemes so that the agricultural workers, do not have to starve or depend on Others in their old age.

- Unemployment and under employment among agricultural labour households can be solved by providing adequate finance
to farmers, improving irrigational facilities, starting many rural industries whose raw materials are available in the local area, handicrafts etc.

- Local Government should be organized, rural work programmes like construction of roads, school buildings, digging of canals, wells, etc., for eradicating the unemployment the unemployment problem of agricultural labourers. So that employment can be provided to agricultural labourers throughout the year.

- The State Government should organise special programmes to improve the standard of living of agricultural labourers. It should provide housing sites, agricultural land, fair price shops, health centers, maternity wards, vocational and technical trainings etc.

- It has been observed that one of the major causes for rural indebtedness among agricultural labourers is higher size of the family. Therefore the programme of family planning should be implemented very effectively.

- The working conditions of the agricultural labourers should be improved. Labour officers for each taluk should be appointed in order to look into the problem of landless agricultural labourers.

- Wages of the agricultural labourers should be increased. In this regard the minimum wage act has to be implemented more effectively.

- The institutional agencies should increase the allocation of funds for provision of credit to the small and marginal farmers. There is need to check illegal expenses and some other available formalities for taking loans form the lending institutions. The formation of self help groups (SHGs) can also help in augmenting the income of landless, small and marginal farmers in the study area.

- There is large scope for institution agencies to expand the credit base of farm households. Further institutional credit availability to agriculture should be increased, excluded sections of the farmer households are to be brought into its ambit and a qualitative improvement in the credit delivery arrangements be
brought about. The debt burden of agricultural labourer to informal sources should be reduced by formalizing it through transforming the informal debt to formal institutions.

- The State should ensure precession of cheaper credit through institution sources and regulate the activities of private moneylenders. The practice of input-credit tie-up should be discouraged.

- There is a need to extend the spread of rural branch networks by Scheduled Commercial Banks, RRBs, and Co-operative societies. The system of agency banking involving business facilitators and business correspondents should be effectively implemented to widen the outreach of the financial services. Apart from various agencies and institutions covered under these categories must cater to farmers needs.

- Institutional agencies should be given loan without securities to landless agricultural labour households for starting dairy farming, sheep rearing, poultry farming etc.

- The banking system is now playing an important role in the development of the rural areas. This system should provide credit not only to the farmers but also to the agricultural labourers, irrespective of the size of holding, in time through simple procedure and proper evaluation for productive purposes. The need of the hour is to relieve the agricultural labour from the regulated channels of credit, RRBs can do the job in the best manner.

- The sample households were observed to use the agricultural loans for the unproductive purposes like marriage, social functions, medical treatment etc. Agricultural labourers, marginal and small farmers have to borrow from the money lenders to meet these expenses due to their low income levels. Therefore, the formal institutions of credit must come forward to pay money in advance for these social obligations at a lower rate of interest along with the agricultural loan.
Before undertaking any debt relief measure for the rural population. Every claimant of debt relief should also be required to provide the details of his income from all sources and the current value of entire asset bases. Such information should be used to work out the debt repayment capacity of each household. The debt liability beyond the repayment capacity should be treated as excessive debt from the point of view of deciding the magnitude and form of relief needed in each case. It is only the long overdue part which may deserve consideration of being exempted from repayment. For the remaining part, mere rescheduling of the repayment period and/or waiving whole or a part of the interest liability, depending on the purpose in incurring debt, would be a sufficient concession. When any such relief measure is affect on the basis of one’s debt repaying capacity, the willful defaulters will be automatically weeded out.

It is necessary to see that the marginal and small farmers resort to borrowing only for the most essential and productive purposes non-productive loans should be avoided.

In order to reduce the dependency of the agricultural labour households on local money-lenders, the network of institutional credit structure, comprising co-operatives, commercial banks and RRBs, must be being rapidly expanded throughout the country to provide timely and adequate credit support to the agricultural labour, marginal and small farmer households.

The Government should also enact legislations through which the activities of the money lenders and other irregular channels of credit can be checked and controlled and if needed be prevented. More often than not, it is believed that through the legislations for regulating the activities of the money lenders are enacted more or less in all Governments, but because of the inadequate supervisory channels, and the absence of an adequate and alternative sources of credit and the compelling nature of the borrower’s requirements, the money lenders are able to evade the provision of such enactments.
The repayment of institutional debt can be rescheduled in times of crop failure or natural calamities. Under such circumstances short term debt can be converted into long term debt. Debt may be recovered through installments and in genuine cases relief in interest may be liberally given to the indebted households. But under pressure the write off of the debt should not be considered because it is violation of the banking principles. Recycling of funds is the sine quo non of the banking theory and practice.

The saving attitude among these agricultural labour households should be encouraged by starting a bank branch in study villages in order to reduce unproductive borrowings.

The landless agricultural labourers should be given lands for their own cultivation. More lands can be made available by effective implementation of land reforms policy and extra lands can be distributed to landless agricultural labourers. Hence, Suvarna Bhoomi Yojane has to be implemented very effectively.

The problem of rural indebtedness is linked with larger issue of rural poverty. Therefore the employment generation and poverty to alleviation programmes like MNAREGA, RLEG, etc. should be implemented more effectively in order to create more employment and improve the standard of living of agricultural labour households in rural areas in general and in study areas in particular. Mobilisation of the local, social and economic resources, an equitable distribution of benefited of new agricultural strategy an establishment of good number of cooperatives and commercial bank will go a long way in mitigating the magnitude of rural indebtedness from the rural social matrix.

Formal institutions have been now started entering into rural credit market through SHGs and other micro credit enterprises. They should be encouraged to intervene and have a greater presence among agricultural labourers.

The Non Government organizations are already involved in facilitating self-help groups. The NGOs and local SHGs should be
encouraged to act as pressure groups to regulate check private money lenders.

➢ Prices of essential commodities are rising day-by-day. Therefore, Government must control and regulate the general price level.

➢ Self employment training should be given to the interested agricultural laborers under TRYSEM, SGSY etc. and also necessary money has to be provided for self-employment.

➢ Importance of education should be motivated to the agricultural labourers. They should be encouraged to send their children to schools regularly. Adult education programme should also be effectively implemented.

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