From Land to Debt: Changing Livelihood Security among Rural Labour in India since early 1980s

Dr. Nupur Kataria*

Maitreyi College, University of Delhi

DOI: https://doi.org/10.47772/IJRISS.2026.100800007

Received: 13 August 2026; Accepted: 18 August 2026; Published: 24 August 2026

ABSTRACT

Access to productive assets and credit is central to understanding the livelihood security and economic vulnerability of rural labour in India. This paper examines long-term changes in rural labour's access to land and credit, with particular focus on the bottom 40 per cent of rural population, using unit-level data from relevant National Sample Survey Office (NSSO) Employment and Debt and Investment rounds. The analysis covers changes in access to land and credit since 1980s at the all-India and state levels. The findings reveal a substantial long-term decline in access to land. At the all-India level, average cultivated land declined from 1.169 hectares in 1983 to 0.343 hectares in 2019, despite a temporary recovery during the mid-2000s and early 2010s. Considerable interstate variation is observed, with particularly sharp declines in states such as Bihar, West Bengal, Uttar Pradesh, Odisha and Himachal Pradesh, while some states experienced different trajectories. The credit analysis indicates a simultaneous expansion of institutional and non-institutional borrowing. While both average institutional and non-institutional borrowings increased during the period of the study but rate of increase in average non-institutional borrowing has been higher and that the increasing volume of credit has not been accompanied by a corresponding expansion of productive investment. The share of borrowing devoted to household expenditure, health, housing and other consumption-related needs has increased, while borrowing for non-farm business and some forms of productive investment has declined. The paper argues that declining land access combined with rising consumption-oriented indebtedness has shifted rural labour from asset-based livelihood security towards credit-dependent coping. Strengthening rural labour livelihoods therefore requires not only greater access to formal credit but also improved land security, productive employment and stronger provision of essential public services.

Keywords: Rural Labour; Land Access; Rural Credit; Indebtedness; Financial Vulnerability.

INTRODUCTION

Land and credit constitute two important dimensions of livelihood security in rural India. Land provides a direct source of agricultural income and employment and, importantly, can function as a productive asset and collateral for accessing formal finance.

Credit, on the other hand, allows households to smooth consumption, respond to income fluctuations, meet emergency expenditure and finance productive activities. For rural labour whose earnings are often uncertain and seasonal, the interaction between access to land and access to credit is particularly important. Examining these two dimensions together therefore provides a broader understanding of changes in the socio-economic position of poorer rural households.

The Indian rural economy has undergone substantial structural transformation since the 1980s. Agricultural diversification, economic reforms, increasing non-farm employment, migration, urbanisation and changes in

rural credit institutions have altered the relationship between rural labour and productive assets. The economic reforms initiated in 1991 accelerated structural changes in employment and production and created new non-farm opportunities, but they also exposed small producers to changing market conditions and increased competition. At the same time, demographic pressures and inheritance-based subdivision contributed to the fragmentation of landholdings. For the population located at the lower end of the rural economic distribution, these changes have important implications because small and fragmented holdings may no longer provide sufficient income or security.

The analysis in this paper indicates a pronounced decline in access to cultivated land among the rural labour. At the national level, average cultivated land declined from 1.169 hectares in 1983 to 0.520 hectares in 1999–00. There was a partial recovery during the 2000s, with average cultivated land reaching approximately 0.800 hectares in 2011–12, but the figure subsequently declined sharply to 0.343 hectares in 2019. The long-term decline suggests that land has become progressively less capable of providing a stable livelihood base for these poorer rural labourers.

This decline in land access is significant for credit as well. Landownership and operational holdings can provide collateral for formal borrowing, while households without adequate assets may face greater difficulty obtaining institutional loans. As land becomes increasingly fragmented or is lost through sale, leasing arrangements or other forms of displacement, poorer households may become more dependent on credit to finance both productive and non-productive expenditure. The resulting relationship can be self-reinforcing: limited productive assets increase dependence on borrowing, while borrowing for consumption or emergencies does not necessarily generate future income sufficient to repay debt.

Access to credit is therefore examined in this paper not merely as an indicator of financial inclusion but as an indicator of the changing nature of rural economic vulnerability. The purposes for which households borrow are especially important. Credit used for farm investment, non-farm enterprises or productive assets can potentially enhance income-generating capacity. In contrast, credit used predominantly for health, housing, household expenditure, education, social obligations or repayment of previous debt may indicate that borrowing is being used simply as a coping mechanism.

This study addresses three broad questions. First, how has access to land among the rural labour changed since 1980s? Second, how has the composition and purpose of rural debt changed during the period of study? Third, to what extent do the land and credit trends together indicate an improvement or deterioration in the economic security of rural labour households?

This study contributes to the discussion by bringing land and credit trends together and by examining both all-India and state-level patterns. Rather than treating financial inclusion as synonymous with improved welfare, it considers whether the expansion of borrowing has been accompanied by productive asset accumulation. The results suggest that this has not consistently been the case. While formal credit has expanded substantially, the growth of non-institutional borrowing and the increasing use of loans for household expenditure point towards persistent financial insecurity among poorer rural households.

DATA AND METHODOLOGY

Data sources

This analysis is based on unit-level data from relevant NSSO Employment and Debt and Investment rounds. For access to land, Employment Rounds data are used for the relevant years up to 2011–12. Since landholding information was no longer collected in the same manner in the Employment rounds from 2017–18 onwards, the 2019 Debt and Investment round is used for the final observation. For access to credit, the analysis uses Debt and Investment Round data covering the period from 1992 to 2019. The main population of interest is the bottom

40 per cent of rural population (bottom 4 deciles) taken as a proxy for the rural labour[1]. The analysis is conducted at both the all-India level and across major states. This allows the study to identify the broad national trajectory while also examining regional differences in the relationship between land, credit and rural livelihood security. The 2013 Debt and Investment round however is excluded because the relevant MPCE (monthly per capita consumption expenditure) variable was not available for constructing the required decile classes.

Measures of land access

The principal indicator of access to land is average cultivated land. In the NSSO framework used in the study, cultivated land refers to the net area sown and includes land owned, leased in and leased out. The indicator is therefore intended to capture the operational relationship of rural households with agricultural land rather than simply ownership. The analysis compares average cultivated land among the bottom 40 per cent of rural households across the selected survey years. The use of the average provides an overall measure of the productive land base available to rural labour, while the state-level analysis captures substantial regional variation.

Measures of credit access

Three broad indicators are used to examine access to rural credit. First, the paper examines the share of debt by tenure and institutional source. Debt is classified according to repayment period into short-, medium- and long-term categories and according to whether the source is institutional or non-institutional. Second, the paper examines the purpose of borrowing.

This distinction is important because the developmental implications of credit depend substantially on whether loans are used for productive investment or household consumption and emergency expenditure. Third, the analysis considers the average amount borrowed from institutional and non-institutional sources. This provides an indication of the changing scale of indebtedness and whether poorer rural labour households are increasingly dependent on formal or informal lenders. Together, these indicators allow the paper to move beyond a simple question of whether households borrow and instead examine where borrowing comes from, how large it is and what it is used for.

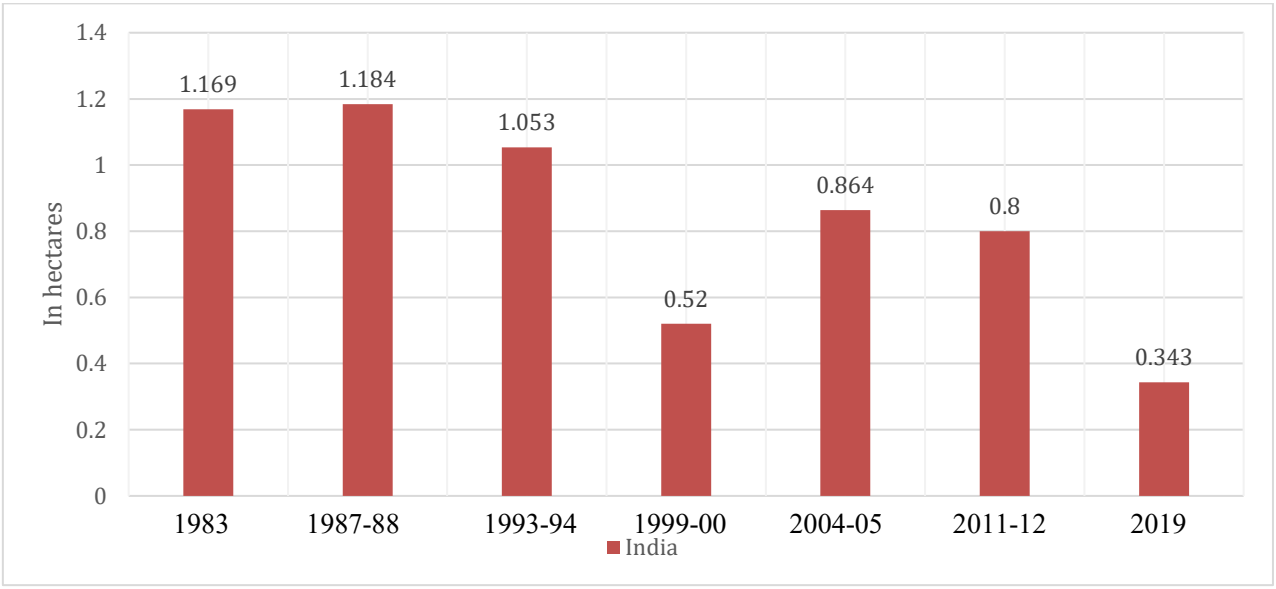
TRENDS IN ACCESS TO CULTIVATED LAND

National trends

The long-term national trend reveals a substantial decline in the cultivated land available to the bottom 40 per cent of rural population as shown in figure 1. Average cultivated land stood at 1.169 hectares in 1983 and remained broadly stable in the 1980s, reaching 1.184 hectares in 1987. It then declined to 1.053 hectares in 1993–94 and fell sharply to 0.520 hectares in 1999–00. The trend subsequently reversed temporarily: average cultivated land increased to 0.864 hectares in 2004–05 and approximately 0.800 hectares in 2011–12. By 2019, however, it had fallen to only 0.343 hectares, the lowest value in the series.

[1] See Jha, 2013; Kataria, 2021; Kataria, 2026.

Figure 1: Average Cultivable Land (bottom 40% of rural population)



Source: NSSO Employment Round Unit Level Data for the relevant years and NSSO Debt and Investment Round Unit Level Data, 2019.

The overall trajectory can therefore be divided into three broad phases. The first phase, from the early 1980s to the beginning of the 1990s, was characterised by relatively stable land access. The second phase, covering the 1990s, witnessed a sharp decline. The third phase began with a partial recovery in the 2000s but ended with another substantial decline by 2019. Several factors may have contributed to this pattern. Population growth and inheritance-based subdivision can progressively reduce the size of operational holdings. Fragmentation is particularly consequential for poorer households because very small plots are less capable of generating adequate agricultural income and may have higher per-unit production costs. The analysis associates the decline during the 1990s with rising indebtedness, distress land sales and structural changes following the 1991 economic reforms (Papola 2012, Ahluwalia 2002). The recovery during 2004–05 to 2011–12 coincided with stronger agricultural performance, expansion of rural employment opportunities, higher rural wages and improved access to credit. The expansion of MGNREGA and the changing pattern of rural migration may also have reduced distress pressures on some households (Khera 2011, Fan and Gulati 2008). Nevertheless, the recovery was not sustained. The decline to 0.343 hectares by 2019 indicates that the productive land base of poorer rural households had become substantially weaker. This is particularly important because land is not only an agricultural input but also a source of security and an asset that may facilitate access to institutional credit. Other reasons may include slow implementation of land reforms and weak land rights protections for marginal households, policy shocks such as demonetisation and the introduction of GST which may have aggravated income and liquidity stresses for rural households and thereby indirectly contributed to land insecurity (Chand and Singh 2022, Levien 2018). The reduction in operational holdings can therefore have implications beyond agricultural production.

State-level variation

The national trend conceals substantial differences across states. Most states experienced a long-term decline, but the timing and magnitude of the decline varied considerably as shown in following table 1.

Table 1: Trend in average cultivable land among bottom 40 percent of rural population (in hectares)

State	1983	1987	1993-94	1999-00	2004-05	2011-12	2019
Andhra Pradesh	0.631	0.976	1.007	0.455	1.280	1.120	0.502

Assam	0.569	0.919	0.748	0.402	0.611	0.999	0.319
Bihar	2.334	0.868	0.737	0.313	0.423	0.459	0.112
Gujarat	0.996	1.437	1.243	0.421	0.931	1.041	0.627
Haryana	0.723	2.441	1.177	0.155	0.913	0.947	0.495
Himachal Pradesh	0.720	0.659	0.493	0.398	0.382	0.264	0.127
Karnataka	1.128	1.602	1.688	0.855	1.331	1.398	1.474
Kerala	0.180	0.193	0.155	0.076	0.158	0.066	0.258
Madhya Pradesh	1.737	2.202	1.635	1.012	1.536	1.437	0.682
Maharashtra	1.244	1.873	1.870	0.754	1.390	1.367	0.445
Orissa	0.725	0.830	0.834	0.471	0.812	0.767	0.236
Punjab	10.569	2.144	0.311	0.158	0.463	0.207	0.353
Rajasthan	2.166	2.143	2.090	1.255	1.429	1.230	0.595
Tamil Nadu	0.267	0.684	0.564	0.201	0.647	0.736	0.608
Uttar Pradesh	0.843	0.936	0.806	0.487	0.617	0.563	0.206
West Bengal	0.252	0.427	0.388	0.224	0.358	0.315	0.066
Chhattisgarh	-	-	-	-	1.327	1.065	0.488
Jharkhand	-	-	-	-	0.499	0.527	0.140
Uttaranchal	-	-	-	-	0.432	0.296	0.230
India	1.169	1.184	1.053	0.520	0.864	0.800	0.343

Source: NSSO Employment Round Unit Level Data for the relevant years and NSSO Debt and Investment Round Unit Level Data, 2019.

Bihar experienced one of the most pronounced contractions. Average cultivated land among the bottom 40 per cent declined from 2.334 hectares in 1983 to only 0.112 hectares in 2019. The decline is associated with historically unequal agrarian structures, incomplete land reforms, rapid population growth, fragmentation, low profitability of small-scale cultivation and increasing dependence on migration and wage labour (Kumar et al 2023, Sahay 2020). West Bengal also recorded a substantial decline, from 0.252 hectares in 1983 to 0.066 hectares in 2019. Land fragmentation, changes in tenancy and movement towards non-farm work and migration are possible explanations. Uttar Pradesh similarly experienced a decline from 0.843 hectares to 0.206 hectares over the same period. Himachal Pradesh witnessed a continuous decline from 0.720 hectares in 1983 to 0.127 hectares in 2019. In this case, fragmentation combined with increasing dependence on horticulture, tourism, off-season vegetables and other non-farm activities appears to have contributed to the changing relationship between poorer households and agricultural land (Kumar et al 2021, Sharma 2015). Odisha experienced a decline from 0.725 hectares in 1983 to 0.236 hectares in 2019, while Rajasthan declined from 2.166 to 0.595 hectares. In both cases, fragmentation, climatic risks and increasing migration and non-farm employment appear to have contributed to the long-term reduction in operational land.

Madhya Pradesh declined from 1.737 hectares in 1983 to 0.682 hectares in 2019. Maharashtra presents a somewhat different trajectory. Its average cultivated land among the bottom 40 per cent increased from 1.244 hectares in 1983 to 1.367 hectares in 2011–12 before falling sharply to 0.445 hectares in 2019. Thus, the temporary recovery visible at the national level was also present in several states.

Karnataka represents a notable exception. Average cultivated land increased from 1.128 hectares in 1983 to 1.474 hectares in 2019. The trajectory is associated with earlier land and tenancy reforms, irrigation and watershed programmes, and changes in the occupational structure of better-off households, some of whom may have leased out land that could subsequently be operated by poorer cultivators (Nagaraju and Shubha 2024, Government of Karnataka 2021). Kerala also recorded an increase, although from a much lower base: average cultivated land increased from 0.180 hectares in 1983 to 0.258 hectares in 2019. The state's history of land reform and the importance of migration and non-farm income are possible factors. Tamil Nadu similarly recorded an increase from 0.267 hectares in 1983 to 0.608 hectares in 2019, although the intervening years showed fluctuations (Sreeni 2022, Kannan and Hari 2020). Andhra Pradesh increased from 0.631 hectares in 1983 to 1.120 hectares in 2011–12 before falling to 0.502 hectares in 2019.

Punjab presents a particularly striking decline. Average cultivated land among the bottom 40 per cent fell from 10.569 hectares in 1983 to 0.353 hectares in 2019. The change is associated with inheritance-based subdivision, mechanisation, rising land prices, stagnating farm incomes, migration and the increasing movement of poorer households into wage and non-farm employment (Singh et al 2021, Singh and Bhogal 2020, Sidhu and Bhullar 2005).

Overall, the state-level evidence demonstrates that the decline in land access is widespread but not uniform. The national average fell from 1.169 hectares to 0.343 hectares, while some states experienced persistent declines and others showed increases or temporary recoveries.

RURAL CREDIT: CHANGING SOURCES, TENURE AND PURPOSES

Credit as a component of livelihood security

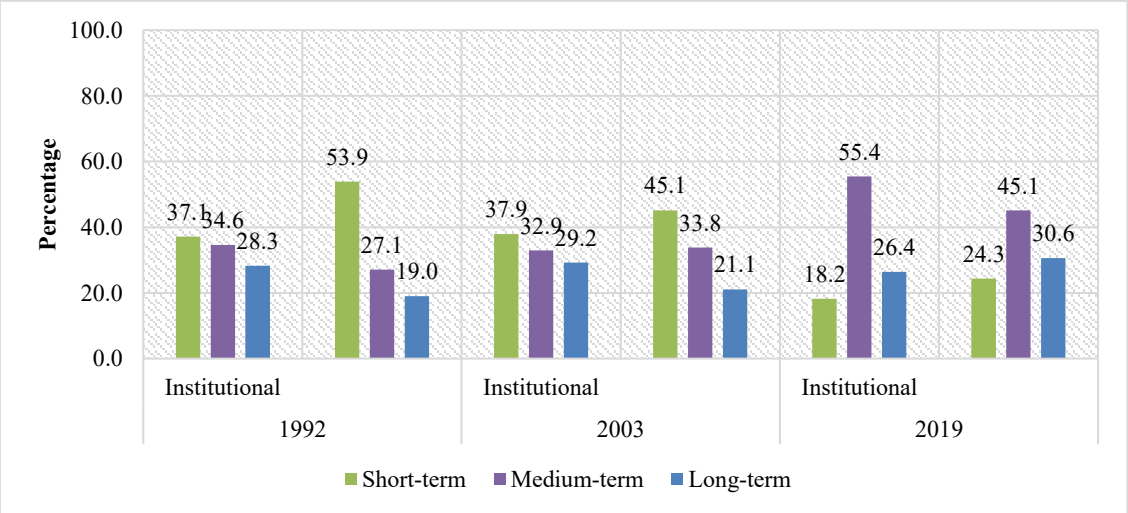
Credit plays a particularly important role for rural labour households because agricultural and non-agricultural incomes are often seasonal and vulnerable to shocks. Borrowing can finance working capital, productive investment, consumption smoothing, health and education expenditure, housing and social obligations. For poorer households, therefore, credit may function simultaneously as an investment mechanism and as an insurance against economic insecurity.

The distinction between institutional and non-institutional credit is central to understanding this process. Institutional credit includes loans from formal financial agencies, while non-institutional sources include informal lenders and other non-formal arrangements. The expansion of institutional finance has been an important component of rural financial inclusion, but the persistence and growth of informal borrowing indicate that formal finance has not fully replaced informal sources.

Tenure and institutional source of debt

The analysis shows an increasing role of medium- and long-term non-institutional debt. The share of long-term debt from non-institutional sources increased from approximately 19.0 per cent in 1992 to 30.6 per cent in 2019. The corresponding share of medium-term non-institutional debt increased from 27.1 per cent to 45.1 per cent as shown in figure 2.

Figure 2: Share of Different Tenure of Debt by Type of Institution



Source: NSSO Debt and Investment Round Unit Level Data for Relevant Years

This trend is important because long-term and medium-term informal borrowing may expose poorer households to greater financial vulnerability. Informal lenders can provide rapid and flexible access to funds, but such flexibility may come at the cost of higher interest rates and weaker borrower protection. The growth of non-institutional debt occurred despite the expansion of formal financial inclusion. Initiatives such as the Self-Help Group–Bank Linkage Programme and Kisan Credit Card scheme expanded access to institutional credit. The evidence therefore points to a dual process: formal credit has become more accessible for some rural labour households, while informal finance remains essential for households that cannot satisfy the requirements of formal lenders or require immediate liquidity.

Changing purpose of borrowing

As shown in figure 3 below, the purpose of borrowing reveals a significant transformation in the nature of rural labour indebtedness. Productive borrowing has not increased in proportion to the expansion of total credit. Capital expenditure in farm business as a share of institutional loans increased from 10.5 per cent in 1992 to 30.4 per cent in 2003 but declined to 17.9 per cent by 2019. Meanwhile, the share of capital expenditure on non-farm business declined from 30.1 per cent in 1992 to 10.2 per cent in 2003 and only 4.0 per cent in 2019.

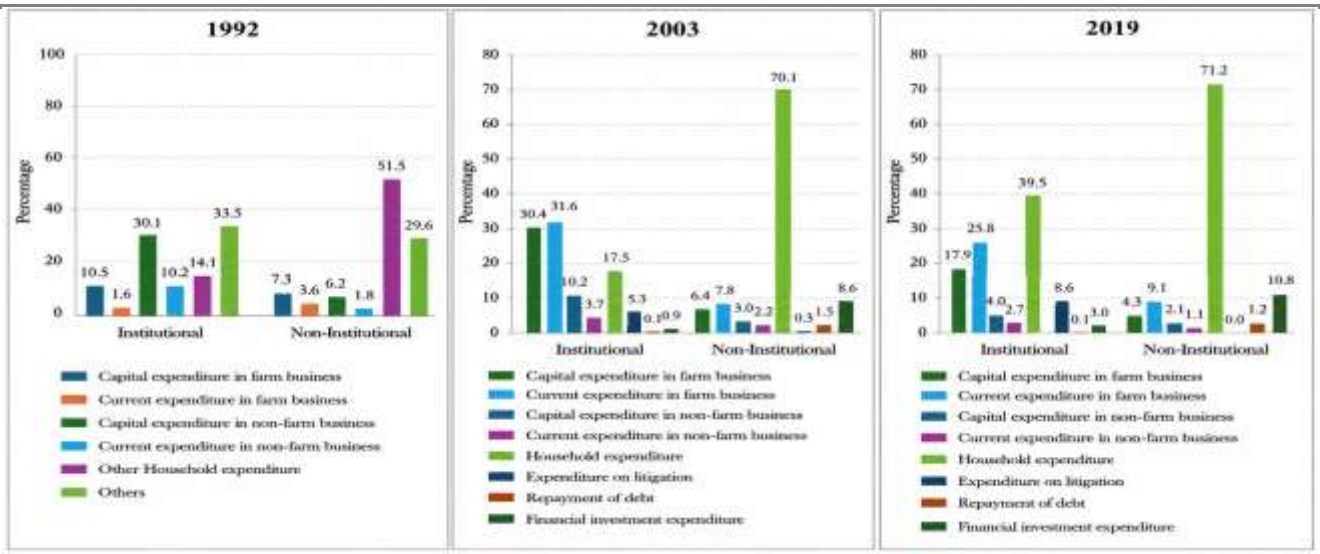
At the same time, household expenditure became increasingly important. Its share of institutional loans increased from 14.1 per cent in 1992 to 17.5 per cent in 2003 and 39.5 per cent in 2019. Non-institutional loans were even more strongly oriented towards household expenditure, which constituted close to three-fourths of borrowing.

This growing dependence on long- and medium-term non-institutional credit can be linked to several factors: persistent inequality in access to institutional finance, where small and marginal farmers and land-poor households struggle with collateral requirements, complex procedures and rigid repayment schedules; rising cultivation costs and heightened exposure to climatic and price risks that push households to seek quick, though costly, informal credit during periods of distress; and the fact that a substantial part of borrowing by poorer rural households is for non-productive purposes such as health, education and social ceremonies, for which informal lenders are often more accessible and flexible.

At the same time, declining access to land among the bottom 40 per cent—against a backdrop of widening land inequality and concentration of holdings—has weakened their collateral base and bargaining power, further excluding them from formal credit channels and reinforcing their reliance on non-institutional lenders for longer-term borrowing, thereby deepening indebtedness and economic vulnerability (Mishra and Bhardwaj 2022, Rawal and Bansal 2022, Kumar et al 2020). So, overall there has been increased borrowing for the purpose of consumption as compared to investment in income-generating activities by rural labour which shows that the financial insecurity of the rural labour has increased over the years.

These changes suggest that credit has increasingly been used to meet immediate needs rather than to create productive assets. This does not imply that such borrowing is irrational. Health expenditure, housing, education and consumption are necessary household expenditures, and borrowing may be the only available mechanism for coping with sudden financial requirements. However, from the perspective of long-term economic mobility, increasing reliance on debt for consumption indicates that households may lack sufficient income, savings or public support to meet basic needs without borrowing.

Figure 3: Purpose of Different Loans



Source: NSSO Debt and Investment Round Unit Level Data for Relevant Years

State-level differences in the purpose of loans

State-level evidence reinforces the national pattern but also demonstrates significant variation (tables in appendix). In Maharashtra, Gujarat, Madhya Pradesh and Chhattisgarh, relatively larger shares of borrowing continue to be directed towards farm and non-farm business. These states therefore retain a stronger productive component in rural borrowing. Nevertheless, household, health and housing expenditure absorb a substantial proportion of borrowing even in these states.

Punjab, Haryana, Kerala, Tamil Nadu and Bihar display a more pronounced shift towards consumption and welfare-related borrowing. In these states, borrowing for farm and non-farm business constitutes a relatively small share of the loan portfolio by 2019, while housing, household expenditure and medical treatment account for much larger shares.

Uttar Pradesh, Rajasthan, Odisha and Jharkhand exhibit mixed patterns, but the overall direction is towards increasing importance of non-productive expenditure. Assam and West Bengal also show significant borrowing for household and health-related expenditure, although there are signs of a renewed investment component in some years.

The state-level evidence therefore indicates that access to credit alone cannot be interpreted as evidence of improved economic security. The same amount of credit may have very different implications depending on whether it finances productive investment or helps households meet basic consumption and emergency needs.

Changing Scale Of Rural Indebtedness

The average amount borrowed provides another important dimension of the transformation in rural credit (table 2 below). At the all-India level, average institutional borrowing among the bottom 40 per cent increased from approximately ₹5,337 in 1992 to ₹64,630 in 2019. Average non-institutional borrowing increased from approximately ₹3,292 to ₹50,839 over the same period. Thus, institutional loans increased by more than twelve times, while non-institutional loans increased by more than fifteen times.

The growth rates also changed across periods. Between 1992 and 2003, institutional borrowing expanded faster than non-institutional borrowing. Between 2003 and 2019, however, the reverse occurred: average institutional

borrowing became approximately 4.3 times larger, whereas average non-institutional borrowing increased by more than 6.2 times.

This evidence suggests that formal financial inclusion and informal indebtedness have expanded simultaneously. The expansion of institutional borrowing is consistent with the increasing reach of banks, regional rural banks, cooperatives, Kisan Credit Cards and self-help group linkages. Yet the rapid expansion of non-institutional borrowing indicates that formal finance has not fully resolved the underlying liquidity constraints faced by poorer rural households (Bhardwaj 2021, Kumar et al 2020).

Policy shocks such as demonetisation (2016) and the introduction of GST (2017) further disrupted cash-dependent rural activities and small enterprises, tightening liquidity and increasing income uncertainty, which in turn may have pushed many these poorer households to rely more heavily on flexible, high-cost non-institutional lenders. Other reasons probably include stagnation in agricultural sector, modernization and commercialization of agriculture (which has expanded the credit demand), rising risks of production and marketing, institutional vacuum and the lack of alternative employment opportunities in rural areas (Savita and Batra 2020, Report of the Expert Group on Agricultural Indebtedness 2007).

The state-level evidence is equally heterogeneous. In Punjab, average non-institutional borrowing increased to approximately ₹69,600 by 2019, substantially exceeding the institutional average of approximately ₹30,500. In Tamil Nadu, non-institutional borrowing also exceeded institutional borrowing by 2019, with average amounts of approximately ₹74,400 and ₹64,200 respectively. By contrast, Uttar Pradesh recorded substantially larger institutional loans, with the institutional average reaching approximately ₹93,600 in 2019 compared with around ₹50,400 for non-institutional borrowing. West Bengal also displayed a continuing dominance of institutional borrowing in terms of average loan size.

In Chhattisgarh, average non-institutional borrowing exceeded institutional borrowing by 2019, while Jharkhand exhibited a mixed pattern in which institutional borrowing remained larger but informal borrowing increased rapidly. Uttarakhand recorded particularly strong growth in institutional loan sizes after 2003. These differences demonstrate that the expansion of formal banking infrastructure has had uneven effects across regions. Institutional finance is an important source of relatively large loans in several states, but informal credit continues to perform an important complementary role and, in some regions, has become the dominant source of larger borrowing.

Kumar et al. (2016) argue that, during the era of banking sector reforms which began in 1991 as a part of economic reforms, the strong policy focus on profitability weakened the original developmental role of institutions such as cooperatives and regional rural banks (RRBs), and in doing so created space for the re-emergence of the exploitative non-institutional credit sector in rural areas. They also note that, somewhat paradoxically, the Southern region—despite having relatively advanced banking networks and a strong credit culture—still shows a persistently high reliance on non-institutional sources of borrowing.

Table 2: Average amount borrowed according to credit agencies (in Rs.)

State	Credit Agency	1992	2003	2019
Himachal Pradesh	Institutional	4,653.82	14,626.21	193,882.90
	Non-Institutional	3,960.71	10,138.37	12,486.10
Punjab	Institutional	16,915.31	7,966.97	30,461.50
	Non- Institutional	4,516.18	11,237.17	69,583.09
Haryana	Institutional	9,693.55	22,083.26	69,173.19
	Non- Institutional	8,170.46	14,745.33	135,873.20
Rajasthan	Institutional	6,105.46	23,042.01	88,721.92
	Non- Institutional	4,297.10	13,727.33	84,251.17

Uttar Pradesh	Institutional	6,683.48	17,689.21	93,624.54
	Non- Institutional	2,581.85	6,702.03	50,376.68
Bihar	Institutional	4,121.45	14,504.10	39,879.37
	Non- Institutional	2,018.95	6,721.90	36,871.12
Assam	Institutional	4,798.58	15,843.28	52,211.75
	Non- Institutional	1,315.86	2,814.68	25,323.89
West Bengal	Institutional	3,799.81	7,929.95	38,154.19
	Non- Institutional	1,763.13	4,607.12	25,686.91
Odisha	Institutional	3,251.12	8,839.87	32,293.28
	Non- Institutional	2,163.49	4,794.76	31,149.02
Madhya Pradesh	Institutional	5,866.92	18,765.55	83,555.54
	Non- Institutional	4,003.53	10,982.67	55,993.86
Gujarat	Institutional	7,037.25	18,999.17	106,444.90
	Non- Institutional	5,020.00	10,292.10	61,903.13
Maharashtra	Institutional	5,619.39	15,262.47	110,836.10
	Non- Institutional	4,228.30	10,705.53	59,682.83
Andhra Pradesh	Institutional	3,796.39	13,072.67	45,850.82
	Non- Institutional	4,269.39	8,925.01	82,424.55
Karnataka	Institutional	6,554.62	15,262.47	78,316.46
	Non- Institutional	5,285.80	10,705.53	79,143.90
Kerala	Institutional	5,173.24	17,267.28	152,857.60
	Non- Institutional	5,057.71	7,578.81	20,932.29
Tamil Nadu	Institutional	5,573.13	14,545.95	64,162.47
	Non- Institutional	2,972.86	10,577.45	74,355.23
Uttarakhand	Institutional	NA	28,430.71	211,393.80
	Non-Institutional	NA	13,094.45	79,245.31
Jharkhand	Institutional	NA	7,578.82	31,770.30
	Non-Institutional	NA	3,535.22	22,170.92
Chhattisgarh	Institutional	NA	10,584.70	38,509.69
	Non-Institutional	NA	4,317.55	43,123.20
India	Institutional	5,336.69	15,069.88	64,629.98
	Non- Institutional	3,292.46	8,141.09	50,839.32

Source: NSSO Debt and Investment Round Unit Level Data for Relevant Years

CONCLUDING REMARKS

The present study examined the long-term changes in access to land and credit among the rural labour in India and across various states using NSSO unit-level data. The analysis points to a significant transformation in the livelihood conditions of these poorer rural labourers, marked by a sustained reduction in access to productive land and a substantial rise in borrowing. One of the most important findings is the decline in average cultivated land. The average cultivated area fell from 1.169 hectares in 1983 to 0.343 hectares in 2019. Although there was some improvement between 2004–05 and 2011–12, this increase was temporary and was followed by a renewed decline. The overall trend indicates a weakening of the productive asset base available to these labourers, with important consequences for their income-generating capacity and livelihood security.

At the same time, the volume of borrowing increased considerably. Institutional credit expanded over the period, reflecting greater reach of formal financial institutions. However, this expansion did not eliminate the role of informal sources of finance. Average institutional borrowing increased from about ₹5,337 in 1992 to ₹64,630 in 2019, while average non-institutional borrowing rose from approximately ₹3,292 to ₹50,839. The continued dependence on informal credit indicates that formal financial access remains affected by issues such as collateral

requirements, documentation, transaction costs, repayment conditions and the need for greater flexibility in loan arrangements.

The changing purpose of borrowing provides an additional dimension to these findings. A growing share of loans was used for household expenditure, health, housing and other consumption-related purposes. In contrast, borrowing for non-farm business showed a decline, while the increase in borrowing for farm-related investment was not sustained. Consequently, the growth of credit cannot, by itself, be regarded as evidence of improved productive capacity. For poorer households, borrowing increasingly appears to serve as a means of managing immediate financial pressures rather than supporting long-term asset creation.

The simultaneous reduction in productive land and increase in borrowing suggests a broader shift in the livelihood strategies of poorer rural households. With fewer productive assets at their disposal, households may increasingly rely on wage employment, migration and borrowing to meet their economic requirements. When loans are primarily used for consumption or emergency needs, they may provide short-term financial relief without creating additional income-generating assets. This situation can increase the vulnerability of households to future indebtedness.

The analysis also highlights substantial differences across states. The relative importance of institutional and non-institutional credit varies considerably, reflecting differences in financial infrastructure, access to banking services, collateral availability, transaction costs and the flexibility of credit arrangements. The continued use of informal sources even in states with relatively developed formal financial systems indicates that financial inclusion involves more than simply providing access to formal institutions. The affordability, accessibility, flexibility and suitability of credit are equally important.

These findings have broader implications for rural development policy. Expanding the supply of institutional credit remains important, particularly for land-poor rural households, tenants and informal workers. However, credit expansion needs to be accompanied by measures that strengthen productive livelihoods and reduce the necessity of borrowing for basic household requirements. Improvements in public health, education, social protection, rural employment and agricultural risk management can reduce the financial pressures that encourage households to rely on debt. Land security also remains an important policy concern. The long-term decline in cultivated land among poorer rural households highlights the need for stronger tenancy arrangements, improved land records and measures that protect vulnerable households from distress-related loss of land. Greater security over productive assets can strengthen households' ability to generate income and reduce their dependence on borrowing.

Overall, the evidence suggests that the expansion of credit among rural labour should not automatically be interpreted as an improvement in their economic well-being. The simultaneous decline in productive assets and increase in consumption-oriented borrowing points towards a shift from asset-based livelihood security to greater dependence on credit as a coping mechanism. Therefore, addressing rural poverty and vulnerability requires an integrated approach that combines secure access to productive assets, appropriate institutional finance, stronger farm and non-farm livelihood opportunities, and improved access to essential public services. Financial inclusion can contribute to sustainable rural development only when credit supports productive and income-generating activities rather than primarily compensating for weaknesses in household income and social protection.

REFERENCES

1. Ahluwalia, M. S. (2002). Economic reforms in India since 1991: Has gradualism worked? Journal of Economic Perspectives, 16(3), 67–88.
2. Bhardwaj, A. (2021). AIDIS 2019: Lower assets and higher indebtedness for Indian households. Centre for Economic Data and Analysis (CEDA), Ashoka University.
3. Chand, R., & Singh, J. (2022). Workforce changes and employment: Some findings from PLFS data series (NITI Aayog Discussion Paper No. 1/2022). NITI Aayog, Government of India.

4. Fan, S., & Gulati, A. (2008). The dragon and the elephant: Learning from agricultural and rural reforms in China and India. Economic and Political Weekly, 43(26–27), 137–144.
5. Jha, P. (2013). Labour conditions in rural India: Reflections on continuity and change. In C. Oya & N. Pontara (Eds.), Rural wage employment in developing countries: Theory, evidence and policy. Routledge.
6. Kannan, K. P., & Hari, K. S. (2020). Revisiting Kerala's Gulf connection: Half a century of emigration, remittances and their macroeconomic impact, 1972–2020. The Indian Journal of Labour Economics, 63(4), 941–967.
7. Karnataka Evaluation Authority. (2021). Evaluation study of migration of labour to and from Karnataka. Government of Karnataka.
8. Kataria, N. (2021). An assessment of the nutritional status of India's rural labour since the early 1980s. Economic and Political Weekly, 56(50), 35–44.
9. Kataria, N. (2026). Rural labour in transition: Real wage trends in India since early 1980s. International Journal of Research and Scientific Innovation (IJRSI), 13(6). https://doi.org/10.51244/IJRSI.2026.1306000180
10. Khera, R. (Ed.). (2011). The battle for employment guarantee. Oxford University Press.
11. Kumar, A., Mishra, A. K., Sonkar, V. K., & Saroj, S. (2020). Access to credit and economic well-being of rural households. Journal of Agricultural and Resource Economics, 45(1), 145–160.
12. Kumar, A., Singh, R. S., & Choudhary, C. S. (2023). Agrarian structure of Bihar: Changes, challenges and policy options. The Pharma Innovation Journal, 12(3), 5349–5352.
13. Kumar, K., Goyal, A. P., & Abdi, R. (2021). Socio-economic challenges and opportunities in rural development: Evidence from five villages in Himachal Pradesh. Academy of Accounting and Financial Studies Journal, 25(4), 745–759.
14. Kumar, M., Charles, V., & Mishra, C. S. (2016). Evaluating the performance of Indian banking sector using DEA during post-reform and global financial crisis. Journal of Business Economics and Management, 17(1), 156–172. https://doi.org/10.3846/16111699.2013.809785
15. Levien, M. (2018). Dispossession without development: Land grabs in neoliberal India. Oxford University Press.
16. Ministry of Statistics & Programme Implementation, National Sample Survey Organisation (1987), Employment and Unemployment Situation in India 1983-84, Government of India, New Delhi.
17. Ministry of Statistics & Programme Implementation, National Sample Survey Organisation (1990), Employment and Unemployment Situation in India 1987-88, Government of India, New Delhi.
18. Ministry of Statistics & Programme Implementation, National Sample Survey Organisation (1997), Employment and Unemployment Situation in India 1993-94, Government of India, New Delhi.
19. Ministry of Statistics & Programme Implementation, National Sample Survey Organisation (2001), Employment and Unemployment Situation in India 1999-2000, Government of India, New Delhi.
20. Ministry of Statistics & Programme Implementation, National Sample Survey Organisation (2006), Employment and Unemployment Situation in India 2004-05, Government of India, New Delhi.
21. Ministry of Statistics & Programme Implementation, National Sample Survey Organisation (2014), Employment and Unemployment Situation in India 2011-12, Government of India, New Delhi.
22. Mishra, A. K., & Bhardwaj, V. (2022). Financial access and household's borrowing: Policy perspectives of an emerging economy. Journal of Policy Modeling, 44(5), 981–999.
23. Nagaraju, L. G., & Shubha, A. (2024). Challenges of rural small and marginal farmers in developing countries: A case study of rural small and marginal farmers in Karnataka. International Journal of Advanced Research, April issue, 764–775.
24. National Sample Survey Office. (2012). Debt & investment, January–December 2003 (NSS 59th Round). Ministry of Statistics and Programme Implementation, Government of India.
25. National Sample Survey Office. (2012). Debt and investment survey, January–December 1992 (NSS 48th Round) . Ministry of Statistics and Programme Implementation, Government of India.
26. National Sample Survey Office. (2022). Debt and investment, January–December 2019 (NSS 77th Round; Schedule 18.2; Visit 1 & 2). Ministry of Statistics and Programme Implementation, Government of India.
27. Papola, T. S., & Sahu, P. P. (2012). Growth and structure of employment in India: Long-term and post-reform performance and the emerging challenge. Institute for Studies in Industrial Development.

28. Rawal, V., & Bansal, V. (2022). The land question in contemporary rural India (SSER Monograph No. 22/2). Society for Social and Economic Research.
29. Sahay, G. R. (2020). Landlessness and agrarian inequality without landlordism: Caste, class and agrarian structure in Bihar. Economic and Political Weekly, 55(34), 50–58.
30. Savita, & Batra, V. (2020). Farmers' perception about indebtedness and farming as a profession: A field-level experience from South Haryana. MAIMS Economic Journal, 1(1), 26–34.
31. Sharma, T. (2015). Influence and impact of tourism on economy of Himachal Pradesh. The Himalayan Studies Conference 2015, 4–5 November 2015.
32. Sidhu, M. S., & Bhullar, A. S. (2005). Pattern and determinants of agricultural growth in two Punjabs. Economic and Political Weekly, 40(53), 5620–5627.
33. Singh, O. K., Priscilla, L., & Vatta, K. (2021). The impact of public expenditure on agricultural growth: Empirical evidence from Punjab, India. Agricultural Economics Research Review, 34(Conference Issue), 157–164. https://doi.org/10.5958/0974-0279.2021.00023.9
34. Singh, S., & Bhogal, S. (2020). Punjab's agricultural labourers in transition: A longitudinal study of three decades. Economic and Political Weekly, 55(26–27).
35. Sreeni, K. R. (2022). Socio-economic models of small and marginal farmers in Kerala. Research & Development, 3(1), 41–51.

APPENDIX

Table: Distribution by Purpose of Loan in Different States in 1992 (Bottom 40 Percent of Rural Households)

State	Capital Exp. in Farm Business – Building	Other Capital Exp. in Farm Business	Current Expenditure in Farm Business	Capital Exp. in Non-Farm Business – Building	Other Capital Exp. in Non-Farm Business	Current Exp. in Non-Farm Business	Major Repairs, Additions & Alteration	Expenditures on Marriage	Other HH Expenditure	Others
Andhra Pradesh	5.8	0.5	3	7.1	6.5	3	6.1	5	40.3	22.9
Assam	4.6	0.6	1.6	0.3	10.2	3.1	3.1	6.5	43.3	26.6
Bihar	4.7	1.1	2.9	3.4	18.9	6.7	4.1	6.2	36	16.1
Chhattisgarh										
Gujarat	3.3	2	0	11.3	19.3	16.7	7.3	6	18.7	15.3
Haryana	6.9	2.3	3.8	2.3	14.5	9.9	4.6	6.9	32.1	16.8
Himachal Pradesh	15.8	0.8	0.4	3.5	21.7	2.8	7.5	11.8	25.2	10.6
Jharkhand										
Karnataka	8.9	0	2.1	8.4	18.6	4.5	6.3	7.4	32.3	11.6
Kerala	19.4	0.4	2.8	9.5	5.8	3.7	1.9	7.7	29	19.8
Madhya Pradesh	8.1	2.7	2.6	10.3	11.9	8.3	4.4	8.9	26.5	16.5
Maharashtra	8.5	0.5	1.1	11.6	16.1	5.3	8	6	20.4	22.5
Odisha										
Orissa	5.4	1	2	5.6	12	4.4	6.4	4.8	31.8	26.9
Punjab	7	0	0.9	5.3	4.4	3.5	2.6	13.2	33.3	29.8
Rajasthan	10.9	0.2	1.6	3.3	12.3	8.1	3.7	10.2	36.7	13
Tamil Nadu	7.4	0.9	2.9	4.8	10	4.3	5.4	9.9	36.4	18
Telangana										
Uttar Pradesh	9.1	2.1	5.1	4.4	11.4	11.7	4.6	9.9	29	12.7
Uttarakhand										

Table: Distribution by Purpose of Loan in Different States in 2003 (Bottom 40 Percent of Rural Households)

State	Capital Expenditure in Farm Business	Current Expenditure in Farm Business	Capital Expenditure in Non-Farm Business	Current Expenditure in Non-Farm Business	Household Expenditure	Expenditure on Litigation	Repayment of Debt	Financial Investment Expenditure	Others
Andhra Pradesh	10.32	18.44	4.53	4.79	54.89	0.21	0.95	0.04	5.82
Assam	2.45	5.37	6.39	4.97	64.91	0.87	1.65	0.06	13.34
Bihar	9.16	5.63	5.41	2.14	57.74	0.24	1.9	0.07	17.7
Chhattisgarh	17.94	34.56	4.8	2.46	35.76	0	0.27	0	4.21
Gujarat	6.37	17.2	4.79	2.59	55.67	0.21	3.02	0	10.14
Haryana	14.9	11.28	12.29	0.94	53.17	0.31	2.41	1.15	3.56
Himachal Pradesh	7.86	3.54	6.3	0.58	57.35	0.35	4.04	0	19.99
Jharkhand	18.21	9.11	8.45	2.62	46.05	0	0.86	0.03	14.67
Karnataka	12.92	20.54	5.39	2.19	52.6	0.16	1.4	0.44	4.36
Kerala	5.62	1.9	4.91	1.74	65.71	0.59	6.45	2.48	10.61
Madhya Pradesh	22.25	22.25	3.69	1.16	45.85	0.37	1.49	0.17	2.76
Maharashtra	24.89	32.36	4.44	2.5	30.9	0.01	0.39	0.51	4.01
Odisha	17.09	24.57	6.86	2.51	39.67	0	0.54	0.11	8.65
Orissa									
Punjab	1.42	0.8	2.61	0	84.71	0	2.35	0	8.11
Rajasthan	20.67	14.89	2.67	1.15	56.55	0.14	0.98	0.14	2.83
Tamil Nadu	5.41	8.43	3.01	2.99	71.63	0	2.25	0.41	5.86
Telangana									
Uttar Pradesh	16.74	11.32	5.66	1.69	57.05	0.16	0.67	0.11	6.6
Uttarakhand	11.87	18.74	2.32	2.53	56.94	0	0	0	7.59

Table: Distribution by Purpose of Loan in Different States in 2019 (Bottom 40 Percent of Rural Households)

State	Capital Expenditure in Farm Business	Revenue Expenditure in Farm Business	Capital Expenditure in Non-Farm Business	Revenue Expenditure in Non-Farm Business	Expenditure on Litigation	Repayment of Debt	Financial Investment Expenditure	For Education	Others	For Medical Treatment	For Housing	For Other Household Expenditure
Andhra Pradesh	5.93	18.04	13.59	2.72	0	5.32	0	0.95	2.19	6.45	12.62	32.21
Assam	15.72	4.56	12.54	8.72	0	0.61	0.5	0.07	21.1	6.45	9.48	20.26
Bihar	7.72	4.21	3.08	1.34	0	1.2	0.26	1.1	15.35	23.71	12.42	29.61
Chhattisgarh	18.11	34.31	3.49	1.76	0.01	0.25	0.01	0.29	7.19	4.5	9.15	20.96
Gujarat	26.85	18.45	4.97	1.28	0	0.59	0	0.13	5.21	4.59	7.56	30.36
Haryana	4.48	0.78	0.59	0.93	0	0.28	0	0	4.86	1.61	29.46	57.01
Himachal Pradesh	6.79	33.28	0.7	2.26	1.75	0	0	0	26.93	9.66	16.89	1.73
Jharkhand	15.24	15.8	2.49	4.67	0	1.47	0.16	0.37	9.46	19.03	4.63	26.7
Karnataka	25.6	17.66	2.31	0.42	0	0.46	0.5	1.33	8.32	5.47	11.71	26.22
Kerala	0	0	0	0	0	12.41	0	5.27	12.81	5.06	30.42	31
Madhya Pradesh	15.27	27.68	2.54	1.1	0	1.36	0	0.15	6.19	6.19	8.52	29
Maharashtra	14.34	32.18	1.72	2.53	0	1.32	0.01	1.05	4.06	7.16	10.31	25.31
Odisha	8.42	24.89	0.67	1.39	0	0.66	0.25	2.09	7.3	7.76	15.17	31.39
Orissa												
Punjab	0.06	1.82	0	0	0.82	0	0	2.09	26.47	11.12	21.99	35.62
Rajasthan	7.07	17.56	3.12	1.82	0	1.15	0.03	0.51	14.16	4.68	7.33	42.56
Tamil Nadu	7.16	6.98	2.87	0.14	0	3.3	0	8.49	5.21	4.11	4.31	57.4
Telangana	1.61	47.54	0	0.09	0	0.21	0	0	1.78	3.86	0.11	44.61
Uttar Pradesh	14.36	17.1	3.09	0.64	0.03	0.71	0.12	0.52	11.64	13.42	6.55	31.82
Uttarakhand	2	20.97	3.69	0	0	0.35	0	0	21.4	3.05	22.69	25.84

Source: NSSO Debt and Investment Round Unit Level Data for Relevant Years.