

Cycles of Debt and Dependency: Understanding Indebtedness Among Agricultural Labourers in Peddapalli District, Telangana

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Abstract—This study examines the extent, causes, and patterns of indebtedness among agricultural labourers in Peddapalli district, Telangana, highlighting structural vulnerabilities and socio-economic dependencies. Using a descriptive and analytical research design, data were collected from 387 households through structured questionnaires and semi-structured interviews. The analysis reveals that most households operate small farms, spend moderately on agriculture, and sell their produce within their village, with no ownership of tractors or modern agricultural equipment, indicating low mechanization. Income levels before COVID-19 were generally low, with over half earnings below Rs.10,000 per month, though post-pandemic recovery raised average incomes and daily wages modestly. Dependence on informal credit sources is universal, Kisan Credit Card access is nonexistent, and crop insurance coverage is minimal (9.3%). Most households rely on a single earning member, while 87.3% depend entirely on farming or farm labour, reflecting high vulnerability to seasonal, climatic, and market risks. The study underscores the cyclical nature of debt, wherein limited financial inclusion, low mechanization, and inadequate social protection perpetuate dependency. Policy recommendations include expanding formal credit access, increasing crop insurance coverage, providing mechanization support, stabilizing wages, promoting livelihood diversification, and improving market access. These interventions aim to enhance resilience, reduce vulnerability, and promote sustainable livelihoods among agricultural labour households in Telangana.

Index Terms—Agriculture, Agricultural Labourer, Indebtedness

I. INTRODUCTION

Agricultural Labourers and Indebtedness in India
Indebtedness has long been recognized as one of the most critical challenges shaping the lives of rural communities in India. In an agrarian economy where

agriculture continues to remain the mainstay of employment, the condition of agricultural labourers is marked by vulnerability, insecurity, and limited social protection. Unlike land-owning farmers who may access institutional schemes and government subsidies, agricultural labourers often remain on the margins of policy frameworks, dependent on seasonal employment and meagre wages. Their precarious economic position makes them highly susceptible to indebtedness, trapping households in cycles of dependency that extend across generations.

Historical and Structural Dimensions of Rural Debt

The problem of rural debt is not new to India. Historical studies have shown how moneylenders, exploitative intermediaries, and structural inequalities entrenched indebtedness in agrarian society. Despite the expansion of rural banking networks, microfinance institutions, and welfare schemes, agricultural labourers continue to depend heavily on informal credit. This reliance arises not only from the lack of collateral and awareness but also from immediate subsistence needs such as food, health care, and social obligations. For labourers whose incomes are seasonal and uncertain, debt often becomes a survival mechanism rather than an investment tool, reinforcing dependency rather than providing relief.

Telangana Context: Schemes and Gaps

Telangana, as one of India's newer states with a strong agrarian base, presents a unique context for studying indebtedness among labour households. While flagship schemes like Rythu Bandhu and Rythu Bima have been launched to support farmers, agricultural labourers remain outside their direct ambit. Their socio-economic conditions are further shaped by regional disparities, caste-based inequalities, and the increasing mechanization of agriculture, which has

reduced the demand for manual labour. The result is a population segment that is simultaneously indispensable to the agrarian economy and persistently marginalized in terms of income security and institutional support.

Peddapalli District as a Case Study

The district of Peddapalli in Telangana offers a relevant case for examining these dynamics. Located in the northern region of the state, Peddapalli has a strong agricultural orientation, with paddy, maize, and cotton cultivation dominating the rural economy. At the same time, the district has witnessed the influence of industrial development through coal mining and allied activities, creating a mixed socio-economic environment. Agricultural labourers in Peddapalli face dual challenges: on one hand, dependence on seasonal agricultural work; on the other, the uncertainties arising from industrial growth and environmental pressures. Indebtedness in this district, therefore, reflects broader structural issues while also carrying specific local characteristics.

Significance of the Study

Studying indebtedness among agricultural labourers in Peddapalli is significant for several reasons. First, it highlights the lived realities of a group often excluded from mainstream agrarian policies. Second, it uncovers the multidimensional nature of debt—used not just for agricultural or occupational purposes but also for fulfilling everyday consumption needs, education, and healthcare. Third, it provides insights into the gaps between policy design and grassroots implementation, particularly in ensuring access to institutional credit and social security measures. By focusing on Peddapalli, this study contributes to the wider discourse on rural indebtedness, offering evidence that can inform both academic debates and policy interventions tailored to Telangana's agrarian labour households.

Conceptual Framing: Debt as a Cycle of Dependency

In this article, indebtedness is analyzed not merely as an economic condition but as a cycle of debt and dependency, wherein agricultural labourers' bargaining power, livelihood security, and social status are systematically undermined. The introduction of welfare schemes, financial inclusion initiatives, and rural development programs has yet to significantly

alter this structural reality. This paper seeks to unpack these complexities by exploring the causes, consequences, and potential remedies of indebtedness in Peddapalli district, thereby situating the local experience within the larger context of agrarian labour issues in Telangana.

II. REVIEW OF LITERATURE

Kiran, C. S. (2021). *Extent and intensity of rural indebtedness in Warangal district, Telangana*. This study investigates the magnitude and determinants of rural indebtedness in Warangal district, Telangana. It examines factors such as landholding size, access to institutional credit, and socio-economic status to understand the extent and intensity of indebtedness among rural households. The findings highlight the role of limited access to formal credit and reliance on informal sources in exacerbating debt burdens. CAB International.

Reddy, G. Y. (1999). *Effects of rural credit on Telangana, 1900–1945*. This paper explores the impact of rural credit systems on the agrarian economy of Telangana during the early 20th century. It discusses the evolution of credit institutions, the role of moneylenders, and the socio-economic consequences of credit dependency among farmers and agricultural labourers. The study provides historical context to the persistent issue of rural indebtedness in the region. *Economic and Political Weekly*, 34(13), 771–776.

Bhavani, E. (2022, December 15). Tenant farmers in Telangana mired in debt, have no access to govt schemes. *The News Minute*. This article reports on a survey conducted among tenant farmers in Telangana, revealing that a significant number are heavily indebted due to borrowing from private moneylenders at high-interest rates. The study emphasizes the lack of access to government schemes and formal credit, leading to a vicious cycle of debt among tenant farmers.

III. METHODOLOGY

Research Design

This study adopts a descriptive and analytical research design to examine the extent, causes, and patterns of indebtedness among agricultural labourers. It

combines both quantitative and qualitative approaches to understand financial dependency and its socio-economic determinants.

Objectives

- To examine the socio-demographic characteristics of agricultural labourer households in Peddapalli District, Telangana
- To examine the extent, causes, and patterns of indebtedness among agricultural labourers in Peddapalli District

Study Area

The research is conducted in Peddapalli District, Telangana, a region characterized by a predominantly agrarian economy with small landholdings, seasonal employment, and limited access to institutional credit.

Sampling

A multi-stage stratified random sampling technique was employed. Villages were selected based on agricultural activity and labour density. From these villages, 387 agricultural labourer households were surveyed to capture socio-economic diversity.

Data Collection

Primary data were collected using a structured questionnaire, focusing on income, expenditure, asset ownership, credit sources, debt levels, and access to government welfare schemes. Semi-structured interviews were also conducted with selected respondents to gain qualitative insights into causes and consequences of debt dependency.

Variables Studied

Key variables included household income, daily wages, formal and informal credit usage, debt amount, number of earning members, and financial dependence on agriculture. Socio-demographic factors such as age, gender, caste, and family size were also considered to understand their association with indebtedness.

Data Analysis

Quantitative data were analyzed using descriptive statistics, cross-tabulations, chi-square tests, and paired t-tests to examine associations between socio-economic factors and indebtedness. Qualitative data from interviews were analyzed thematically to explore patterns, causes, and implications of debt dependency.

Ethical Considerations

Respondents were informed about the purpose of the study, and confidentiality and voluntary participation were ensured throughout the research process.

Data Analysis

Objective 1: Socio-Demographic Profile of Agricultural Households in Peddapalli District, Telangana

Size of the Family

Table 1: Size of the Family

Size of Family	Frequency	Percentage
One Member	7	1.8
Two Members	156	40.3
Three Members	169	43.7
Four Members	55	14.2
Total	387	100

The majority of agricultural households are small, with three-member (43.7%) and two-member (40.3%) families constituting 84% of the sample, indicating a predominance of nuclear families. Four-member households account for 14.2%, while single-member households are rare (1.8%), possibly representing widowed or elderly individuals living alone. Smaller family sizes may affect labour availability for farm activities and economic resilience.

Education Level of the Respondents

Table 2: Education Level of the Respondents

Education Level	Frequency	Percentage
Illiterate	234	60.5
SSC	48	12.4
Intermediate	32	8.3
Degree	56	14.5
Postgraduate	17	4.4
Total	387	100

A significant 60.5% of respondents have no formal education, indicating a major literacy gap in the agricultural community. Degree holders constitute 14.5%, SSC 12.4%, and intermediate 8.3%, while only 4.4% are postgraduates. Low educational levels may

limit awareness of modern agricultural practices and government schemes.

Gender of the Respondents

Table 3: Gender of the Respondents

Gender	Frequency	Percentage
Male	181	46.8
Female	206	53.2
Total	387	100

Female respondents slightly outnumber males (53.2% vs. 46.8%), reflecting higher female availability during surveys and the feminization of agriculture due to male migration. This highlights the need for gender-sensitive interventions in agricultural planning.

Occupation of the Respondents

Table 4: Occupation of the Respondents

Occupation	Frequency	Percentage
Agricultural Labour	112	28.9
Own Small Farm	275	71.1
Total	387	100

Most respondents (71.1%) own small farms, while 28.9% are agricultural labourers. This indicates a predominance of self-employed smallholders, although many may operate at subsistence levels and face income vulnerability.

Age of the Respondent

Table 5: Age of the Respondents

Age Group	Frequency	Percentage
Below 35 years	105	27.1
36–46 years	186	48.1
Above 47 years	96	24.8
Total	387	100

Nearly half of the respondents (48.1%) are middle-aged (36–46 years), with 27.1% below 35 and 24.8% above 47 years. This suggests an experienced yet ageing workforce, with limited youth participation in agriculture, which may impact future farm labour availability.

Objective 2: Income and Expenditure Patterns of Agricultural Labourers in Peddapalli District, Telangana

Variable	Category	Frequency	Percentage
Annual Expenditure on Agriculture	Below ₹22,000	143	37
	₹22,001 – ₹25,000	159	41.1
	Above ₹25,001	85	22
Place of Selling	Village	387	100
Ownership of Agricultural Equipment	No	387	100
Ownership of Tractor	No	387	100
Income Before COVID-19	Below Rs.10,000	204	52.7
	Rs.10,001 to Rs.15,000	118	30.5
	Above Rs.15,001	65	16.8
Income After COVID-19	Below Rs.15,000	183	47.3
	Rs.15,001 to Rs.20,000	155	40.1
	Above Rs.20,001	49	12.7
Wage Per Day Before COVID-19	Rs.120	387	100
Wage Per Day After COVID-19	Rs.200	387	100
Source of Credit	Non-institutional	387	100

Variable	Category	Frequency	Percentage
Kisan Credit Card (KCC)	No	387	100
Crop Insurance	Yes	36	9.3
	No	351	90.7
Mortgage of Land	No	387	100
Earning Members in Family	One	304	78.6
	Two	83	21.4
Total Monthly Income of Family	Rs.20,000–40,000	272	70.3
	Rs.40,001–60,000	110	28.4
	Above Rs.60,001	5	1.3
Presence of Debt	Yes	82	21.2
	No	305	78.8
Amount of Debt	Rs.25,000–50,000	67	17.3
	Rs.50,001–75,000	10	2.6
	Above Rs.75,001	5	1.3
	Not Applicable	305	78.8
Financial Dependence on Farming	Yes	338	87.3
	No	49	12.7

The analysis of income and expenditure patterns of agricultural labourers in Peddapalli reveals that most households spend moderately on agriculture, with the majority (41.1%) spending between ₹22,001 and ₹25,000 annually. All respondents sell their produce within their village, and none own agricultural equipment or tractors, highlighting limited mechanization and reliance on manual labour. Income levels before COVID-19 were low, with over half earning below Rs.10,000 per month, and only 16.8% earning above Rs.15,001. Post-pandemic, there was some recovery, with mean income increasing to Rs.17,325.58 and daily wages rising from Rs.120 to Rs.200. However, reliance on informal credit sources is universal, with no access to Kisan Credit Cards, and crop insurance coverage remains low at 9.3%. Most households (78.6%) have only one earning member, and the majority earn Rs.20,000–40,000 monthly, indicating limited capacity for savings or investment. Debt levels are low but present for a small section, primarily between Rs.25,000 and Rs.50,000. A significant 87.3% depend entirely on farming or farm labour, demonstrating vulnerability to seasonal and climate-related risks. These findings underscore the

need for targeted financial inclusion, insurance schemes, mechanization support, and livelihood diversification to strengthen resilience among agricultural labour households in the district.

IV. CONCLUSION

The study highlights the precarious economic situation of agricultural labour households in Peddapalli district. Most families operate with limited resources, moderate agricultural expenditure, and almost complete dependence on farming for livelihood. Income levels before COVID-19 were low, with over half earning less than Rs.10,000 per month, and while post-pandemic wages and incomes have improved, a large portion of households still remain in the lower income brackets. The complete lack of ownership of agricultural equipment and tractors points to low mechanization, reducing efficiency and productivity. Dependence on non-institutional credit sources, negligible coverage under formal schemes such as Kisan Credit Cards, and minimal crop insurance coverage further exacerbate their financial vulnerability. Most households rely on a single earning

member, making them highly susceptible to income shocks, seasonal unemployment, and agricultural risks. The findings underline structural challenges, including low mechanization, limited financial inclusion, inadequate risk protection, and heavy dependence on farming, which collectively constrain the resilience of agricultural labourers and small farmers.

Policy Suggestions for Government and Policymakers

1. Promote Financial Inclusion:

Expand access to formal credit facilities and ensure all agricultural households are eligible for Kisan Credit Cards (KCC). Subsidized loans with lower interest rates can reduce dependency on informal moneylenders and support investment in farm productivity.

2. Enhance Crop Insurance Coverage:

Strengthen awareness and accessibility of crop insurance schemes to protect households from climate-related and market risks. Simplifying claim procedures can encourage greater enrolment.

3. Mechanization Support:

Introduce government-supported schemes for tractors and modern agricultural equipment on subsidized purchase or rental bases. This will increase efficiency and reduce labour dependency.

4. Wage Stabilization and Livelihood Diversification:

Implement minimum wage guarantees and livelihood diversification programs, such as agro-based non-farm enterprises, to reduce economic dependence on a single source of income.

5. Training and Capacity Building:

Conduct skill development and training programs in modern agricultural practices, farm management, and financial literacy to enhance productivity, income, and resilience.

6. Social Protection Measures:

Provide safety nets, such as direct income support during crop failures or unemployment periods, to shield households from sudden income shocks.

7. Market Access Expansion:

Facilitate access to external markets through cooperatives or government-supported supply chains, enabling farmers to sell produce beyond the village and obtain better prices.

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