



Poverty and Indebtedness in Char areas of Dhubri District in Assam

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Abstract

Indebtedness is just not related to one individual but it passed on from one generation to another generation. In rural area people are come under debt due to various reasons. Due to several factors like lack of faire source of finance, various social and economic obligations, lower and uncertain income etc., people in backward region could not come out of the barrier of the indebtedness. In India 52 percent farmers and in Assam 27.5 percent farmers are in debt. Char area of Assam is a peculiar geographical feature of the river Brahmaputra. These char lands are temporary in nature. The Socio-economic condition of people is extremely miserable and a series of problems like frequent flood, land erosion, mass poverty, illiteracy, high growth of population etc. are taking them into a backward society. The present study is an attempt to explore the indebtedness of people in char area of Dhubri district in Assam.

Keywords: Indebtedness, char area, Mahajan, microfinance, agriculture, Assam

Introduction

Poverty and indebtedness are closely related to each other. Poverty is a peculiar problem in an underdeveloped society which cause indebtedness. Poverty is a situation where a section of people in the society deprived of basic necessities of life. Though poverty is seen both in urban and rural areas but it is more acute in rural and backward areas or region. Because of the limited scope of income and employment in remote and backward region, poverty prevail as common to most of the household living there.

Indebtedness is a problem just not related to one individual but it passed on from generation to generation. As per record of NSSO, 52 percent of farmer in India are in debt and in Assam this rate is 17.5 percent. Though institutional finance has been increased much, 25.8 percent farmers are indebted with the Mahajan or Money lenders still now.

The present study is confined to the rural char areas of Dhubri district in Assam. Char land is a peculiar entity of the river Brahmaputra. In Assam, there are 2251 number of char villages covering an area of 3,608 sq km i.e., 4.6 percent of state's area. More than 25 lakh population are inhabitant here. The Socio-economic condition of char people is extremely miserable. A series of problems like frequent flood, land erosion, mass poverty, illiteracy, high growth of population etc. are taking them into a backward society (Das, 2000) [2].

Objective

The study aims at to find out

1. The extent and causes of indebtedness of the people living in char area.
2. The sources of borrowing and their role in debt market.
3. The remedial measure to control the problem in future.

Research Methodology

The present study is based on both primary and secondary data. Primary data were collected through sample survey. Stratified sampling procedure is followed to frame the sample of the study. There are seven development blocks in the district of Dhubri and of these, only there are four blocks where char areas are found. These four blocks constitute the first stratum of the sample. In the second stratum, 20 percent of char villages out of total char villages from each block were selected at random. In the last stage, in order to form the sample of households, 8 percent households were taken from villages having less than 250 households, 6 percent households from villages having 251 to 500 households and 4 percent households were selected from villages having more than 500 households as shown in Table-1. In accordance with the strategic sampling table, total number of sample household is 439.

Table 1: Sample Blocks, Villages and Households

Development Block	Number of Total Villages	Number of Char Villages	Number of Char Villages Selected	Household	
				Total	Selected
Gauripur	86	26	5	2901	124
Chapar-Salkocha	49	16	3	1031	52
Mahamaya	110	29	5	1461	77
Nayer Alga	104	49	9	4244	186
Total	349	120	22	9637	439

Source: Field survey.

Status of Indebtedness

Basically, the people living in char areas are depends upon the agriculture. Agriculture and allied is the only means of livelihood. About 78 percent of households are directly or indirectly dependent upon agriculture and allied activities. Due to the traditional nature of farming and small size of

land holdings, the agriculture could not feed the people. Also, the area is more vulnerable as flood and erosion are taking place recurrently every year. Along with the above factors, population growth cause poverty among them. Poor people having no other alternatives resorts loan and gets into indebtedness.

Table 2: Indebted Household

Development Block	Number of Sample Household	Number of Indebted Household	Percentage of Indebted Household
Gauripur	124	53	42.7
Chapar-Salkocha	52	20	38.4
Mahamaya	77	29	37.6
Nayer Alga	186	63	33.8
Total	439	165	37.5

Source: Field survey.

Note: Percentage of indebted households is estimated to sample households.

From the table-2 it is clear that about 37.5 percent of the households are found to be indebtedness. It was highest in Gauripur Development Block (42.7%) followed by Chapar Salkocha Development Block with (38.4%). Percentage of indebted people or household in Gauripur block is higher among all blocks because of frequent river erosion and recurrent flood. Nayer Alga block shows lowest indebted people. The cause behind the lower indebtedness in Nayer Alga block is the semi-permanent nature of agricultural land and less pressure of flood and erosion. Percentage of indebtedness in Mahamaya and Nayer Alga block are 37.6% and 33.8% respectively.

Table 3 shows the number of households indebted for. The study reveals that about 37.5 percent of household were found under debt. Majority of the household found indebted for agricultural activities. As the agriculture in this region is completely dependent on nature, hence flood, drought etc.

make the agriculture uncertain. Following agriculture, medical purpose is another main cause of indebtedness. It is 14.5 percent in the surveyed area. Other purposes of indebtedness of the people are business (5.4%), food (12.7%), homestead (10.3%). Indebtedness due to homestead is a peculiar picture in this region as regular damages occur due to flood and erosion. Another interesting point to be mentioned here is that 13.3% of the indebted household become indebted because of the litigation purpose. As char area are temporary in nature and owing to river erosion, many of the land washed away every year and appeared again after an interval. Issues like ownership, boundary demarcation lead quarrel among people when land re-appeared. This quarrel compels them to bear heavy cost in the court and land offices and make them indebted.

Table 3: Reasons of Indebtedness

Purpose	Number of Indebted Household				Total
	Gauripur	Chapar Salkocha	Mahamaya	Nayer Alga	
Agriculture	13 (24.5)	4 (20.0)	6 (20.6)	22 (34.9)	45 (27.2)
Litigation	5 (9.4)	3 (15.0)	5 (17.2)	9 (14.2)	22 (13.3)
Business	0	2 (10.0)	1 (3.4)	6 (9.5)	9 (5.4)
Medical	7 (13.2)	3 (15.0)	6 (20.6)	8 (12.6)	24 (14.5)
Food	9 (16.9)	2 (10.0)	4 (13.7)	6 (9.5)	21 (12.7)
Homestead	11 (20.7)	2 (10.0)	2 (6.8)	2 (3.1)	17 (10.3)
Livestock	6 (11.3)	1 (5.0)	3 (10.3)	4 (6.3)	14 (8.4)
Others	2 (3.7)	3 (15.0)	2 (6.8)	6 (9.5)	13 (7.8)
Total	53 (100)	20 (100)	29 (100)	63 (100)	165 (100)

Source: Field survey.

Note: Others imply for marriage, education, service etc.

Figure in the brackets in tables represent percentage value of the actual numbers.

Table 4 depicts the sources of borrowing of people of char areas. So far as sources of borrowing is concerns, there found lack of institutional source of loan or borrowing. Traditional and informal source of borrowing are prevailing there. Most of the indebted people (i.e., 26.8%) borrows from relatives and friends. Next to it, 24.1% people take resort of Mahajan/ Money lender for their loan on mortgage

of ornaments etc. Institutional sources like bank and other non-banking financial institutions are likely to be absent as a source of borrowing to the people of char areas. Microfinance and SHGs playing a minor role as its share in the loan market of the char area is still to be expanded. Shopkeeper is found to be an important source of borrowing for the people. They found borrowing from shopkeepers for agricultural input as well as food items.

Table 4: Sources of Borrowings

Sources	Number of Indebted Household				Total
	Gauripur	Chapar Salkocha	Mahamaya	Nayer Alga	
Relatives	24 (45.2)	3 (15.0)	12 (41.3)	21 (33.3)	63 (38.1)
Mahajan	16 (30.1)	6 (30.0)	7 (24.1)	17 (26.9)	46 (27.8)
SHGs	3 (5.6)	3 (15.0)	3 (10.3)	7 (11.2)	16 (9.6)
Microfinance	0 (0.0)	2 (10.0)	0 (0.0)	5 (7.9)	7 (4.2)
Banks	0 (0.0)	3 (15.0)	0 (0.0)	0 (0.0)	0 (0.0)
Others	10 (18.8)	3 (15.0)	7 (24.1)	13 (20.6)	33 (20.0)
Total	53 (100%)	20 (100%)	29 (100%)	63 (100%)	165 (100%)

Source: Field survey.

Note: Other imply shopkeeper etc.

Figure in the brackets in tables represent percentage value of the actual numbers.

Like other rural and remote areas, in char area also relatives and friends remain the main source of borrowing for the common people. The table 4 reveal that 38.1 percent of borrowers source of debt is relatives. It is highest in Gauripur block and lowest in Chapar Salkocha block. Next to it, Mahajan or Money lender resides in nearby town are providing loan to the people against mortgage in the form of ornaments etc. institutional finance like bank is said to be absent in char area. Only the Chapar Salkocha block witnessed 15.0 percent share of the total borrowing and people in other block could not avail any financial support from the banking sector. Microfinance institutions like 'Bandhan' and other cooperative societies and NGOs formed by local people could reach a small portion of the borrowing. The role of Self Help Group (SHG) is extending and it provides loan to 9.6 percent of the households. In all the surveyed villages, relatives remain a convenient means of borrowing because of the reason that it could avail even without bearing the cost of interest.

Findings

The findings of the study can be mentioned as follows

1. The main source of livelihood of the people in char area is agriculture.
2. Majority of the household found indebted for agricultural purpose.
3. Almost one third (37.5%) of the household living in char area are indebted. Char areas lying in Gauripur block bears highest indebted households.
4. Institutional finance by banking sector is poor even disappears in most the villages.

Conclusion

Indebtedness causes several loses to the borrower particularly farmer. Farmer is deprived of his substantial part of income in payment of debt and interest. Indebted farmer is forced to sell his produce to the money lender at a

lower price. Such situation affects adversely on the agricultural production. So, it is important to bring them out of the barrier of indebtedness. To control the problem in future, measures like enhancement of farmer's income through scientific method of agriculture, land reform etc, active participation of Panchayat institutions in solving the local dispute, adequate credit facilities on reasonable terms etc. are to be adopted. Since the main livelihood of the people in char area is agriculture, the Government should come forward to provide financing agriculture and allied activities. Government may encourage cooperative credit societies for the purpose.

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