

# **All-India Debt And Investment Survey, 1991-92 - Salient Features \***

## **(Part 1 of 2)**

### **Introduction**

The first decennial countrywide enquiry on household indebtedness, *viz.*, All-India Rural Credit Survey (AIRCS), 1951-52, was conducted by the Reserve Bank of India for the purpose of formulating credit policies in the area of agriculture. The second decennial survey, *viz.*, All-India Rural Debt and Investment Survey (AIRDIS), 1961-62, conducted by the Reserve Bank of India attempted to arrive at statistically valid and reliable estimates of debt, investment and other related characteristics of rural households for the country as a whole, and for major individual states, which served as bench mark data. The third (1971-72) and fourth (1981-82) decennial surveys on debt and investment covered the urban households as well and were carried out by the National Sample Survey Organisation (NSSO) in the twenty-sixth and the thirty-seventh rounds of the NSS, respectively, at the instance of the Reserve Bank of India. The All-India Debt and Investment Survey, 1991-92, fifth in the series of decennial surveys, formed the main subject of the programme for the forty-eighth round of the NSS and was conducted during the year 1992. The objective of the survey is to generate reliable estimates on assets, liabilities and capital expenditure of households in rural and urban sectors. The enquiry also collected data on land holdings and livestock holdings of rural and urban households. The NSSO processed the primary data and published the results of the 1991-92 survey.<sup>1</sup>

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\* **Prepared in the Survey Division of the Department of Statistical Analysis and Computer Services.**

1. Results presented in the article are based on the Reports on (i) Household Assets and Liabilities as on 30.6.1991 (Report No. 419) and (ii) Indebtedness of Rural/Urban Households as on 30.6.1991 (Report Nos. 420 & 421) published by the National Sample Survey Organisation, Department of Statistics, Ministry of Planning & Programme Implementation, Government of India, New Delhi, February and July, 1998.

The reference period of the survey for collection of data, was the period July 1991 to June 1992. The information from each sample household was collected in two visits. During the first visit, *i.e.*, January to August 1992, data on various aspects of cash loans, borrowings and repayments, *etc.*, made during July 1, 1991 to December 31, 1991, were collected. The second visit, during September-December 1992, covered the data on borrowings and repayments made during January 1 to June 30, 1992. Besides, data on capital expenditure, acquisition, disposal and loss of assets during this period were also collected in the second visit. The schedule 18.1 was designed to collect data on land holdings, livestock, agricultural machinery and implements owned by the households. The schedule 18.2 was designed to obtain information on debt and investment collecting details on (i) assets and liabilities of households, (ii) capital expenditure on (a) residential plots, houses or buildings, (b) farm business and (c) non-farm business, incurred by the households during the agricultural year 1991-92 and (iii) sale and loss of physical assets during July 1991 - June 1992. The salient features presented in this article mainly relate to the Schedule 18.2 on debt and investment of households.

As in the previous surveys, a two-stage stratified sampling design was adopted in the survey. The first stage units were villages/blocks while the second stage units were households.

For selecting households from sample villages/blocks, different procedures of selection of households were used for rural and urban sectors. With a view to improve the estimates of indebtedness, the households' indebtedness status is considered as one of the criteria for the selection of households, besides the size of land holdings/monthly per-capita consumption expenditure by the households in rural/urban areas. Accordingly, the information on indebtedness of the households was collected in the listing schedule and this has been used for selecting the sample of households in the sample village/urban block.<sup>2</sup>

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2. The listing schedule in the frame consists list of households in the selected sample village/urban block.

In rural sector, 9 households were selected from each sample village/hamlet group. For selecting a sample of 9 households from each sample village, households were sub-divided into 7 sub-strata on the joint consideration of land possessed and indebtedness status of the households. In the case of urban sector, a sample of 9 households was selected from each sample urban blocks/sub-blocks. The households of the sample block were classified into 7 sub-strata considering jointly, the monthly per-capita consumption expenditure and indebtedness status of households.

In all, the survey covered 57,031 households spread over 6,650 sample villages/blocks (4,231 villages and 2,419 urban blocks). These villages/blocks constitute the central sample surveyed by the NSSO. A sample of 36,425 households was surveyed in the rural areas and 20,606 households in the urban areas. The required information was collected from the same set of sample households in two visits of each household. The NSSO has published, the estimates based on the *central sample* in five reports (8 volumes)<sup>@</sup>.

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@ These reports are: i) 'Household Assets and Liabilities as on 30th June 1991', (ii) (a) 'Indebtedness of Rural Households as on 30th June 1991; and (b) 'Indebtedness of Urban Households as on 30th June 1991', (iii) Households Borrowings and Repayments during 1-7-91 to 30-6-92 (Part I & II), (iv) Households assets and Indebtedness of Social Groups as on 30.6.91 (Part I & II) and (v) Household Capital Expenditure during 1-7-91 to 30-6-92.

The article is organised in three sections. [Section I](#) presents the salient features of households' assets and liabilities, as on June 30, 1991. Significant changes in the composition of assets and liabilities of rural households during the decadal points, 1971, 1981 and 1991, and for urban households during 1981 and 1991 are also reviewed<sup>3</sup>. The distribution of households over different asset groups and their share in total assets provide an idea of the inequality in asset holdings. This aspect and also the pattern of assets owned by households are also discussed. [Section II](#) discusses various aspects of incidence of indebtedness, such as the cash debt outstanding against various credit agencies, distribution of cash debt by purpose and interest rates, *etc.* A summary of the results is presented in the last section.

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3. The results for the urban households in respect of 1971-72 were not published and, as such, the composition for urban households is restricted to 1981 and 1991 only.

## Section I

## Pattern and Composition of Total Assets

### *Distribution of households*

The survey covered all households in both rural and urban areas. The rural households are broadly categorised as cultivators and non-cultivators. The latter covers agricultural labourers, artisans and other non-cultivator households. The urban households are classified as self-employed and other households. It may be seen from [Table 1](#) that the proportion of cultivators in rural areas has declined to 66.1 per cent in 1991 from 76.3 per cent in 1981 which was higher than that in 1971 (72.4 per cent). Thus the proportion of non-cultivator households has increased in 1991 and 'others' sub-category has contributed mainly to the rise in the share of non-cultivator households. In the urban areas, the proportion of self-employed households has marginally increased to 34 per cent in 1991 from 32.6 per cent in 1981. Among the self-employed households, 'sales workers' and 'production and related workers, etc.', accounted each for about 11 per cent of all urban households in 1991.

**TABLE 1 : DISTRIBUTION OF HOUSEHOLDS BY OCCUPATIONAL CATEGORIES**

Category	(Per cent)		
	1971	1981	1991
<b>A: Rural</b>			
1. Cultivators	72.4	76.3	66.1
2. Non-cultivators	27.6	23.7	33.9
a. Agricultural Labourers	14.6	11.3	14.2
b. Artisans	2.4	1.6	3.8
c. Others	10.6	10.8	15.8
<b>All Rural Households</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	<b>(7,70,350)</b>	<b>(9,38,225)</b>	<b>(11,63,947)</b>
<b>B: Urban</b>			
1. Self-employed <sup>@</sup>		32.6	34.0
a. Professionals, etc.		1.7	1.6
b. Administrative		2.4	3.9
c. Clerical, etc.		0.8	0.2
d. Sales workers		10.6	11.3
e. Service workers		1.9	2.1
f. Farmers, etc.		4.0	3.7
g. Production & related workers, etc.		10.8	11.0
2. Other Urban Households		67.4	66.0
<b>All Urban Households</b>		<b>100.0</b>	<b>100.0</b>
		<b>(2,94,573)</b>	<b>(4,18,242)</b>

**Note:** 1) Data on urban households for 1971 are not available

2) Figures in brackets are estimated number of households in '00s.

@ The major occupational groups under self-employed households are classified by following the occupation divisions of the National Classification of Occupations (1968).

### **Average value of total assets per household and the composition of total assets**

The assets of households comprise physical assets and financial assets. The survey enumerated both categories of assets owned by households as on June 30, 1991. The physical assets comprise land, buildings, livestock, agricultural implements and machinery, transport equipment and household durables while the financial assets comprise shares and deposits, dues receivable in cash and in kind, and cash in hand. The average value of total assets per household for rural and urban areas at all-India and state-level, are given in [Table 2](#). The average value of total assets per household in rural areas is estimated at Rs.1,07,007. Among different states, the average value was the lowest at Rs.45,733 per rural household in Orissa while the average value in Haryana was the highest at Rs.3,37,619. Punjab followed with the average value at Rs.3,28,671. In more than half of the states, the average value of total assets per household was lower than the all-India average. In the case of urban households, average value of total assets per urban household was, however, estimated to be high at Rs.1,44,330. Orissa again had the lowest average value at Rs.72,314 although higher than its rural average. The highest average value of total assets per household is estimated at Rs.2,55,694 for Punjab, which is, however, lower than its value for rural households.

**TABLE 2 : AVERAGE VALUE OF TOTAL ASSETS PER HOUSEHOLD - ALL-INDIA AND STATES AS ON JUNE 30, 1991**

<b>States</b>	<b>(Rs.)</b>	
	<b>Rural Households</b>	<b>Urban Households</b>
Andhra Pradesh	58175	94806
Assam	60087	112206
Bihar	97900	98966
Gujarat	102942	160016
Haryana	337619	151221
Himachal Pradesh	134261	160612
Jammu & Kashmir	162749	201967
Karnataka	107150	125116
Kerala	181534	221516
Madhya Pradesh	93062	117338
Maharashtra	92890	165141
Orissa	45733	72314
Punjab	328671	255694
Rajasthan	158809	161046
Tamil Nadu	61978	119619
Uttar Pradesh	139233	157539
West Bengal	61881	101113
<b>All India</b>	<b>107007</b>	<b>144330</b>

The distribution of households classified by the value of total assets in rural and urban areas alongwith their share in total assets of all households for each type of households, is given in [Table 3](#). Households having total assets value of less than Rs.20,000 formed a little more than one-fourth of all rural households, and accounted for only about 2.4 per cent of the total assets of the rural households. On the other hand, households in the asset group of 'Rs.2.5 lakh and above' were less than one-tenth in number but accounted for nearly half of the value of total assets. More than one-tenth of the cultivator households in the asset group of 'Rs.2.5 lakhs and above' accounted for more than half of the value of total assets of all cultivator households. However, less than 2 per cent of non-cultivator households in this asset class accounted for about one-fifth of the value of total assets. At the other extreme, while 11.5 per cent of the cultivator households in the asset classes of 'less than Rs.20,000' accounted for 1 per cent of the total assets, nearly 57 per cent of the non-cultivator households in these asset classes shared 12.4 per cent of the total assets of all non-cultivator households. In the case of urban households, more than one-third of the households in the asset classes of 'less than Rs.20,000' accounted for only about 1.4 per cent of the total assets of all urban households. Nearly 66 per cent of the total assets of all urban households was held by 14.2 per cent of households, each reporting assets of 'Rs.2.5 lakhs and above'.

The distribution of assets across different asset size classes is further examined through the Gini's coefficient of concentration ratio (CR), which measures the inequalities in assets distribution of households. When the assets are uniformly distributed across different size classes, the CR approaches zero and if they are concentrated in particular asset groups, the ratio approaches unity. The CR for rural households is estimated at 0.64 and at 0.62 for urban households for 1991. Thus, there appears to be not much difference in concentration of assets in respect of rural and urban households. The Lorenz Curve, depicting the relationship between cumulative proportion of households and corresponding asset holdings is presented in the Chart for 1981 & 1991. The chart for 1991 also did not give any indication on the differential pattern of inequality between rural and urban households. Further, the concentration ratio, however, decreased for urban households from that (0.70) estimated for 1981\* while the CR for rural households has not changed much from that (0.64) of 1981.

\* All-India Debt and Investment Survey, 1981-82 - Assets and Liabilities of Households as on 30th June, 1981, RBI, Mumbai, 1987.

**TABLE 3 : PERCENTAGE DISTRIBUTION OF HOUSEHOLDS AND PERCENTAGE SHARE OF ASSETS ACCORDING TO ASSET GROUP BY TYPE OF HOUSEHOLD(AS ON 30-06-1991)**

Asset group (Rs.000)	(Per cent)														
	Rural households						Urban households								
	Cultivators			Non-cultivators			All		Self employed		Others			All	
	A	B		A	B	A	B	A	B	A	B	A	B		
Less than 5	5	1.1	0.0	19.9	1.3	7.5	0.2	11.8	0.1	21.4	0.3	18.1	0.2		
5 - 10	10	2.9	0.2	16.2	3.2	7.4	0.5	5.1	0.2	6.6	0.4	6.1	0.3		
10 - 20	20	7.5	0.8	21.0	7.9	12.1	1.7	8.9	0.7	9.5	1.1	9.3	0.9		

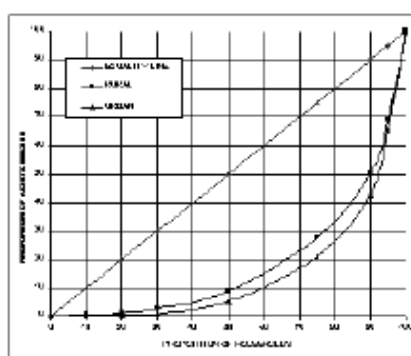
20 - 30	8.5	1.5	11.1	7.1	9.4	2.2	6.5	0.9	7.5	1.5	7.1	1.2
30 - 50	15.7	4.4	11.9	12.0	14.4	5.3	9.6	2.0	10.4	3.3	10.1	2.7
50 - 70	12.2	5.1	6.6	10.0	10.3	5.7	7.9	2.5	8.0	3.9	8.0	3.3
70 - 100	13.4	7.9	5.1	11.3	10.6	8.3	9.0	4.0	7.6	5.3	8.0	4.7
100 - 150	12.7	11.0	3.7	11.7	9.7	11.0	10.8	7.0	9.0	9.2	9.6	8.2
150 - 250	12.3	16.7	2.7	13.5	9.1	16.3	11.5	11.7	8.3	13.3	9.4	12.6
250 & above	13.6	52.5	1.8	21.9	9.6	48.8	18.9	70.9	11.8	61.7	14.2	65.8
<b>All classes</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

A : Percentage of households in each asset group.

B : Percentage share of value of assets in each group to total value of assets.

### DISTRIBUTION OF ASSETS OF RURAL & URBAN HOUSEHOLDS

(As on June 30, 1981)

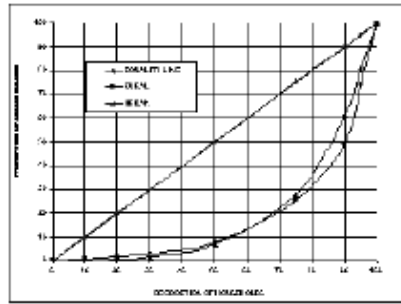


#### Composition of assets

The pattern of the composition of total assets held by rural and urban households according to different types of households is given in [Table 4](#). As expected, land was the major component of assets for cultivator households and accounted for more than two-thirds of the total assets. This was followed by 'buildings' with its share around one-fifth of total assets. As against this, shares of 'land' and 'buildings' formed about 40 per cent and 38 per cent in the case of non-cultivator households. More than one-tenth of their total assets was in the form of 'household durables' compared with 5 per cent for cultivator households. In the case of urban households, 'land' and 'buildings' had almost similar shares of 35 to 36 per cent and 38 to 40 per cent for both categories of self-employed and other urban households. Household durables accounted for about 10 to 13 per cent for both categories of urban households. In the case of other households, about 11 per cent of their assets was in the form of financial assets as against 4.1 per cent for self-employed households.

### DISTRIBUTION OF ASSETS OF RURAL & URBAN HOUSEHOLDS

(As on June 30, 1991)



**TABLE 4: COMPOSITION OF TOTAL ASSETS BY TYPE OF HOUSEHOLDS  
(AS ON 30-06-1991)**

Asset	Rural households		All	Urban households		
	Culti- vators	Non- culti- vators		Self empl- oyed	Others	All
Land	67.6	39.8	64.2	36.0	35.0	35.5
Building	19.1	37.9	21.4	40.8	38.2	39.3
Livestock & poultry	3.4	2.9	3.4	0.7	0.2	0.4
Machinery & equipment	3.8	3.5	3.8	7.5	2.6	4.8
Household durables	5.1	11.2	5.9	10.2	12.7	11.6
Financial assets	0.8	4.6	1.3	4.1	11.0	7.9
Dues receivable	0.1	0.1	0.1	0.7	0.2	0.4
<b>Total assets</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Average value of total assets per house-hold (Rs.)</b>	<b>1,42,308</b>	<b>38,180</b>	<b>1,07,007</b>	<b>1,89,710</b>	<b>1,20,928</b>	<b>1,44,330</b>

Comparison of asset composition for major categories of households, for the three

decadal points, 1971 to 1991 is given in [Table 5](#). During the period from 1971 to 1991, land and buildings constituted the major components (four-fifths) of total assets for cultivator and non-cultivator households. The share of 'buildings' was, however, higher at 40 per cent in the case of non-cultivator households compared to 19 per cent for the cultivator households. The share of 'household durables' registered a decline for non-cultivator households between 1981 and 1991 from 15.8 per cent to 11.2 per cent. In the case of urban households, 'buildings' and 'land' had major shares of about 39 per cent and 36 per cent in the total assets. The share of land was marginally lower than that of buildings for both 'self-employed' and 'other' urban households. The shares of both land and buildings marginally increased between 1981 and 1991 for both categories of urban households. Contrary to expectations, the shares of household durables and financial assets declined between 1981 and 1991 in respect of both 'self-employed' and 'other' categories of urban households.

**TABLE 5: COMPOSITION OF TOTAL ASSETS BY TYPE OF HOUSEHOLDS, 1971-1991**

Occupational Category	Year	Items of Assets							Total
		Land	Buildings	Livestock & Poultry	Machinery & Equip-ment	Household Durables	Financial Assets	Dues Receivable	
<b>Rural</b>									
Cultivators	1971	69.0	16.5	6.5	2.7	4.2	0.8	0.6	100.0
	1981	64.1	19.5	5.0	3.7	6.6	1.0	0.1	100.0
	1991	67.6	19.1	3.4	3.8	5.1	0.8	0.1	100.0
Non-cultivators	1971	32.3	39.7	6.4	3.1	11.5	5.2	1.8	100.0
	1981	30.8	39.1	5.2	3.3	15.8	5.5	0.3	100.0
	1991	39.8	37.9	2.9	3.5	11.2	4.6	0.1	100.0
All households	1971	66.7	17.9	6.5	2.7	4.6	1.1	0.5	100.0
	1981	62.1	20.7	5.0	3.7	7.1	1.2	0.1	100.0
	1991	64.2	21.4	3.4	3.8	5.9	1.3	0.1	100.0
<b>Urban</b>									
Self-employed	1981	34.6	37.3	1.1	8.0	13.1	5.3	0.7	100.0
	1991	36.0	40.8	0.7	7.5	10.2	4.1	0.7	100.0
Others	1981	30.6	34.3	0.6	2.6	16.8	14.9	0.2	100.0
	1991	35.0	38.2	0.2	2.6	12.7	11.0	0.2	100.0
All households	1981	32.4	35.6	0.8	5.0	15.1	10.6	0.4	100.0
	1991	35.5	39.3	0.4	4.8	11.6	7.9	0.4	100.0

Note : Data are not available for 1971 In respect of urban households.

## Section II

### Status of Indebtedness of Households



Another important aspect covered in the survey results is the estimate of incidence of indebtedness of households in rural and urban areas. The incidence of indebtedness of households is measured as the percentage of households reporting indebtedness to either institutional or non-institutional agencies. The estimate in this survey is worked out in terms of their cash loans outstanding as on June 30, 1991. However, in earlier surveys, total debt included cash loans and other liabilities, but the debt in 1991 related only to cash loans; and as such the estimates of 1991 presented in the report are not strictly comparable with those of 1981 and 1971. The incidence of indebtedness of rural households is estimated to be 23.4 per cent at all-India level ([Table 6R](#)). In the case of cultivator households, the incidence is estimated at about 25.9 per cent and for non-cultivator households at 18.5 per cent. The incidence of indebtedness for rural households was the lowest for Assam at 6.2 per cent. The ratio was high at 34.6 per cent in Andhra Pradesh. In the case of cultivator households also, Andhra Pradesh had the highest incidence of indebtedness at 39.9 per cent and Assam had the lowest at 6.5 per cent. The average debt per household is estimated at Rs.1,906 for all rural households. While Haryana reported the highest average debt at Rs.4,397, the average was the lowest at Rs.252 in the case of Assam. The average debt per household was generally higher in case of cultivator households than that of non-cultivator households. Nearly half of the states reported average debt at less than all-India average for cultivator households.

**TABLE 6R: INCIDENCE OF INDEBTEDNESS (IOI) AND AVERAGE DEBT PER HOUSEHOLD (ADH) FOR MAJOR CATEGORIES OF HOUSEHOLDS IN DIFFERENT STATES AS ON 30.06.1991**

States	RURAL					
	IOI (Per cent)			ADH (Rs.)		
	Cultivators	Non-cultivators	All	Cultivators	Non-cultivators	All
Andhra Pradesh	39.9	27.8	34.6	3287	1755	2609
Assam	6.5	5.4	6.2	248	262	252
Bihar	17.2	14.0	16.2	712	447	632
Gujarat	21.4	9.1	16.5	2460	487	1678
Haryana	28.4	26.8	27.7	5486	2934	4397
Himachal Pradesh	21.8	20.1	21.5	1212	1227	1214
Jammu & Kashmir	14.8	8.8	14.0	1151	768	1099
Karnataka	33.1	17.0	28.1	3244	931	2535
Kerala	32.8	23.5	30.7	3857	1910	3432
Madhya Pradesh	22.2	17.5	20.8	1961	699	1593
Maharashtra	29.0	12.5	22.4	2890	988	2133
Orissa	27.9	13.2	23.3	1367	374	1054
Punjab	30.0	21.4	25.1	7125	1803	4129
Rajasthan	31.3	25.4	30.2	3797	2629	3568
Tamil Nadu	38.8	22.4	29.6	3785	1420	2457
Uttar Pradesh	19.2	18.1	18.9	1654	956	1489
West Bengal	30.7	18.2	26.3	1543	960	1340
<b>All India</b>	<b>25.9</b>	<b>18.5</b>	<b>23.4</b>	<b>2294</b>	<b>1151</b>	<b>1906</b>

**TABLE 6U: INCIDENCE OF INDEBTEDNESS (IOI) AND AVERAGE DEBT PER**

**HOUSEHOLD (ADH) FOR MAJOR CATEGORIES OF HOUSEHOLDS IN  
DIFFERENT STATES AS ON 30.06.1991**

**URBAN**

States	IOI (Per cent)			ADH (Rs.)		
	Self-employed	Others	All	Self-employed	Others	All
Andhra Pradesh	32.1	30.4	31.1	4759	4609	4665
Assam	10.6	3.0	6.2	4033	394	1913
Bihar	11.5	6.4	8.4	1862	795	1211
Gujarat	25.3	20.1	21.9	5503	3087	3920
Haryana	9.7	9.5	9.6	1335	2131	1760
Himachal Pradesh	17.6	14.5	15.5	2764	2237	2408
Jammu & Kashmir	13.3	7.2	8.9	3909	812	1686
Karnataka	20.6	20.0	20.2	5648	3670	4247
Kerala	35.4	30.0	31.9	5435	5043	5178
Madhya Pradesh	15.6	13.3	14.0	2420	2063	2166
Maharashtra	20.1	21.7	21.3	4662	3874	4103
Orissa	22.6	10.9	14.7	3606	2212	2662
Punjab	16.4	12.9	14.4	6503	4092	5133
Rajasthan	16.6	13.2	14.3	2978	2745	2813
Tamil Nadu	22.3	26.4	25.0	5551	5459	5447
Uttar Pradesh	18.2	10.2	14.0	2483	1358	1915
West Bengal	14.3	18.5	17.1	1504	2020	1847
Delhi	22.0	15.9	17.7	20911	2225	7947
<b>All India</b>	<b>19.9</b>	<b>18.9</b>	<b>19.3</b>	<b>4434</b>	<b>3198</b>	<b>3618</b>

In the case of all urban households, the incidence of indebtedness is estimated at 19.3 per cent. The incidence varied across the states between 6.2 per cent and 31.9 per cent, the lowest being reported by Assam and the highest by Kerala ([Table 6U](#)). Kerala reported the highest proportion (35.4 per cent) of self-employed households reporting debt, followed by Andhra Pradesh with 32.1 per cent. The incidence of indebtedness at all-India level, for self-employed households was higher than that of other urban households only by one percentage point. The average debt per household in urban areas was estimated at Rs.3,618 which is nearly double than that of rural households. The urban households from Delhi reported the highest average debt at Rs.7,947 while Bihar reported the lowest average debt at Rs.1,211. The average debt per self-employed household is generally higher than that of 'other' urban households in almost all states.

The incidence of indebtedness and debt-asset ratio are presented in [Table 7](#) along with similar data of previous surveys. While the incidence of indebtedness fell sharply between 1971 and 1981, the ratio marginally increased between 1981 and 1991. The debt-asset ratio for rural households declined from 4.42 per cent in 1971 to 1.83 per cent in 1981 and further to 1.78 per cent in 1991. The debt-asset ratio for non-cultivator households, however, increased between 1981 and 1991, albeit marginally. In the case of urban households, the incidence of indebtedness increased from 17.4 per cent in 1981 to 19.3 per cent in 1991. The debt-asset ratio, on the other hand, declined fractionally for all urban households although the ratio increased in respect of

'other' urban households.

**TABLE 7 : INCIDENCE OF INDEBTEDNESS AND DEBT-ASSET RATIO OF HOUSEHOLDS**

Item & Year	Rural Households			Urban Households			All
	Cultivators	Non-cultivators	All	Self-employed	Others	All	
Incidence of Indebtedness (Per cent)	1971	46.1	34.3	42.8			
	1981	22.3	12.4	20.0	16.9	17.6	17.4
	1991	25.9	18.5	23.4	19.9	18.9	19.3
Average Debt per Household (Rs.) *	1971	605	223	500			
	1981	803	205	661	1473	816	1030
	1991	2294	1151	1906	4434	3198	3618
Average Asset Holding per Household (Rs.) *	1971	14627	2613	11311			
	1981	44525	8973	36090	55321	33456	40571
	1991	142308	38180	107007	189710	120928	144330
Debt-Asset Ratio (Per cent)	1971	4.13	8.53	4.42			
	1981	1.80	2.28	1.83	2.66	2.44	2.54
	1991	1.61	3.01	1.78	2.34	2.64	2.51

\*: At respective year's prices

### Incidence of indebtedness by credit agencies

The incidence of indebtedness against institutional/non-institutional credit agencies and the pattern of cash debt against the credit agencies as on June 30, 1991, are given in [Table 8](#). The comparative data for the decadal years 1971, 1981 and 1991 are given in [Table 9](#). The institutional agencies, in the survey, include commercial and co-operative banks, government, insurance, provident fund and others, while the non-institutional agencies cover land lords, agriculturist money lenders, professional money lenders, traders, relatives/friends and others. It may be seen from [Table 8](#) that the proportion of all rural households reporting indebtedness to institutional agencies was about 15.6 per cent while 9.8 per cent of households reported debt to non-institutional agencies. While 18.4 per cent of cultivator households reported debt to institutional agencies, 10.1 per cent reported debt to non-institutional agencies.

**TABLE 8: PERCENTAGE DISTRIBUTION OF CASH DEBT ACCORDING TO CREDIT AGENCY - 1991**

Credit Agency	Rural Households						Urban Households					
	Cultivators		Non-cultivators		All		Self-employed		Others		All	
	P	S	P	S	P	S	P	S	P	S	P	S
<b>1. Institutional :</b>	<b>18.4</b>	<b>66.3</b>	<b>10.3</b>	<b>55.3</b>	<b>15.6</b>	<b>64.0</b>	<b>10.4</b>	<b>67.1</b>	<b>12.5</b>	<b>72.2</b>	<b>11.8</b>	<b>70.0</b>
1.1 Government, etc.	1.7	5.7	1.5	7.6	1.7	6.1	1.0	3.1	3.0	16.8	2.3	11.1
1.2 Co-operative Society/Bank	8.5	23.6	3.3	14.2	6.7	21.6	3.8	14.5	5.5	19.2	4.9	17.2
1.3 Commercial Banks, etc.	8.8	35.2	5.2	27.9	7.5	33.7	5.3	24.7	2.8	19.3	3.7	21.6
1.4 Insurance	0.1	0.2	-	0.6	0.1	0.3	0.2	1.3	0.4	1.4	0.3	1.4
1.5 Provident Fund	0.2	0.5	0.3	1.5	0.2	0.7	0.1	0.3	2.6	5.4	1.7	3.3
1.6 Other Institutional Agencies	0.4	1.1	0.4	3.4	0.4	1.6	0.8	23.2	1.4	10.1	1.2	15.5

<b>2. Non-Institutional :</b>	<b>10.1</b>	<b>30.6</b>	<b>9.1</b>	<b>40.6</b>	<b>9.8</b>	<b>32.7</b>	<b>11.0</b>	<b>30.1</b>	<b>8.6</b>	<b>24.4</b>	<b>9.4</b>	<b>26.8</b>
2.1 Landlord	1.0	3.7	1.1	4.9	1.1	4.0	0.2	0.6	0.2	0.5	0.2	0.6
2.2 Agriculturist Moneylender	2.4	6.8	2.1	8.2	2.3	7.1	0.6	1.4	0.3	0.7	0.4	1.0
2.3 Professional Moneylender	3.1	10.7	2.9	9.8	3.1	10.5	3.7	9.9	3.2	8.7	3.4	9.2
2.4 Trader	0.7	2.2	0.6	3.6	0.7	2.5	1.1	3.7	0.6	1.2	0.8	2.2
2.5 Relatives/Friends	2.4	4.6	2.2	8.8	2.3	5.5	4.5	9.8	3.7	9.5	3.9	9.6
2.6 Others including Doctors, etc.	1.2	2.6	1.2	5.4	1.2	3.2	1.7	4.6	1.6	3.8	1.6	4.2
<b>3. Unspecified</b>	<b>1.9</b>	<b>3.1</b>	<b>1.4</b>	<b>4.0</b>	<b>1.8</b>	<b>3.3</b>	<b>1.2</b>	<b>2.8</b>	<b>1.0</b>	<b>3.4</b>	<b>1.1</b>	<b>3.2</b>
<b>4. Total</b>	<b>25.9</b>	<b>100.0</b>	<b>18.5</b>	<b>100.0</b>	<b>23.4</b>	<b>100.0</b>	<b>19.9</b>	<b>100.0</b>	<b>18.9</b>	<b>100.0</b>	<b>19.3</b>	<b>100.0</b>

P : Proportion of households reporting cash debt (per cent).

S : Share of amount of cash debt outstanding (per cent).

**TABLE 9: DISTRIBUTION OF CASH DEBT ACCORDING TO CREDIT AGENCIES, 1971 TO 1991**

(Per cent)

Credit Agency	Rural Households								
	Cultivators			Non-cultivators			All households		
	1971	1981	1991	1971	1981	1991	1971	1981	1991
<b>1. Institutional :</b>	<b>31.7</b>	<b>63.2</b>	<b>66.3</b>	<b>10.8</b>	<b>36.7</b>	<b>55.3</b>	<b>29.2</b>	<b>61.2</b>	<b>64.0</b>
1.1 Government, etc.	7.1	3.9	5.7	3.4	4.5	7.6	6.7	4.0	6.1
1.2 Co-operative Society/Bank	22.0	29.8	23.6	6.0	13.9	14.2	20.1	28.6	21.6
1.3 Commercial Banks, etc.	2.4	28.8	35.2	0.8	17.3	27.9	2.2	28.0	33.7
1.4 Insurance	0.1	0.4	0.2	0.2	-	0.6	0.1	0.3	0.3
1.5 Provident Fund	0.1	0.3	0.5	0.4	1.0	1.5	0.1	0.3	0.7
1.6 Other Institutional Agencies	-	-	1.1	-	-	3.4	-	-	1.6
<b>2. Non-Institutional :</b>	<b>68.3</b>	<b>36.8</b>	<b>30.6</b>	<b>89.2</b>	<b>63.3</b>	<b>40.6</b>	<b>70.8</b>	<b>38.8</b>	<b>32.7</b>
2.1 Landlord	8.1	3.7	3.7	12.6	8.4	4.9	8.6	4.0	4.0
2.2 Agriculturist Moneylender	23.0	8.3	6.8	23.8	11.4	8.2	23.1	8.6	7.1
2.3 Professional Moneylender	13.1	7.8	10.7	18.7	13.4	9.8	13.8	8.3	10.5
2.4 Trader	8.4	3.1	2.2	10.9	5.8	3.6	8.7	3.4	2.5
2.5 Relatives/Friends	13.1	8.7	4.6	19.0	14.4	8.8	13.8	9.0	5.5
2.6 Others including Doctors, etc.	2.6	5.2	2.6	4.2	9.9	5.4	2.8	5.5	3.2
<b>3. Unspecified</b>	<b>-</b>	<b>-</b>	<b>3.1</b>	<b>-</b>	<b>-</b>	<b>4.0</b>	<b>-</b>	<b>-</b>	<b>3.3</b>
<b>4. Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

(Per cent)

Credit Agency	Urban Households					
	Self-employed		Others		All households	
	1981	1991	1981	1991	1981	1991
<b>1. Institutional :</b>	<b>57.7</b>	<b>67.1</b>	<b>61.8</b>	<b>72.2</b>	<b>59.9</b>	<b>70.0</b>
1.1 Government, etc.	8.9	3.1	19.7	16.8	14.6	11.1
1.2 Co-operative Society/Bank	15.6	14.5	19.1	19.2	17.5	17.2
1.3 Commercial Banks, etc.	31.2	24.7	14.8	19.3	22.5	21.6
1.4 Insurance	1.9	1.3	2.3	1.4	2.1	1.4
1.5 Provident Fund	0.1	0.3	5.9	5.4	3.2	3.3
1.6 Other Institutional Agencies	-	23.2	-	10.1	-	15.5
<b>2. Non-Institutional :</b>	<b>42.3</b>	<b>30.1</b>	<b>38.2</b>	<b>24.4</b>	<b>40.1</b>	<b>26.8</b>

2.1	Landlord	0.8	0.6	1.1	0.5	1.0	0.6
2.2	Agriculturist Moneylender	6.5	1.4	1.2	0.7	3.6	1.0
2.3	Professional Moneylender	9.1	9.9	8.8	8.7	8.9	9.2
2.4	Trader	5.9	3.7	3.8	1.2	4.8	2.2
2.5	Relatives/Friends	14.2	9.8	16.2	9.5	15.2	9.6
2.6	Others including Doctors, <i>etc.</i>	5.8	4.6	7.1	3.8	6.6	4.2
<b>3.</b>	<b>Unspecified</b>	-	<b>2.8</b>	-	<b>3.4</b>	-	<b>3.2</b>
<b>4.</b>	<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

The institutional agencies accounted for about 64 per cent of total debt of rural households while the debt to non-institutional agencies was reported to be one-third of total debt. Among the institutional agencies, commercial banks accounted for 33.7 per cent of total debt while co-operative societies/banks accounted for about 21.6 per cent. Among non-institutional agencies, professional money lenders and agriculturist money lenders are important categories which accounted for 10.5 per cent and 7.1 per cent of total debt of rural households. The share of debt to non-institutional agencies in the case of non-cultivator households is higher at 40.6 per cent than that of cultivator households (30.6 per cent). Debt owed to relatives/friends had higher share in total debt for non-cultivator households than that of cultivator households.

In the case of urban households, about 12 per cent and 9 per cent of households reported debt to institutional and non-institutional agencies, respectively. About 70 per cent of the debt was owed to institutional agencies and about 27 per cent to non-institutional agencies. Among the institutional agencies, commercial banks and co-operative banks accounted for 21.6 per cent and 17.2 per cent of the total debt, respectively. About 15.5 per cent of total debt could not be attributed to any particular institutional agency in respect of urban households; and this percentage is higher at 23.2 per cent in the case of self-employed households. Debt to non-institutional agencies had a higher share of 30.1 per cent for self-employed households as compared with 24.4 per cent reported by other urban households. Among the non-institutional agencies, professional money lenders and relatives/friends dominate with their shares around 10 per cent each in the total debt.

Comparing the pattern of debt to various agencies with those of previous surveys, the share of debt to institutional agencies in the case of rural households, has increased marginally from 61.2 per cent to 64 per cent between 1981 and 1991. Surprisingly, the share of credit to co-operative societies has decreased by 7 percentage points to 21.6 during the same period. This fall was compensated partly by the rise in the share of commercial banks (5.7 percentage points) and partly by government (2.1 percentage point). Among the non-institutional agencies share of debt to professional money lenders rose slightly from 8.3 per cent in 1981 to 10.5 per cent in 1991. In the case of cultivator households, the share of debt to co-operative societies/banks during 1981-91 has decreased and mainly affected the share for all rural households. The share of debt to professional money lenders is reported to have increased for cultivator households. A sharp rise of 10 percentage points was recorded in the share of commercial banks, in the case of non-cultivator households.

In the case of urban households, the share of debt owed to institutional agencies

increased from 60 per cent to 70 per cent between 1981 and 1991. The share of debt to commercial banks decreased marginally from 22.5 per cent to 21.6 per cent during the same period. Among the non-institutional agencies, the share of debt to professional money lenders has marginally increased during the decade. The self-employed households reported significant fall in the share of their debt to commercial banks between 1981 and 1991. This could perhaps be because about 23 per cent of the total debt to institutional agencies could not be allocated to any agency in the case of self-employed households. The self-employed households also reported an increase in the share of their debt to professional money lenders between 1981 and 1991. The share of debt to relatives and friends, however, decreased during the period under review in the case of both rural and urban households.

### **Distribution of cash debt according to purpose**

The survey also collected information on purpose of cash loans. The purposes of loans classified in the survey are, farm business and non-farm business with further details into capital and current expenditure nature, household expenditure and others. Loans for capital and current expenditure purposes in household enterprises in farm or non-farm business are termed as loans for productive purposes. It is observed that households' expenditure in residential buildings, which is capital in nature, has been included under household expenditure. Thus, the expenditure shown against productive expenditure would be an underestimate. The distribution of cash debt, classified according to the purpose of the loan for rural and urban households, is presented in [Table 10](#) while a comparative picture for the decadal points 1971, 1981 and 1991, is given in [Table 11](#). It is observed that household expenditure, which includes capital expenditure in residential buildings, appeared to be the most important purpose for rural and urban households which accounted for 40 per cent and 74 per cent of their total debt, respectively. Nearly 15 per cent of the total debt of rural households and 3 per cent of the total debt of urban households was reported for farm business expenditure. In the case of urban households, the share of non-farm business expenditure is higher at about 15 per cent compared with 7.8 per cent reported for rural households. For self-employed households, less than one-third of their debt was used for non-farm business expenditure. It may be pointed out that nearly 23 per cent of the total debt of rural households was reported against 'unspecified' without attributing to any purpose. In the case of 'other' urban households, household expenditure accounted for nearly 92 per cent of the total debt.

**TABLE 10: DISTRIBUTION OF CASH DEBT BY PURPOSE OF LOAN AND TYPE OF HOUSEHOLDS - 1991**

Purpose	(Per cent)					
	Rural Households			Urban Households		
	Cultivators	Non-cultivators	All Households	Self-employed	Others	All Households
<b>1. In Farm Business</b>						
Capital expenditure	14.4	2.4	12.0	5.7	0.3	2.5
Current expenditure	3.2	0.7	2.7	0.2	0.1	0.1
<b>2. In Non-farm Business</b>						
Capital expenditure	4.7	9.8	5.8	21.1	3.3	10.8
Current expenditure	1.5	3.8	2.0	8.1	1.0	4.0

<b>3. Productive Purposes (1+2)</b>	<b>23.8</b>	<b>16.7</b>	<b>22.5</b>	<b>35.1</b>	<b>4.7</b>	<b>17.4</b>
<b>4. Household expenditure</b>	36.1	55.2	40.1	48.3	91.9	73.7
<b>5. Other purposes</b>	14.9	14.6	14.6	14.4	2.0	7.1
<b>6. Unspecified</b>	25.2	13.5	22.8	2.2	1.4	1.8
<b>All Purposes</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**TABLE 11: DISTRIBUTION OF CASH DEBT BY PURPOSE OF LOAN AND TYPE OF HOUSEHOLDS, 1971-1991**

(Per cent)

Purpose of loan	Rural Households								
	Cultivators			Non-cultivators			All Households		
	1971	1981	1991	1971	1981	1991	1971	1981	1991
<b>1. In Farm Business</b>									
Capital expenditure	34.7	45.2	14.4	5.0	8.6	2.4	31.2	42.5	12.0
Current expenditure	15.0	18.5	3.2	2.5	5.9	0.7	13.5	17.6	2.7
<b>2. In Non-farm Business</b>									
Capital expenditure	3.2	6.3	4.7	8.0	19.0	9.8	3.7	7.3	5.8
Current expenditure	1.1	1.6	1.5	5.7	4.3	3.8	1.7	1.8	2.0
<b>3. Productive Purposes (1+2)</b>	<b>54.0</b>	<b>71.6</b>	<b>23.8</b>	<b>21.2</b>	<b>37.8</b>	<b>16.7</b>	<b>50.1</b>	<b>69.2</b>	<b>22.5</b>
<b>4. Household expenditure</b>	37.8	20.1	36.1	63.3	50.9	55.2	40.9	22.3	40.1
<b>5. Other purposes</b>	0.3	0.2	25.2	0.4	0.1	13.5	0.3	0.2	22.8
<b>6. Unspecified</b>	7.9	8.1	14.9	15.1	11.2	14.6	8.7	8.3	14.6
<b>All Purposes</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Purpose of loan	Urban Households					
	Self-employed		Others		All Households	
	1981	1991	1981	1991	1981	1991
<b>1. In Farm Business</b>						
Capital expenditure	7.2	5.7	4.3	0.3	5.6	2.5
Current expenditure	8.1	0.2	1.1	0.1	4.4	0.1
<b>2. In Non-farm Business</b>						
Capital expenditure	41.6	21.1	7.3	3.3	23.3	10.8
Current expenditure	15.0	8.1	2.5	1.0	8.3	4.0
<b>3. Productive Purposes (1+2)</b>	<b>71.9</b>	<b>35.1</b>	<b>15.2</b>	<b>4.7</b>	<b>41.6</b>	<b>17.4</b>
<b>4. Household expenditure</b>	13.1	48.3	54.3	91.9	35.1	73.7
<b>5. Other purposes</b>	0.3	2.2	0.2	1.4	0.2	1.8
<b>6. Unspecified</b>	14.7	14.4	30.3	2.0	23.1	7.1
<b>All Purposes</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

When the purpose-wise data are compared with those of previous surveys, one of the

striking features is the significant fall in the shares of capital expenditure and current expenditures in farm business and capital expenditure in non-farm business between 1981 and 1991. The share of cash debt for all productive purposes fell sharply to about 23 per cent in 1991 from about 70 per cent in 1981 in respect of rural households. This fall in the share is noticed for both cultivator and non-cultivator households while it is more predominant for the former category. Another important aspect is that nearly one-fourth (22.8 per cent) of the total debt was classified under 'other' purpose for 1991 which was negligible in 1971 or 1981. Another 15 per cent was shown under 'unspecified' in 1991 as against 8.3 per cent in 1981. Perhaps, identification and reclassification of 'unspecified' may reduce, to some extent, the fall in the share of 'productive purposes'.

In the case of urban households also, the share of loans taken for productive purposes fell steeply from 42 per cent to 17 per cent during the same period. This drop in the share is dominant in the case of self-employed households whose share fell from 72 per cent to 35 per cent. In the case of 'other' urban households, more than 90 per cent of their loans was meant for 'Household expenditure'. The significant fall in the share of expenditure for productive purpose in total debt for both rural and urban households is a matter of serious concern.

### **Proportion of households reporting and distribution of cash debt according to interest rate**

The cost of debt is indicated by the interest rate at which the loans are contracted and play an important role in household indebtedness. The interest rates contracted by rural and urban households ranged from 'Nil' to '30 per cent and above' ([Table 12](#)). About 4 per cent of rural households and 7 per cent of urban households reported interest free loans, which respectively, accounted for 8 per cent and 16 per cent of total amount outstanding, in 1991. At the other extreme, 4 per cent of rural households and about 3 per cent of urban households reported loans at interest rates of "30 per cent or more". The corresponding amount outstanding against this interest range accounted for about 10 per cent and 8 per cent of total amount outstanding, respectively, for rural and urban households. The loans contracted at 12-15 per cent interest rates, accounted for the largest share in rural as well as urban areas at 29 per cent and 26 per cent, respectively, in terms of amount outstanding as on end-June 1991. Considering the loans contracted at interest rates between 10 per cent and 25 per cent, about 69 per cent of total amount outstanding was reported by rural households and 56 per cent by urban households.

The distributions of loans over interest rates as on end-June 1981 and end-June 1991, were more or less similar excepting one or two classes such as, the share of interest free loans declined by about 3-4 percentage points, between the two time points. The share of loans contracted at interest rates between '10 to 25 per cent' remained more or less the same around 70 per cent in rural areas, while in urban areas the share increased from 50 per cent to 56 per cent. The share of loans contracted at interest rate of '30 per cent or more' increased marginally by about 1-2 percentage points for both rural and urban households. The proportion of households reporting loans in this interest rate range also increased marginally between the two time points.

**TABLE 12: PROPORTION OF HOUSEHOLDS REPORTING CASH LOAN AND DISTRIBUTION OF AMOUNT OF CASH LOAN OUTSTANDING ACCORDING TO RATE OF INTEREST**



(Per cent)

Interest Rate Class (per cent)	Rural Households				Urban Households			
	1981		1991		1981		1991	
	P	S	P	S	P	S	P	S
Nil	4.0	11.2	3.6	8.4	6.2	20.3	6.8	16.0
Upto 4	0.4	1.7	0.4	1.7	0.3	2.1	0.2	0.6
4 - 6	0.6	1.7	0.7	1.4	0.6	4.3	0.6	4.1
6 - 8	0.5	1.4	0.3	1.1	0.9	6.4	0.5	3.4
8 - 10	0.8	4.1	0.5	2.0	1.2	10.4	1.0	6.3
10 - 12	2.0	14.7	3.8	10.8	0.9	6.1	1.6	7.2
12 - 15	5.3	29.9	6.6	29.0	2.8	22.2	4.2	25.8
15 - 20	2.2	13.6	3.1	15.8	2.2	13.2	3.5	16.7
20 - 25	2.6	12.7	3.0	13.6	1.4	8.1	1.7	6.5
25 - 30	0.6	1.1	0.2	0.6	0.1	0.4	0.2	0.2
30 & above	2.9	8.0	4.0	10.2	3.0	6.5	3.3	7.8
<b>All</b>	<b>19.4</b>	<b>100.0</b>	<b>23.4</b>	<b>100.0</b>	<b>17.2</b>	<b>100.0</b>	<b>19.3</b>	<b>100.0</b>

P : Proportion of households reporting cash debt (per cent).

S : Share of amount of cash debt outstanding (per cent).