

## Indebtedness among Agricultural Labourers from Deprived Castes: Towards an Explanation

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*India's largest share of poor is located among agricultural labourers belonging to Scheduled Castes. The poverty in this group persists and gets perpetuated due to continued discrimination in the employment opportunities and wage market. Owing to the low wages, they are perpetually under debt burden. This issue becomes sharp due to interlocking of labour and credit market. The insignificant participation of this group in the formal credit market makes the situation worse. In this paper, an attempt is made to analyse the indebtedness and market participation of the deprived castes especially on the background of one of the most radical institutional changes, i.e., land reforms. We have used secondary level information available from different sources in order to analyse the issue. The study concludes that due to marginalisation in land market as well as extremely weak bargaining position in the labour market, the indebtedness of this group has been increasing. This situation is aggravated by the relative neglect of this group by formal credit agencies.*

### Introduction

The debate that followed the work on measurement of poverty by the working group on poverty of the planning commission in 1962, works on similar theme by Bardhan, Minhas and Dandekar and Rath during early seventies concentrated more on locating the quantum of poverty and its determinants (Rath, 1996; Ravallion and Datt, 1991; Krishnaswamy, 1990). Following this, the regional spread of poverty, as well as, effectiveness of public intervention in poverty alleviation formed the core subject matter of the literature on poverty (Rao and Erappa, 1987; Rath, 1985; Ahluwallia, 2000). However, the location of poor across social classes eluded the attention of the analysts all these years. Only a few studies can be cited to have attempted any indepth analysis of poverty across the social classes (Thorat, 1996). It goes without saying that agricultural labourers in rural areas constitute the bulk of poor of the nation and this group undergoes severe stress of being poor. One can locate two important contributing factors towards concentration of poverty among agricultural labourers. Firstly, the wage trends in real wages have stagnated in large number of regions of the country (Jose, 1988; Parthasarathy and Jayshree, 1995). Secondly, the agricultural labourers can not fully avail the opportunity to cross over the poverty barrier using the public intervention programmes, due to social and institutional constraints. They are also not covered in the net of rural credit due to the requirement of collateral and the designs of the credit schemes. The interlocking of informal credit market with labour market is a well-

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