

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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documented phenomenon (Sarap, 1998). These factors always keep the agricultural labourers under persistence poverty. Even among the broader group of agricultural labourer, we find that the agricultural labourers belonging to Scheduled Caste to be at the lowest rung in the context of poverty. They are deprived in terms of both economic and social opportunities to overcome the constraints of poverty. Traditionally, economic literature provides two theoretical views while explaining the discrimination or inequity in the labour market. Backer's theory (1976) underscores discrimination on the basis of prejudices inflicted by an influential group having control over resources. In the present context, in a number of studies it has been cited that the agricultural labourers belonging to Scheduled Caste receive discriminatory wage payments for the same job when compared with the labourers belonging to the dominant castes, thereby creating a situation of differential marginal productivity and wages. In turn, this group of society is relegated perpetually under poverty line denying them even the opportunity to cross over the barriers. Unfortunately, such barriers have assumed institutional overtones. As a consequence, we find high concentration of Scheduled Caste labourers among poor in any region of the country. Albeit, unlike any other social classes this proportion is not declining but has been increasing over the years. Another theoretical view about the social discrimination associated with the information available to the employer about the employee is articulated by Phelps (1973) and thus, translates into discrimination. This process of discrimination can be associated with the irrational social institutions operating at the village level during the early decades of independence. The difference across the castes was a strong determinant of the wage bills received by the labourers. The practice of bonded labourers, as well as, interlocking of the markets find explanation from this theoretical construct. Despite the fact that agricultural labourers belonging to Scheduled Castes constitute the core of rural poor, they as a group are discriminated in the wage market and, therefore, have been perpetually under the debt burden; we hardly come across any analysis of their indebtedness. Their participation in the formal credit market is quite low and insignificant. Keeping this in view, we intend to analyse the participation of Scheduled Caste labourers in credit market in India.

Background

Immediately after the independence and under strong influence of Gandhian Ideology a large numbers of policy tools were developed to correct the discriminatory barriers inflicted by the society on the Scheduled Castes over the centuries. At the same time, it was also necessary to direct development policies towards the crucial issues prevailing during those years. The initial thrust was on the investment led industrial growth followed by redistributive resource policy viz., land reforms. Land reforms were expected to support the weaker section, a large number of tenants among Scheduled Castes by providing them with required economic base. The laws of land reforms were positively placed in the favour of Scheduled Castes. The role of the State was becoming increasingly important all through these phases. The development approach towards Scheduled Castes focussed more on eliminating the social discrimination. Mid-course distortions were taken more as casual variations and the corrective measures were more akin to fire fighting than a long-term solution. One can locate two major inconsistencies in the development process. Firstly, the inducement, as well as, interventionist approaches for the development initiatives for Scheduled Castes were dominant for quite some time. Though the role of 'market' was well recognised, the social constraints in terms of caste differentiation, as well as, inequalities were of such proportion that the

State had no option but to intersect the market generated forces with strong interventions. These interventions were sourced from legal institutions, as well as, through positive discrimination. Secondly, when this approach was strong and being consistently followed the macro economic bottlenecks (deficits, balance of payment, forex reserves etc.) forced the policy analysts to turn back to the 'market' interventionist measures. As a result, the positions that *the economic forces operating in the market will correct all distortions*, came to settle down as a strong belief. This has to be viewed on the background of the proportion of Scheduled Castes among the labour force and their share of productive resources as well as their market participation in order to understand their economic future.

The success of 'market induced growth' is often highlighted on the background of the failure of the State policies. This argument, however, does not hold in practice. In real situation, the State and Market are inter-dependent and compliments of each other in the sense that if one fails the other may not perform. This is because of the simple fact that the results of non-performance of one, largely overlaps the determinants of the failure of the other. In this context, the failure of either of these inflict economic hardship on the Deprived Castes as a social group for a few reasons. Firstly, the group of deprived Castes as a social stratum broadly covers this weakest economic group of the society. For centuries, they were denied the opportunity to enhance their skills (occupational immobility) and forcibly retained in the same occupations providing little economic independence. Secondly, the political will, as well as, the bureaucratic mechanism always favoured the higher castes. Unfortunately, this was achieved through the irrational social customs propounded by the higher castes in the form of rules governed by the prevailing caste system. Therefore, even when the opportunities were provided a large number of the population belonging to the deprived Castes could not derive full benefits of the opportunities. The lead-lag relationship between development and the social deprivation was the major reason of the failure of the policy. No doubt, in overall impact analysis we have some positive effects but there is a plethora of evidence to suggest that the appropriation of access to resources has always stayed in the hands of the upper strata. Thirdly, it is a fact that the deprived castes are concentrated in rural areas and have to be largely identified with the core group of poor. Ironically the mixed success of poverty interventionist programmes has affected this group adversely as the inequality across the income strata changed unfavourably due to social constraints. Such a change causes higher welfare loss, at the least, in relative sense. Further, the investment on infrastructure in the regions with higher concentration of deprived castes is much lower, thereby reducing the access to infrastructure and its per capita availability for them. These bottlenecks in the State policy are confounded by the prevailing interface of this group with the market. Fourthly, as an effect, the market participation of the deprived castes is also extremely marginal. In this context the markets particularly relevant to the poor are: Land market, Labour market (or resource markets in general), Product market and credit market. Among these, density of poor in labour market is a well-known fact. This group is severely constrained in responding to market signals both because of their weak bargaining position (as consumers, as well as, producers) and due to the inadequate information that they have. It can be easily seen that their participation in all the four markets is constrained by the vantage positions of the 'others' rather than their own weaknesses. Even when they participate in the market they are not able to set a 'reserve price' for their labour nor they are able to get remunerative prices for their products. Even as consumers, they have weak bargaining power constituted by limited

choice. Lastly, it is a bare fact that the group of deprived castes is extremely weak in its asset position due to low purchasing power. Therefore, most of the members of this group depend on their labour, participating as weak bargainers in the labour market, which often results in indebtedness. Even those who hold some assets like land also find themselves in weak position to utilise the returns from the assets. In this context a few important characteristics of the landless agricultural labourers belonging to Deprived Castes need to be highlighted. In the ever increasing process of marginalisation of the size of holding land as economic base of this group is receding at a very fast rate. Every year the ranks of landless agricultural labourers are swelling not only due to demographic pressure but also as a negative externality of the marginalisation process. This, further inflicts injury by marginalising their participation in labour and credit market.

Indebtedness Among Scheduled Caste Agricultural Labour

Keeping in view the above line of argument it seems essential to analyse the indebtedness among the Scheduled Caste agricultural labourers and its influence on market participation and the strength of bargaining of these sections of people. Since, a major proportion of Scheduled Castes population participates in the agricultural labour market, we intend to examine the indebtedness among the agricultural labour households. Indebtedness is always a consequent reflection of performance in other markets. But, in case of agricultural labourers of deprived castes it is not only a consequent of distortion in other market, but also perpetuation through several market interlocking processes.

The lowest and highest growth rates in SDP recorded during the eighties ranged between 4 to 7 per cent per annum and this range during nineties was noted to be 2.7 to 9.6 per cent per annum making very clear the divergence in growth performance across states. Does that mean poor states have slowed down in growth and a step up is achieved in growth of SDP among rich states? Quite naturally the growth performance also reflected the levels of inequality across states. It is observed that the inter-state inequality has increased substantially during nineties specifically due to quality of growth. This will have a telling effect on the poor in both groups of states.

Table 1: Incidence of Indebtedness Among Agricultural Labour Households

	All Classes		SC HH	
	1987-88	1993-94	1987-88	1993-94
Andhra Pradesh	54.7	51.6	56.8	55.9
Bihar	35.9	27.5	38.6	26.8
Gujarat	33.1	35.9	32.0	33.0
Haryana	54.9	57.8	52.8	64.7
Himachal Pradesh	22.9	12.4	28.5	13.7
Karnataka	29.7	36.2	27.8	43.6
Kerala	46.0	29.3	49.5	31.8
Madhya Pradesh	35.1	23.2	45.3	25.8
Maharashtra	35.5	33.4	41.4	39.1
Orissa	36.1	26.3	41.1	36.8
Punjab	56.2	28.4	59.8	28.2
Rajasthan	42.7	26.2	49.4	29.1
Tamil Nadu	47.9	33.5	53.1	34.7
Uttar Pradesh	30.4	40.2	34.0	40.2
West Bengal	39.4	43.2	41.6	44.2

Source: Rural Labour Enquiry Committee Report (1997).

Observing State-wise performance of indebtedness among agricultural labour, we find that indebtedness is high among the Scheduled Castes agricultural labourers across all the states (Table 1) however, in a few States whereas, the indebtedness has declined, in a few others it has increased in varying degrees. It is difficult to find any uniform logical thread to explain this phenomenon. To form an example, in Kerala indebtedness has declined, whereas, it has increased in West Bengal. Though both the States did relatively better in implementing policy of land reforms. Similarly, in Haryana indebtedness has increased, whereas, it has declined in Punjab in spite of the fact that both States showed good performance in agricultural growth induced by technology. This leaves us with a little to conclude in favour of the uniform impact of policies across all the States. Looking into average amount of debt figures (Table 2), we find that all the States except Bihar, Madhya Pradesh and West Bengal the average debt amount has increased. This provokes us to identify the causes of indebtedness by further examining the sources, as well as, purposes of debt.

Table 2: Average Amount of Debt Among Scheduled Castes Agricultural Labour
(in Rupees)

	Average Loan per Household	
	1987-88	1993-94
Andhra Pradesh	869	1787
Bihar	509	396
Gujarat	748	1366
Haryana	1639	3900
Himachal Pradesh	1369	1545
Karnataka	428	1170
Kerala	780	1052
Madhya Pradesh	930	859
Maharashtra	561	1090
Orissa	458	540
Punjab	1050	1154
Rajasthan	1703	1136
Tamil Nadu	576	850
Uttar Pradesh	937	1284
West Bengal	574	555

Source: Rural Labour Inquiry Committee Report (1997).

When indebtedness is analysed both from the point of view of source (Table 4) and purpose (Table 3), it reveals some interesting features across the States. For the purpose of analysis we have divided indebtedness into two groups namely productive and non-productive. While productive loans consist of land purchase, construction and other directly productive uses in agriculture, the non-productive loans are specific to household consumption and marriage and other ceremony purposes. A higher ratio of productive loan to non-productive loan indicates that the nature of debt is not critical. But among the landless agricultural labour, except for Kerala and Haryana in all other States the ratio of productive loan to non-productive loan is low pointing towards criticality of indebtedness. It is very low in the case of Gujarat and Orissa. Whereas, landed agricultural labour households the ratio of productive to non-productive purpose is high in quite a few States. But, surprisingly this ratio is very low in the case of Punjab and

Haryana. This may be because the intensity of capital use does not offer much for the small-holdings. The analysis of criticality clearly reveals that the group of SC agricultural labourers do not even venture for any productive credit and meeting the consumption requirement is their major concern.

Table 3: Average Amount of Debt per Indebted Scheduled Caste Agricultural Labour Household by Purpose of Debt

(in Rupees)

	Without Land			With Land		
	Non-productive	Productive	Ratio P to NP	Non-productive	Productive	Ratio P to NP
Andhra Pradesh	1700	553	0.33	2457	1204	0.49
Bihar	745	446	0.60	831	831	1.00
Gujarat	2972	457	0.15	2017	2062	1.02
Haryana	2510	3212	1.28	3879	374	0.10
Himachal Pradesh	0	0		1095	10160	9.28
Karnataka	1659	537	0.32	1403	1159	0.83
Kerala	927	1614	1.74	1846	4001	2.17
Madhya Pradesh	1206	741	0.61	1780	1223	0.69
Maharashtra	1621	569	0.35	926	2085	2.25
Orissa	821	151	0.18	732	918	1.25
Punjab	2150	990	0.46	4070	597	0.15
Rajasthan	1500	0	0	3604	194	0.05
Tamil Nadu	1540	655	0.43	1135	1458	1.28
Uttar Pradesh	2043	853	0.42	1481	1135	0.77
West Bengal	513	304	0.59	507	566	1.12

Note: P: Productive; NP: Non-Productive

Source: Rural Labour Inquiry Committee Report (1997).

Among the Scheduled Caste agricultural labourer, the source of debt entails the quality of loan. If the debt from formal sources is high as compared to informal sources then the existence of interlocking of market operating through credit market is likely to be low. However, except Kerala and Madhya Pradesh among the landless group and again Kerala and Orissa among the landed group, no other State has higher rate of credit from formal sources than informal sources. One perplexing but consistent observation revealed through the analysis that the incidence of indebtedness and quantum of indebtedness is higher in the States where agricultural growth is high.

We tried to seek explanation on the status of deprived castes through the nature and process of indebtedness. However, the mixed trends do not allow us to arrive at generalised explanation on the overall impact of the State policies at a macro level. This leaves us with the only possible explanation that the local level conditions are more prominent in determining the social transformation among the Scheduled Caste landless agricultural labourers. However, the argument of uneven growth against these section of people is evident in their participation in the market, may it be land labour or product market. This often results in their weak bargaining power, which perpetuates their indebtedness.

Table 4: Average Amount of Debt per Indebted Scheduled Caste Agricultural Labour Household by Source of Debt

(in Rupees)

	Without Cultivable Land				With Cultivable Land			
	Formal	Informal	Ratio Informal to Formal	Total	Formal	Informal	Ratio Informal to Formal	Total
Andhra Pradesh	367	2125	5.79	2493	407	3929	9.65	4336
Bihar	455	861	1.89	1315	799	1153	1.44	1951
Gujarat	530	3303	6.23	3834	1580	3304	2.09	4884
Haryana	1120	5001	4.47	6121	424	4253	10.03	4677
Himachal Pradesh	0	0			2465	8838	3.59	11303
Karnataka	316	2021	6.40	2337	1081	1969	1.82	3050
Kerala	2048	678	0.33	2727	5245	913	0.17	6158
Madhya Pradesh	1348	1203	0.89	2552	1804	2226	1.23	4030
Maharashtra	772	1418	1.84	2191	1660	1695	1.02	3356
Orissa	306	792	2.59	1097	1477	505	0.34	1982
Punjab	716	3335	4.66	4052	1934	2732	1.41	4667
Rajasthan	0	3702	-	3703	195	3820	19.59	4014
Tamil Nadu	664	1744	2.63	2408	1256	1376	1.10	2632
Uttar Pradesh	1084	2049	1.89	3134	1536	1691	1.10	3228
West Bengal	471	612	1.30	1083	638	827	1.30	1465

Source: Rural Labour Inquiry Committee Report (1997).

Market Participation of the Deprived Castes

The impact of indebtedness on market participation and the strength of bargaining among the Scheduled Castes agricultural labourers becomes essential to understand the pattern of growth across the regions. However, it is difficult to get to this even at a broad empirical level both due to non-availability of the required data, as well as, the definition of the concept of bargaining power. One of the important aspects detailed in the earlier discussion is the nature of the asset holding of the group. In an earlier study, it was noted that asset holding of this group emerges as an important determinant in poverty alleviation process (Kamble, 1995).

Out of the total population of the country about 17 per cent belong to Scheduled Castes and this proportion varies from less than one per cent in Arunachal Pradesh to more than 30 per cent in Punjab. Majority of them stay in rural areas. In an across State analysis 21 to 71 per cent fall below poverty line (Thorat, 1996). According to estimates given by Planning Commission the proportion of population of Scheduled Castes falling below poverty line in rural areas was 50.07 per cent during 1987-88 which has marginally declined to 48.11 per cent by 1993-94 (based on Consumption Expenditure Survey, NSSO, 1987-88 and 1993-94) but this decline is much smaller compared to the similar reduction in the non-Scheduled Caste group. We have presented above in Table 5(A) and Table 5(B), a comparative picture of the distribution of Scheduled Caste population across States, the proportion of Scheduled Caste population below poverty line and the status of agricultural worker. The concentration of Scheduled Caste population in rural areas is highest in Punjab, Haryana, Uttar Pradesh, West Bengal, and

Tamil Nadu. Though poverty does not have one to one correspondence with the proportion of population belonging to Scheduled Castes, it is quite high in those States with high proportion of SCs (with only a few exceptions). But interestingly the States with high proportion of Scheduled Caste population in rural areas show smaller proportion of cultivators belonging to SC and higher proportion of agricultural labour under this category. In other words the market participation of this group in the labour market is much higher as compared to their participation in product market as cultivators (Thorat, 1996).

Table 5(A): Distribution of Scheduled Caste Population Across States, Poverty and Agricultural Worker Status

State	Per cent of SC Population (Rural) 1991	Per cent SC Below Poverty Line (1983-84) (Rural)	Per cent of Scheduled Caste (1991) (Rural)	
			Cultivators	Agri. Labourers
Andhra Pradesh	13.9	51.0	8.4	32.4
Bihar	15.3	71.1	6.2	27.7
Gujarat	7.0	39.9	2.7	12.9
Haryana	21.6	27.9	4.0	58.4
Himachal Pradesh	25.9	23.5	27.6	43.1
Karnataka	18.2	54.1	12.3	30.8
Kerala	11.0	43.9	3.1	27.2
Madhya Pradesh	14.8	59.3	10.5	24.4
Maharashtra	11.5	55.9	4.9	20.1
Orissa	16.7	54.9	11.0	27.8
Punjab	31.9	21.8	4.0	71.9
Tamil Nadu	22.9	59.4	12.7	40.1
Uttar Pradesh	23.2	57.3	18.6	48.3
West Bengal	27.6	52.0	23.4	40.6

Sources: 1. Census of India 1991, Series I India, Paper 2 of 1993; 2. National Sample Survey 1983-84 Round.

Table 5(B): Percentage of Workers by Industrial Categories – Rural (Male) – 1961-1991

Category	Scheduled Castes				Non-Scheduled Castes			
	1961	1971	1981	1991	1961	1971	1981	1991
Cultivators	42.90	34.94	36.70	33.11	63.74	59.27	58.44	54.74
Agriculture Lab.	32.83	50.24	46.82	49.27	12.12	19.19	18.30	20.14
Agriculture	75.73	85.18	83.52	82.52	75.86	79.26	76.74	74.88
Non-Agriculture	24.27	14.82	16.48	17.61	24.14	20.74	23.26	25.12

Source: Population Censuses 1961, 1971, 1981, and 1991.

Land has always been an important asset which indicates not only the economic position but also serves as the closest proxy for social and political strength. The scope of the paper however is not to analyse land as a base of analysis *per se*, albeit to identify the process of marginalisation, as a consequence for the landless agricultural labourers among the deprived castes. The distribution of holdings across the size classes helps us to understand the relative asset position of the cultivators belonging to Scheduled Castes but a large number of them are also agricultural labourers. The distribution of holding presented in Table 6(A) and Table 6(B), for the two Censuses (1980-81 and 1990-91) shows the proportion of cultivators belonging to different size group of operational

holding. The general trend of distribution of holding is also reflected even in the land distribution of Scheduled Castes. The number of holdings under the group of marginal farmers is increasing and that under the size group of large holdings is declining. But, the increase in the number of marginal farmers belonging to Scheduled Castes is much faster than in the other Social Classes (growth rates of 0.51 and 0.42 per cent per annum). Another most pertinent observation from this table is, the group of farmers belonging to the small size of holding, belonging to Scheduled Castes, has declined, whereas, the Small size of holding has shown an increase among the other social classes. This gets clearly reflected in the average size of holding. The general trend in the average size of holding across the size classes shows a reduction in the land held per cultivator. The average size of holding of a cultivator belonging to Scheduled Castes was 1.15 hectares per cultivator which came down to 1.05 hectares recording a rate of decline of 1.83 per cent per annum. The decline has come significantly from the highest two size classes of holdings (Table 7).

Table 6(A): Distribution of Cultivators by their Size of Holding: 1980-81 and 1990-91
(Percentage to Total Number of Holdings)

Size/ Class	Land Holdings Belonging to								
	Scheduled Castes			Other Social Groups*			Total		
	1980 -81	1985 -86	1990 -91	1980 -81	1985 -86	1990 -91	1980 -81	1985 -86	1990 -91
Marginal	68.9	70.7	72.2	56.2	57.5	59.1	56.4	57.8	59.4
Small	16.3	16.0	15.9	11.9	18.3	18.8	18.1	18.4	18.8
Semi Medium	9.5	8.8	8.1	20.0	13.7	13.1	14.0	13.6	13.1
Medium	4.4	3.8	3.2	9.3	8.4	7.3	9.1	8.2	7.1
Large	0.9	0.7	0.6	2.6	2.1	1.6	2.4	2.0	1.6
All Sizes	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Notes: 1. Land holdings sizes are: Marginal – up to 1 hectare, Small –1.0 to 2.0 ha., Semi Medium – 2.0 to 4.0 ha., Medium – 4.0 to 10.0 ha., Large – Above 10 hectares; 2. * Other Social Groups include all other social groups other than Scheduled Castes and Scheduled Tribes.

Source: Agricultural Census of India, 1980-81, 1985-86 and 1990-91.

Table 6(B): Size Distribution of Ownership Holding

Size Classes	Scheduled Caste		Others	
	1982	1992	1982	1992
Landless	12.61	13.34	10.18	9.85
Marginal	72.41	72.91	52.20	53.95
Small	8.40	7.85	16.09	13.58
Semi-medium	4.52	3.86	12.05	10.08
Medium	1.80	1.83	7.66	11.48
Large	0.26	0.21	1.82	1.06
Total	100.00	100.00	100.00	100.00

Source: NSS, Land Holding Survey 1982 & 1992, CSO, Delhi.

It is very clear from the Table 5(B) that the proportion of cultivators is declining whereas that of agricultural labourer is increasing among Scheduled Castes. What is more interesting is that the proportion of cultivators among SCs has declined by 9.79 per

cent (between 1961 to 1991) but the group of SC agricultural labourer has increased by 16.44 per cent during this period. Assuming that the definitional changes will account about a half of the discrepancy the writing on the wall is very clear that the landless agricultural labourers among the SCs are increasing mainly due to push factor imparted on marginal farmers belonging to Scheduled Castes. This is evident from the differential figure of agricultural labourer and cultivators belonging to non-Scheduled Caste groups.

Table 7: Average Size of Holding According to Major Size – Classes

(In Hectares)

Size/ Classes	Land Holdings Belonging to								
	Scheduled Castes			Other Social Groups*			All Social Groups		
	1980-81	1985-86	1990-91	1980-81	1985-86	1990-91	1980-81	1985-86	1990-91
Marginal	0.36	0.37	0.35	0.39	0.39	0.39	0.39	0.39	0.39
Small	1.41	1.41	1.41	1.45	1.44	1.44	1.44	1.43	1.44
Medium	5.84	5.78	5.77	6.03	5.97	5.92	6.04	5.96	5.90
Large	16.44	16.24	16.70	15.65	17.43	17.57	17.41	17.21	17.33
All Size Classes	1.15	1.05	0.98	1.88	1.74	1.59	1.84	1.69	1.55

Notes: 1) Land holdings sizes are: Marginal – upto 1 hectare, Small –1.0 to 2.0 ha, Medium–4.0 to 10.0 ha., Large – Above 10 hectares; 2) * Other Social Groups include all other social groups other than Scheduled Castes and Scheduled Tribes.

Source: Agricultural Census, 1980-81 and 1985-86, Government of India, New Delhi.

One important observation from this data on distribution of land holdings comes out prominently, viz., the cultivators belonging to Scheduled Castes have extremely narrow market access (because only a small proportion of them belong to the holding sizes which claim some sizeable marketable surplus) and further their density in this group has reduced significantly (even during the shortest span of five years this decline is visible). This is another factor acting as a push effect on small and marginal farmer pushing them towards the ranks of agricultural labourers because of their unequal access to the market which, further contributed to their process of marginalisation. Furthermore, their participation in the land lease market is also marginal and largely with small fragments of land. Only 82 thousand hectares were leased in to the cultivators belonging Scheduled Castes in the year 1990-91, which is about 0.62 per cent of their total operated area. Even out of this, more than 34 per cent comes under the size class of marginal holdings. The tenancy contracts are generally in terms of share of produce, thereby sharing the risk with the landlord.

When we look at the proportion of irrigated area against the rainfed area, it is easily discernible that irrigation has not helped the farmers belonging to Scheduled Castes to strengthen their economic position. According to 1990-91 Agricultural Census about 19 lakh holdings out of the total 84 lakh holdings get the benefit of irrigation. The total area under irrigation is about 29 per cent but a large share of this is in the lower size classes (40.0 per cent accounted by the marginal farmer group). On an average, the irrigated size of holding of Scheduled Caste group is about half hectare whereas the same for the 'other social groups' is nearing one hectare. Thus, even on the count of land augmentation the group of Scheduled Caste cultivators does not seem to be on the strong basis. Therefore, naturally the generation of marketable surplus from this group is likely to be negligible and their participation in the agricultural commodity market is more in the form of consumer than producer. Therefore, their dependence on the informal credit market is an

obvious result. Further, their participation in labour market is quite strong in terms of numerical strength but not necessarily in terms of bargaining power for wages. Though, there is no strong empirical evidence on this count, any keen observer of the micro-level dynamics can even casually note this in the countryside.

Various Aspects of Social Transformation

In a larger theoretical model we can see multilayer development processes generated by various micro and macro factors. For a great number of social scientists, history is little more than a stream of events, somehow outside the social structure and usually opposed to it and States are assumed to be institutional forms whose properties are fixed with respect to time. Evolution is thus reduced to something that occurs between stages, rather than presented as the outcome of the processes that are inherent in the social forms themselves (Friedman, 1975). When we analyse the market participation of the Deprived Castes, we tend to observe it from the radical institutional change in terms of land reforms carried out by the State. However, structure of social reproduction are not of the same order as institutional structures.

When we consider development we are forced to account for the production and distributional relations, which determines its function with respect to other (micro) institutions as well as to techno-environmental conditions. For example, States like Punjab, Haryana, Uttar Pradesh and Tamil Nadu having higher proportion of population as SC and a very large proportion of them as agricultural labourer [see Table 5(A) and 5(B)] also has to be understood in the backdrop of technological transformation in terms of 'Green Revolution'. The internal properties of a technology impose a certain number of constraints on the functioning of the productive relations by determining the outer limits of technical reproduction. The technology, however, is quite neutral with respect to process of reproduction. It is the relation of production that determines the social fabrication of a community or castes or groups (Friedman, 1975). Market participation of the deprived sections as labour force is much higher as compared to their participation in product market as cultivators, that can be understood through the changing production relation with the transformation of technological changes brought by the state.

Contrary to this, the institutional changes brought by the State in the form of land reforms did not have wider impact on their economic status barring a few pockets. This forms the ideological and political structures whose contents may be derived from, and whose functions must be defined in terms of, the existent relations of production and conditions of reproduction. The concepts of interlocking of market, property right structures and asymmetric information as developed in economic literature provide enough fuel which need to be tuned to the social transformation through the relation of production and the conditions of reproduction. However, the facts remain that there is greater marginalisation of the Deprived Castes and policies implemented either due to land reforms or due to the technological push factor have very little to contribute to the welfare of this section.

Towards Conclusion

This paper tried to analyse the hypothesis regarding indebtedness and market participation of the Deprived Castes especially on the background of one of the most radical institutional change i.e., land reforms. Though the success of land reforms measures has been mixed across the country, it is one of the major determinants of the agrarian structure. Further, it also reflects the present institutional setback in rural India

and increased role of informal credit market. On this background it became easy to find out the market participation of the deprived Castes in rural India. Our endeavour towards locating the market participation was mainly guided by the hypothesis extended recently about the market as an effective correcting measure and partial withdrawal of the State from interfering with poverty, agrarian parameters and other welfare measures. An important outcome is quite feasible in the context leading to enhanced grip of informal money market on the group of Scheduled Castes labourers. One of the important hypothesis that was raised by Deepak Lal in his book on '*Hindu Equilibrium*' regarding the analysis of social stability through the Caste System needs to be looked critically. He especially took help of the neo-classical paradigms in which a large number of untenable assumptions were entered into. To quote, he says that "I would accept that as Dumont emphasizes, the unique feature distinguishing the Caste system from other modes of social stratification in the disjunction of power and status in the Caste hierarchy. But I would argue that it is the peculiar environmental circumstances of endemic political instability in the ancient Hindu monarchies for which the system was forged which makes this disjunction economically, rationally and ritually enforceable" (Lal, 1988, p. 73). A proposition that can be challenged through an alternative explanation that the upper castes strengthened the hierarchical caste system and irrational institutional norms to sustain and perpetuate the control over the productive resources. This was achieved by depriving the depressed castes of their normal economic mobility. On this background Dr. Ambedkar's hypotheses are more pertinent and institutional in nature (Ambedkar, 1946 and 1948). In fact, we can still explain the present situation of marginal market participation and continued poverty of Scheduled Castes and Scheduled Tribes in the rural areas.

There are two prominent factors which underscore the discussion carried out in this paper. First, irrespective of any policy induction in the past and any degree of success among the states, no clear evidence of halting the process of marginalisation of the deprived castes is visible. Whereas, marginalisation of cultivator into agricultural labour is clearly evident. The weak bargaining power in the market (specifically in labour market) of the Scheduled Castes further worsens their economic viability. Secondly, we tried to seek explanation, of the process of marginalisation reflected in their indebtedness. The mixed trends do not allow us to identify a common thread of explanation, which would be of macro economic nature. Thus, it would not be wrong to assume that the local level institutions are more powerful in dictating the terms against the deprived castes, which do not often get reflected in aggregate trends.

Our paper very modestly tried to highlight the fact that a large number of people from the Deprived Castes from rural areas depend on agricultural sector. A majority of them are agricultural labourers whereas only about 12 per cent are cultivators. Out of the cultivators less than half have some access (even theoretical) to the product market as producers, thereby clearly indicating their weak bargaining power as consumers which in turn results in indebtedness. Thus the process of marginalisation of the Scheduled Castes in land market is quite clear. On the other hand, the agricultural labourers belonging to Deprived Castes have always been at the other end of the hierarchy. They, too, have extremely weak bargaining position in relation to their wage labour. As a consequence indebtedness is on increase for this social group. In such a situation, it will not be prudent to assume that the market would correct the distortions through the price mechanism and, hence, it will not be erroneous, if we state that the New Economic Policy is likely to have hazardous impact on the Deprived Castes both in living standard and employment.

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