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# Living on Debt

## Purpose-wise Indebtedness among the Agricultural Labourers in Punjab (Productive and Non-productive Purposes)

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Poverty is a social phenomenon when a segment of the society is deprived of minimum levels of living and continues to struggle at a bare subsistence. When a person receives income less than that in which he or she can consume quantities of cereals, pulses, milk, vegetables, etc., so as to get the required average of 2200-2300 calories, he or she is considered below poverty line.

The poverty line has been defined differently at different times. Families earning below Rs. 3,500/annum were regarded as 'poor' in the Sixth Five Year Plan (1980-85) and were considered eligible for various support schemes. The Seventh Five Year Plan (1985-90) has followed a revised definition of poverty for providing assistance under IRDP schemes. The family income has now been raised to Rs. 4,800/annum for eligibility and Rs. 6,400/annum to be declared having crossed the poverty line. The families in the income range of Rs. 3,501-4,800/annum would be assisted only after ensuring that those below Rs. 3,501/annum are covered under various assistance programs.

### Rural Indebtedness:

Rural indebtedness is a chronic and deep-rooted problem in the Indian economy. Even after the green revolution, the plight of the average household in the rural areas has not improved. Income of agricultural labourers is so meager that it can provide for only a part of minimum

subsistence. As a result, they are forced to incur debt to meet their consumption expenditure. According to the second Agricultural Labour Enquiry, the average annual expenditure of a rural household was Rs. 617 during 1956-57, whereas the average income in that year was only Rs. 437/annum. Moreover, about 77 per cent of the total consumption

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expenditure was on food grains. Other items of consumption involved, clothing (6%) fuel and lighting (8%), services and miscellaneous items (9%). A substantial number of labourers resort to gambling, liquor, and related habits that added upon their total expenditure. And, to meet these they take loans and fall into the clutches of moneylenders.

## The State of Punjab

The state of Punjab, in its present form, came into existence on November 1, 1966 as a result of the territorial re-organization carried out on the basis of language. Situated on the North-West of India, Punjab constitutes 50.362 Sq. Kms. of land. According to 1991 census the state covers 1.54 per cent of the total area of the country and accommodates 2.5 per cent of the total population. The state consists of 17 districts, 70 tehsils, 138 development blocks, 110 towns, and 12,428 villages.

### Objectives of the Study

The study was conducted among the agricultural labourers vis-à-vis their indebtedness. The objectives were:

- To examine the purpose of debt
- To analyse the debt (borrowed for productive and un-productive purposes)
- To suggest ways and corrective measures to increase the return on loans

### Research Design

The analysis in the present study is largely based on primary data, which has been collected personally through Questionnaires and Schedules.

#### a. Schedule:

Data has been collected by administering a structured schedule of questions to agricultural labourers. For the collection of Primary data, two schedules are prepared

- *Village Survey Schedule*
- *Agricultural Labourer Household Schedule*

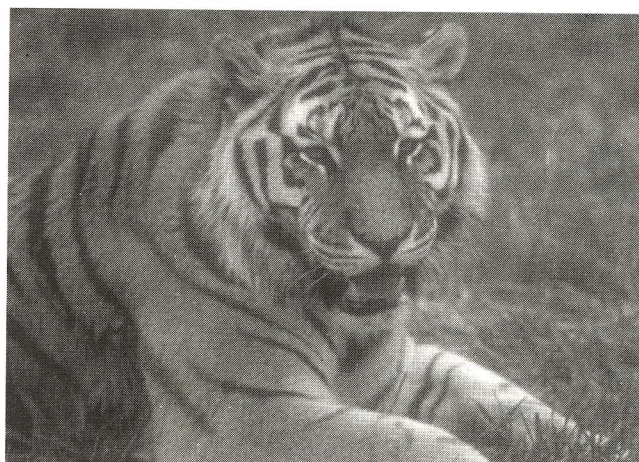
The village Survey Schedule was structured for the collection of general information about the sampled villages. For this purpose, village Patwari, Namberdar and Panchayat members were consulted and were asked to provide necessary information about villages.

The agricultural Labourer's Household Survey Schedule was especially structured to elicit information pertaining to type and size of family, particulars of house-holds and miscellaneous demographic information regarding household income from hiring out permanently and casual labour in agriculture and allied activities, household consumption, borrowing from different institutional and non-institutional sources, utilization of credit for different purpose etc.

**b. Pilot Survey:** To ensure smooth, quick, and accurate information, a pilot survey of 20 agricultural labour households was undertaken and on the basis of this survey, necessary changes were made in survey schedules.

**c. Observation:** Some of the information was collected through personal observations.

**d. Interview:** Some other information was gathered through informal interview with the agriculturists, officers/officials and other authorities concerned with the agriculture department.





## Sampling:

The study is based on empirical data of the economic condition of agricultural labourers. It is a cross-section analysis in which an attempt has been made to highlight the extent of poverty among agricultural labourers in the three sample districts. The sampling design is based on three-stage stratified sampling as under

- Selection of districts
- Selection of tehsils
- Selection of villages and households

### a. Selection of Districts:

Agricultural productivity is one of the major determinants of rural income in the agricultural economy of Punjab. The state has been categorized into three zones on the basis of levels of agricultural productivity per hectare. Average productivity has been estimated by aggregation of the output of the major crops of the state for the year 1994-1995. Zone – I consists of districts whose agricultural productivity is more than Rs. 40,000 per hectare, per annum. The districts whose agricultural productivity is between Rs. 30,000 to Rs. 40,000 per hectare per annum were placed in Zone – II whereas agricultural productivity below Rs. 30,000 per hectare per annum was placed in Zone – III. On the basis of this criterion Ludhiana, Jalandhar, Kapurthala, and Fatehgarh Sahib districts come under high productivity zone (Zone I), Amritsar, Ferozpur, Gurdaspur, Faridkot, Ropar and Mansa districts fall in the medium productivity (Zone – II) and remaining districts namely Bathinda and Hoshiarpur fall in the low productivity zone (Zone – III).

**Note:** Productivity per hec. Is worked out for the year 1995 by taking into account 10 main crops. The physical output was converted into value terms by taking into consideration 1995 prices.

**Table 1:** Per Hectare Agricultural Productivity (1994 – 1995) in Punjab

Sl. No.	District	Productivity (Rs.)	Zone	Sample District
1	Ludhiana	44722	I	Ludhiana
2	Jalandhar	44301		
3	Fatehgarh Sahib	42951		
4	Sangrur	41853		
5	Patiala	41814		
6	Kapurthala	40784		
7	Amritsar	39993	II	Amritsar
8	Ferozpur	38296		
9	Gurdaspur	35314		
10	Faridkot	33482		
11	Ropar	32934		
12	Mansa	31285		
13	Bathinda	29444	III	
14	Hoshiarpur	29130		Hoshiarpur
15	Punjab	37607		

Source: Statistical Abstract of Punjab 1995

Keeping in view the difference in productivity, cropping pattern, availability of irrigation facility, mode of irrigation, nature of soil, marketing facility available etc. three districts Ludhiana, Amritsar and Hoshiarpur were selected for the study. The selection of sampled Districts satisfied the productivity criteria i.e. Ludhiana (Rs. 44,722.00) from highest productivity zone, Amritsar (Rs. 39,993.00) from medium productivity zone and Hoshiarpur (Rs. 29,130.00) from the low productivity zone (Table 1).

### b. Selection of Tehsils and Villages:

After the selection of the district from each zone, a complete list of villages in each tehsil of sample districts was prepared. Two villages from each tehsil of sample district were chosen at random, thus, in all, 32 villages were selected from the three selected sample districts.

**Table 2:** Name of the villages and households in the sample

Sl. No.	District	Tehsil	Village	No. of households	Total
1	Ludhiana	Ludhiana	Upplan	11	23
			Jandiali	12	
		Samrala	Burma	12	25
			Uttalan	13	
		Khanna	Boothgarh	15	27
			Ajmer	12	
		Jagraon	Malik	14	28
			Cheema	14	
		Pyal	Barmauli	15	29
			Majri	14	
Raikot	Hassowal	10	25		
	Halwara	15			
2	Amritsar	Amritsar	New Kathania	12	22
			Chauhan	10	
		Taran Tarn	Kadgill	12	24
			Malia	12	
		Patti	Lohaka	13	25
			Bahmnia	12	
		Ajnala	Dalim	11	24
			Gogomahal	13	
		Khadoor	Mian wind	14	25
			Sahib	Dhota	
Baba Bakala	Budhgatch	12	26		
	Balsarai	14			
3	Hoshiarpur	Dasuya	Daffar	14	29
			Sajjana	15	
		Garhshankar	Chakguru	13	29
			Nangal	16	
		Hoshiarpur	Lehandikalan	15	28
			Bhathalan	13	
		Mukerian	Aimamangat	17	31
			Durgriarajputa	14	
Total	3	16	32	420	420

### c. Selection of households:

Taking into consideration the number of variables, we have decided to take a sample of 420 agricultural labourer households. A complete list of agricultural labourer households in each sample village was prepared. We have selected 10-20 households in each sample village. In this way 157, 146, and 117 households were chosen at random from Ludhiana, Amritsar, and Hoshiarpur districts respectively.

### d. Tools of Analysis:

The data collected from different sources has been presented in tables in one or more forms according to the requirements of analysis. Consistent with the objective of the study, simple techniques have been used for the analysis of data. Standard statistical tools like mean values and proportions have been used.

### Analysis and Interpretation

An attempt has been made in this paper to examine the purpose-wise indebtedness among agricultural labourers. The analysis has been divided into two sections. Section I deals with the productive purpose - wise indebtedness. It contains an account for money borrowed by an agricultural labourer for productive purposes. Section II examines the level of debt raised by an agricultural labourer for non-productive purposes.

Agricultural labourers borrowed loans, both for productive and non-productive purposes. Productive purposes include purchase of milch animals, purchase of cart, and investment in petty trade. Whereas, non-productive purposes include house construction, addition and alteration to houses, family maintenance expenditure, spending on marriages, social ceremonies, and other expenditures including litigation, redemption of mortgaged property, payment of old debt etc. Expenditure on house construction and repairs is not un-productive, but it cannot be considered as capital formation or as savings.

### Loans for Productive Purpose

Analysis shows that Rs. 1,071.54 is borrowed for productive purposes by an indebted agricultural labourer household. In terms of percentage, it works out to 16.14 percent of total debt in the sample as a whole (Table 3). Data is further analysed to find out the proportion of debt spent for productive purposes across the tehsils in the three sample districts. Analysis shows that 14.22 percent, 14.84 percent, 14.11 percent, 14.34 percent, 14.57 percent



and 16.87 percent of the total debt is raised for productive purpose by an agricultural labourer household in Jagraon, Khanna, Samrala, Pyal, Raikot, Ludhiana tehsil respectively. For Ludhiana district, it works out to 14.87 percent of total debt (Table 3).

On further analysis of productive-purpose debt, it works out that 76.46 percent of debt raised for productive purpose is spent on the purchase of milch animals in Ludhiana district. For different tehsils in Ludhiana district, this proportion works out to 76.44 percent, 75.74 percent, 76.97 percent, 71.97 percent, 81.50 percent and 76.94 percent in Jagraon, Khanna, Samrala, Pyal, Raikot and Ludhiana tehsil respectively (Table 4). Analysis further shows that 23.54 percent of productive debt is spent for other productive purposes like purchase of carts and investment in petty shops in Ludhiana district. It is highest i.e. 28.03 percent in Pyal tehsil, followed by Khanna tehsil 24.26 percent, Jagraon tehsil 23.56 percent, Ludhiana tehsil 23.06 percent, Samrala tehsil 23.03 percent and 18.50 percent for Raikot tehsil (Table 4). It clearly shows that between 70 to 80 percent of the amount raised for the purposes goes for the purchase of cattle.

Analysis shows that 20.59 percent of borrowed amount is spent for productive purpose by an indebted agricultural labourer household in Amritsar district. For different tehsils, this proportion works out to 20.34 percent, 22.43 percent, 23.68 percent, 17.58 percent, 18.44 percent and 21.87 percent in Khadoor Sahib, Ajnala, Amritsar, Patti, Tarn and Baba Bakala tehsil respectively (Table 4).

Analysis further shows that around 8 percent of the debt raised for a productive purposes is spent for the purchase of milch animals in Amritsar district. For different tehsils in Amritsar district, this proportion works out to 80.24 percent, 83.28 percent, 85.59 percent, 76.34 percent, 79.34 percent and 81.80 percent for Khadoor Sahib, Ajnala, Amritsar, Patti, Taran Tarn and Baba Bakala tehsil respectively. Like Ludhiana district and its tehsils, for Amritsar district and Hoshiarpur district too between 76 and 85 percent of the debt raised for productive

**Table 3:** Purpose-wise Indebtedness among Agricultural Labourers (Mean Value of Debt)

(Figures in Rs.)

S.No.	Tehsil District	Purpose – wise Indebtedness		Total
		Productive	Non-productive	
<b>Zone – I</b>				
1	Jagraon	1114.90	6725.45	7840.35
		14.22	85.78	100.00
2	Khanna	1228.85	7051.59	8280.64
		14.84	85.16	100.00
3	Samrala	1123.66	6839.87	7963.52
		14.11	85.89	100.00
4	Pyal	1206.77	7208.63	8445.40
		14.34	85.66	100.00
5	Raikot	1130.17	6626.68	7756.85
		14.57	85.43	100.00
6	Ludhiana	1457.41	7181.64	8639.05
		16.87	83.13	100.00
	Ludhiana district as a whole	1215.66	6959.62	8175.28
		14.87	85.13	100.00
<b>Zone – II</b>				
1	Khadoor Sahib	1249.57	4893.85	6143.42
		20.34	79.66	100.00
2	Ajnala	1317.18	4555.21	5872.39
		22.43	77.57	100.00
3	Amritsar	1356.56	4372.14	5728.70
		23.68	76.32	100.00
4	Patti	1131.42	5304.45	6435.87
		17.58	82.42	100.00
5	Taran Tarn	1113.34	4924.31	6037.65
		18.44	81.56	100.00
6	Baba Bakala	1366.50	4881.81	6248.31
		21.87	78.13	100.00
	Amritsar district as a whole	1252.60	4830.92	6083.52
		20.59	79.41	100.00
<b>Zone – III</b>				
1	Mukerian	568.64	4549.66	5118.30
		11.11	88.89	100.00
2	Garhshankar	760.63	4743.21	5303.84
		13.82	86.18	100.00
3	Hoshiarpur	710.42	4374.90	5085.32
		13.97	86.03	100.00
4	Dasuya	523.89	4413.77	4937.46
		10.61	89.39	100.00
	Hoshiarpur district as a whole	631.10	4516.54	5147.64
		12.26	87.74	100.00
<b>Sample as a Whole</b>		1071.54	5567.47	6639.01
		16.14	83.86	100.00

**Table 4: Productive purpose-wise Indebtedness among Agricultural Labourers (Mean Value Debt)**

(Figures in Rs.)

S.No.	Tehsil / District	Purchase purpose – wise Indebtedness		Total
		Purchase of milch animals	Others (Purchase of cart and investment in petty shops)	
<b>Zone – I</b>				
1	Jagraon	852.25 76.44	262.65 23.56	1114.90 100.00
2	Khanna	930.75 75.74	298.10 24.26	1228.85 100.00
3	Samrala	864.84 76.97	258.82 23.03	1123.66 100.00
4	Pyal	868.47 71.97	338.30 28.03	1206.77 100.00
5	Raikot	921.51 81.50	208.66 18.50	1130.17 100.00
6	Ludhiana	1121.35 76.94	336.06 23.06	1457.41 100.00
	Ludhiana district as a whole	929.53 76.46	286.13 23.54	1215.66 100.00
<b>Zone – II</b>				
1	Khadoor Sahib	1002.61 80.24	246.96 19.76	1249.57 100.00
2	Ajnala	1096.96 83.28	220.22 16.72	1317.18 100.00
3	Amritsar	1165.22 85.89	191.34 14.11	1356.56 100.00
4	Patti	863.69 76.34	267.73 23.66	1131.42 100.00
5	Taran Tarn	883.31 79.34	230.03 20.66	1113.34 100.00
6	Baba Bakala	1117.82 81.80	218.68 18.20	1366.50 100.00
	Amritsar district as a whole	1018.38 81.30	234.22 18.70	1252.60 100.00
<b>Zone – III</b>				
1	Mukerian	412.53 72.55	176.11 17.45	568.64 100.00
2	Garhshankar	587.26 77.21	173.37 22.79	760.63 100.00
3	Hoshiarpur	571.08 80.39	139.34 19.61	710.42 100.00
4	Dasuya	388.60 74.18	135.29 25.82	523.89 100.00
	Hoshiarpur district as a whole	481.30 76.26	149.80 23.74	631.10 100.00
<b>Sample as a Whole</b>				
		841.83 78.56	229.71 21.44	1071.54 100.00

purposes is spent for the purchase of milch animals. Proportion of the borrowed amount spent for others include purchase of carts and investment in petty shops, generating assets like purchase of raw material etc. required for this occupation etc. For different tehsils in Amritsar district, it worked out to 19.76 percent, 16.72 percent, 14.11 percent, 23.66 percent, 20.66 percent and it is found 18.20 percent for others respectively. For Amritsar district as a whole, it is found 8.70 percent of productive debt for others (Table 4).

For Hoshiarpur district as a whole analysis shows that 16.14 percent of total amount raised as debt is spent for productive purposes. It is the highest (13.97 percent) in Hoshiarpur tehsil, followed by Garhshanker tehsil (13.82 percent), Mukerian tehsil (11.11 percent) and Dasuya tehsil (10.61 percent - Table 3). On further investigation, it is found that around 76 percent of the amount raised as debt for productive purpose is spent for the purchase of milch animals in Hoshiarpur district. For different tehsils, this proportion works out to 72.55 percent, 77.21 percent, 80.39 percent and 74.18 percent for Mukerian, Garhshanker, Hoshiarpur and Dasuya tehsil respectively. The proportion of productive debt spent for the purchase of carts and investment in petty shop for different tehsils works out to 17.45 percent, 22.79 percent, 19.61 percent and 25.82 percent respectively (Table 5). In this district too between 75 and 80 percent of the debt is spent for the purchase of milch cattle.

For the sample as a whole, it is found that about 1/6<sup>th</sup> of borrowed money i.e. 16.14 percent is spent for productive purposes. District-wise analysis shows that it is highest 20.59 percent for Amritsar district, followed by Ludhiana district 14.87 percent and 12.24 percent for Hoshiarpur district. In absolute terms, these figures are Rs. 1,215.66, Rs. 1252.60 and Rs. 631.10 for Ludhiana, Amritsar and Hoshiarpur district respectively (Table 3). The composition of productive debt shows that 78.56 percent of productive debt is spent for the purchase of milch animals by an indebted agricultural labour



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household in the sample as a whole. District-wise analysis shows that it is highest 81.30 percent in Amritsar district followed by Ludhiana district 76.46 percent and 76.26 percent for Hoshiarpur district. Proportion of productive debt spent for other purposes like purchase of cart and investment in shops etc. works out to 23.54 percent, 18.70 percent and 23.74 percent for Ludhiana, Amritsar, and Hoshiarpur district respectively.

Our analysis shows that a very small proportion, between 15 to 20 percent of amount borrowed by the agricultural labourer in the sample districts is spent for productive purposes. However it is redeeming to find that most of the borrowed amount, between 75 to 85 percent is spent for the purchase of milch cattle in all the sample districts.

It can be concluded from the above analysis that debt is incurred by an indebted agricultural labourer household on purchase of milch animals and others (purchase of cart and investment in shop) stands rank – I and II across the tehsils in the sample district and also in the sample as a whole.

### Loans for Non-Productive Purpose

Figures reveal that an indebted agricultural labour household borrowed on an average a sum of Rs. 5567.47 for non-productive purpose in the sample as a whole. In terms of percentage, it works out to 83.86 percent of total debt. Data is further processed to find the percentage of total amount of non-productive debt spent for different purpose across the tehsils in each sample district. Analysis shows that 85.78 percent, 85.16 percent, 85.89 percent, 85.66 percent, 85.43 percent and 83.13 percent of the total amount raised as debt is spent by an indebted agricultural labour household for non-productive purposes in Jagraon, Khanna, Samrala, Pyal, Raikot and Ludhiana tehsil respectively. (Table 3). When data is further processed to see the composition of non-productive debt, it is found that 22.13 percent, 50.39 percent, 22.04 percent and 5.44 percent of the amount raised as non-productive debt is spent for house construction, addition and

alteration, marriages and other ceremonies, family maintenance and other functions like litigation, redemption of old loan etc. respectively in Ludhiana district. Tehsil-wise analysis shows that for Jagraon tehsil these proportions are 22.07 percent, 52.38 percent, 20.21 percent and 5.34 percent respectively.

For Khanna tehsil, corresponding percentage is 22.53 percent, 47.75 percent, 24.48 percent and 5.24 percent respectively. For Samrala tehsil, these percentage work out to 20.53, 48.72, 25.20 and 5.55 respectively. Respective proportions for Pyal tehsil account for 19.32 percent, 52.57 percent, 23.07 percent and 5.04 percent respectively. For Raikot tehsil, these proportions work out to 22.26 percent, 50.63 percent, 21.48 percent and 5.63 percent respectively. For Ludhiana tehsil, these percentages work out to 26.03, 50.39, 17.75 and 5.83 respectively as given in Table 5.

For Amritsar district, figures reveal that the major share of borrowed amount i.e., 79.41 percent is spent for non-productive purpose by an indebted agricultural labour household. Proportion of non-productive expenditure in total expenditure of agricultural labourers varies over different tehsils in Amritsar district between 76 to 82 percent. For example, it is the highest (82.42 percent) in Patti tehsil followed by Taran Tarn tehsil (81.56 percent), Khadoor Sahib tehsil (79.66 percent), Baba Bakala tehsil (78.13 percent), Ajnala tehsil (77.57 percent) and Amritsar tehsil (76.32 percent) (Table 3). Composition of non-productive debt shows that 20.41 percent, 51.30 percent, 22.58 percent and 5.71 percent of the borrowed amount is spent on house construction, additions and alteration, marriages and other social religious ceremonies, family maintenance and others etc. respectively by agricultural labourers in Amritsar district. Analysis shows that 19.53 percent, 19.68 percent, 25.73 percent, 17.51 percent 17.57 percent and 24.04 percent of non-productive debt is spent for house construction and additions and alternation in Khadoor Sahib, Ajnala, Amritsar, Patti, Taran Tarn and Baba Bakala tehsil respectively. For marriages and other social



religious ceremonies, respective proportion works out to 53.23 percent, 47.03 percent, 47.54 percent, 52.52 percent, 56.58 percent and 49.43 percent respectively. For family maintenance, it is the highest (26.66 percent) in Ajnala tehsil, followed by Patti tehsil (24.65 percent), Khadoor Sahib tehsil (21.77 percent), Baba Bakala tehsil (21.10 percent), Amritsar tehsil (20.77 percent) and 20.33 percent for Taran Tarn tehsil. Analysis shows that 5.47 percent, 6.63 percent, 5.96 percent, 5.32 percent, 5.55 percent and 5.43 percent of the non-productive borrowed amount is incurred on other items like redemption of old loan, litigation and discharge of mortgage property in Khadoor Sahib, Ajnala, Amritsar, Patti, Taran Tarn and Baba Bakala tehsil respectively. (Table 5). It means that around 75 percent of the amount borrowed for non-productive purposes is spent on social ceremonies and family maintenance. It can also be inferred that agricultural labourer finance their consumption expenditure through borrowing.

Position in Hoshiarpur district is not very different. For example, 87.74 percent of the total borrowed amount is spent for non-productive purposes in Hoshiarpur district. There are some variations across the four tehsils in Hoshiarpur district. It is the highest (89.39 percent) for Dasuya tehsil, followed by Mukerian tehsil (88.89 percent), Garhshanker tehsil (86.18 percent) and 86.03 percent for Hoshiarpur tehsil (Table 3). When figures of non-productive debt are further analysed, it is found that 21.44 percent, 53.11 percent, 20.25 percent and 5.20 percent of non-productive debt is spent for house construction, additions and alternations, marriages and other social religious ceremonies, family maintenance and others include litigation, redemption of old loans respectively in Hoshiarpur district.

Analysis further shows that 23.01 percent, 21.29 percent, 20.41 percent and 20.95 percent of non-productive debt is spent for house construction, additions and alternations by an indebted agricultural labour household in Mukerian, Garhshanker tehsil, Hoshiarpur and Dasuya tehsil respectively. For marriage and other social religious ceremonies,

respective proportions work out to 55.04 percent, 50.35 percent, 52.46 percent and 54.05 percent respectively. Corresponding proportions for family maintenance work out to 17.11 percent, 23.09 percent, 21.73 percent and 19.71 percent respectively. For others including litigation, redemption of old / discharge of mortgage property. It is the highest (5.40 percent) for Hoshiarpur tehsil, followed by Dasuya tehsil (5.29 percent), Garhshanker tehsil (5.27 percent) and 4.84 percent for Mukerian tehsil (Table 5).

Analysis shows that on the average 83.86 percent of the borrowed amount is spent for non-productive purposes in the three districts as a whole. District-wise analysis shows that it is highest (87.74 percent) for Hoshiarpur district followed by Ludhiana district (85.13 percent) and 79.41 percent for Amritsar district (Table 3). Figures further reveal that 21.38 percent, 51.46 percent, 21.71 percent and 5.45 percent of non-productive debt is spent for house construction, additions and alternations, marriages and other social religious ceremonies, family maintenance, redemption of mortgage property, payment of old debts, and litigation respectively in the sample as a whole. (Redemption of mortgage property and payment on account of old debt is included in consumption expenditure).

There are some variations in the composition of non-productive debt spent for various purposes. For example, proportion of borrowed amount spent for house construction, additions and alternations is the highest (22.13 percent) for Ludhiana district, followed by Hoshiarpur district (21.44 percent) and 20.42 percent for Amritsar district. For marriage and other social religious ceremonies, it varies between 50.39 to 53.11 percent across the three sample districts. For family maintenance, it works out to 22.04 percent, 22.58 percent and 20.25 percent for Ludhiana, Amritsar and Hoshiarpur districts respectively. For others, mortgage property and payment on account of old debt corresponding proportion works out to 5.44 percent, 5.70 percent and 5.20 percent respectively.



**Table 5: Non - Productive purpose - wise Indebtedness among Agricultural Labourers Mean Value Debt**

(Figures in Rs.)

S.No.	Tehsil / District	Non - Productive purpose Indebtedness				Total
		House construction Addition and	Marriage other social Ceremonies Alteration	Family Maintenance	Others*	
<b>Zone - I</b>						
1	Jagraon	1484.18	3522.67	1359.51	359.09	6725.45
		22.07	52.38	20.21	5.34	100.00
2	Khanna	1589.05	3366.91	1726.51	369.32	7051.59
		22.53	47.75	24.48	5.24	100.00
3	Samrala	1403.97	3332.73	1723.31	379.86	6839.87
		20.53	48.72	25.20	5.55	100.00
4	Pyal	1392.75	3789.45	1662.88	363.55	7208.63
		19.32	52.57	23.07	5.04	100.00
5	Raikot	1475.35	3354.84	1423.38	373.11	6626.68
		22.26	50.63	21.48	5.63	100.00
6	Ludhiana	1869.49	3618.90	1275.26	418.99	7181.64
		26.03	50.39	17.75	5.83	100.00
	Ludhiana district as a whole	1540.22	3507.20	1533.68	378.32	6959.62
		22.13	50.39	22.04	5.44	100.00
<b>Zone - II</b>						
1	Khadoor Sahib	955.92	2604.81	1065.27	267.85	4893.85
		19.53	53.23	21.77	5.47	100.00
2	Ajnala	896.71	2142.25	1214.41	301.84	4555.21
		19.68	47.03	26.66	6.63	100.00
3	Amritsar	1125.12	2078.37	908.00	260.65	4372.14
		25.73	47.54	20.77	5.96	100.00
4	Patti	928.70	2786.09	1307.77	281.89	5304.45
		17.51	52.52	24.65	5.32	100.00
5	Taran Tarn	865.20	2786.38	1001.04	271.69	4924.31
		17.57	56.58	20.33	5.55	100.00
6	Baba Bakala	1173.43	2413.10	1030.35	264.93	4881.81
		24.04	49.43	21.10	5.43	100.00
	Amritsar district as a whole	986.14	2478.43	1090.77	275.58	4830.92
		20.41	51.30	22.58	5.71	100.00
<b>Zone - III</b>						
1	Mukerian	1046.69	2504.38	778.50	220.09	4549.66
		23.01	55.04	17.11	4.84	100.00
2	Garhshankar	1009.95	2388.12	1095.26	149.88	4743.21
		21.29	50.35	23.09	5.27	100.00
3	Hoshiarpur	892.98	2295.00	950.45	236.47	4374.90
		20.11	52.46	21.73	5.40	100.00
4	Dasuya	924.82	2385.38	870.02	233.55	4413.77
		20.95	54.05	19.71	5.29	100.00
	Hoshiarpur district as a whole	968.27	2398.80	914.74	234.73	4516.54
		21.44	53.11	20.25	5.20	100.00
	<b>Sample as a Whole</b>	1190.38	2864.73	1208.96	303.40	5567.47
		21.38	51.46	21.71	5.45	100.00

\*Others include litigation, redemption of old loan and discharge of mortgage property

Source: Data collected through questionnaires

Note: Figures in parenthesis are in percentages.

From the above analysis, it can be concluded that proportion of borrowed amount spent for marriages and other social religious ceremonies, house construction, additions and alternations, family maintenance expenditure and others include litigation, discharge of mortgage property, payment of old debts etc. can be ranked I, II, III, and IV in order of importance in all the tehsils in the sample districts. From the analysis, it can be inferred that between 76 to 90 percent of borrowed amount is spent for non-productive purposes by an indebted agricultural labour household in all tehsils in the sample districts. As a consequence, it makes borrowing a perpetual phenomenon and agricultural labourers seldom come out of it. It further reduces their earning capacity, make them feel low in self-esteem, force them to accept low wages, to pay higher interest rates on borrowed amount and all times to work without wages.

Social ceremonies account for more than 50 percent of the non-productive debt raised by agriculture labourer households in the sample. It may be further pointed out that there is no institutional source from where agricultural labourers could borrow for such functions and as such, they have to go to non-institutional sources.

## Conclusion

Purpose wise analysis shows that agricultural labourer spent 21 percent and 79 percent of total debt for productive and non-productive purpose respectively. Amounts borrowed for productive purposes are mainly spent for purchase of milch animals. 17 to 29 percent of debt raised by agricultural

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labourers for productive purposes has gone for purchase of cart and investment in petty trade. During the course of investigation, we further found that most of the debts raised for productive purposes are diverted for consumption.

Analysis shows that between 17 to 27 percent of debts are borrowed for house construction, additions and alternations. There is one percent variation across the three sample districts. However, there are variations from tehsil to tehsil in each sample district. Neither it can be considered productive debt nor savings.

About 50 percent of the borrowed amount is spent on marriages and other social religious ceremonies. It is the highest in Hoshiarpur district, followed by Amritsar district and Ludhiana district. For family maintenance, it varies between 17 to 27 percent. There is two percent variation across the three sample districts. For other purposes like redemption of old loans and litigation, it varies between 5 to 7 percent for different tehsils in each sample district.

Almost 72 percent of the borrowed amount is spent on unproductive purposes like marriages and social ceremonies, family maintenance, redemption of old loans and litigation. The borrowed amount for these purposes multiplies and ultimately agricultural labourers are unable to repay the interest as well as principle, making them indebted for life.

## Suggestions

1. Centre / State Governments should facilitate loans for the purchase of milch animals, cattle and small-scale business at low rates of interest.
2. Diversion of loan from productive purpose to un-productive purpose should be checked.
3. Training should be imparted for the care of animals, bee-keeping sericulture, pig farming and fish farming. Veterinary Doctors should inspect the cattle farms regularly.
4. Institutional loans should be provided even for un-productive purposes on personal surety so that agricultural labourers do not come under cruel clutches of moneylenders and landlords.

**Note:** The data of the reported study have been collected during the period of July 1997 to June 1998

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