

# **ASSET INEQUALITY AND INDEBTEDNESS AMONG INDIANRURAL HOUSEHOLDS**

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## **Introduction**

Assets are an important indicator of economic well-being of households. Acquired through inheritance, and accumulated savings, assets provide means of livelihood as well as security against adverse economic shocks. It has been argued that inherited assets across generations are an important source of perpetuating inequality of wealth and income around the world. Importance of asset- at the macro level, studies have found that asset and income inequality have a negative impact on growth. Given the importance of asset, the present paper is an attempt study the structure of asset holdings, inequality in the distribution of assets and the indebtedness among rural households in India.

The literature on asset inequality in India is relatively sparse. An early study-Vaidyanathan (1993)- features of rural asset holdings and its regional and temporal variations-1961-1981- distribution of productive assets was more unequal than the distribution of total assets in rural India during this period. Subramanian and Jayaraj (2006) found that the decade of 1991-2002 coinciding with the first decade of economic liberalization, there is huge inequality of asset distribution and a relative stability of the asset/wealth shares over the decade. Thorat (2002) found that caste system often laid down the foundation for unequal distribution of economic rights related to property, employment, and education among caste groups - based on employment and unemployment survey. Following this strand of literature, this paper analyses the asset inequality and indebtedness among Indian rural households in the post 1991 period. In 1991 economic liberalisation including financial reforms were introduced in India. The economic liberalisation in India refers to the opening of the country's economy to the world with the goal of making the economy more market and service-oriented, thus expanding the role of private and foreign investment. Financial reforms were aimed at promoting a diversified, efficient and competitive financial system to improve the allocative efficiency. Specific changes included reducing import tariffs, deregulating markets, reducing taxes, increase in foreign investment and high economic growth. It was argued that under economic reforms, economic growth will percolate down to the masses and there will be equal access to resources by all sections of the population at market rates. However,

liberalization policies of Indian government have been criticised for increasing income inequality and concentration of wealth. Against this context, we analyse the structure and composition of asset holdings, asset inequality and rural indebtedness among the rural households in India.

We use household-level data from four consecutive rounds of the All India Debt and Investment Survey (AIDIS) by National Sample Survey Organisation, pertaining to the years 1991-92 (48th round), 2002-03 (59th round), 2012-13 (70th round) and 2018-19 (77<sup>th</sup> round) thus covering a period of roughly 3 decades. In all the 4 survey rounds considered here, all items owned by the households having money value were considered as household assets. Physical assets include land, buildings, livestock, agricultural machinery, non-farm business equipment, transport equipment. Financial Assets include shares and debentures, deposits, provident funds, pension schemes etc.

### **Structure of Asset Holdings in India**

The aggregated picture of asset distribution in India is given in table. At the outset, the data in the table establish the fact that asset holding in rural India is substantially land-dominated. Compared to 68.3 per cent in 1991-92 period, the trend of heavy domination of the physical asset-land has still holds true with the number 69.2 per cent in 2018-2019. The inter-temporal distribution shows stability in the asset distribution with land contributing more than two-thirds followed by buildings with one-fifth share in total assets. It is expected that land is the most valued asset in rural area as evidenced by the data. But this clearly gives the indication that there is the continued existence of lower material wealth in rural sector. The share of land in total assets for urban India shows a lower share compared to rural India. However, it is quite disquieting that the land share in urban India is gradually increasing over the years. From 40.2 per cent in 1991-92 and by keeping the increasing momentum in all points of estimation, has reached the level 49.4 per cent in 2018-19. Land being the most significant component of physical savings, the inclination towards land by urban households shows the bias towards physical savings than financial savings even under a competitive financial sector.

Table 1: Share of different assets to total value of assets (in per cent)

Asset Category	Rural				Urban			
	1991-92	2002-03	2012-13	2018-2019	1991-92	2002-03	2012-13	2019
Land	68.3	66.6	72.6	69.2	40.2	42.1	47.0	49.4
Building	22.7	24.7	21.1	22.3	44.4	41.3	44.8	37.5
Livestock	3.6	2.2	1.6	1.3	0.5	0.2	0.1	0.1
Transport Equipment	1.3	1.5	2.1	2.1	3.4	4.2	2.5	3.1
Agricultural Machinery & Equipment	2.4	2.1	0.4	0.4	0.3	0.2	0.0	0.0
Non-Farm Business Equipment	0.3	0.4	0.3	0.2	1.7	1.5	0.8	0.6
Financial Assets	1.4	2.5	1.9	4.6	9.5	10.5	4.8	9.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Regarding the second largest contributor-*buildings*, it is seen that the share of building in rural areas hovers around 21-22 per cent except in 2002-03 period which is then at 24.7 per cent. This stagnating trend is not surprising since the geomorphological characteristic in rural areas biased towards cultivation does not allow a substantial area of land to towards construction for living. Against this, we could see almost double a share of buildings in total assets in urban areas. Except a dip to below 40 per cent in 2018-19, its share is well above 40 per cent since 1991-92 in urban areas. The point to be noted that two physical assets viz., namely land and building constitute more than 90 per cent of total household savings in rural areas and well above 80 per cent areas which have increased to above 90 per cent in 2012-13 though came down to 87 per cent in 2018-19. The analysis points to the fact that there is supremacy of physical assets in total assets with only two physical components contributing lion share to it.

Apart from land and buildings we have other categories of physical savings like livestock, transport equipment, agricultural machinery-equipment and nonfarm business equipment. In rural India, except transport equipment, all other components have either stagnated over decrease over the period. However, the increase in transport equipment is not very significant. Now in the case of urban India also, all these components fluctuated highly to decrease over the period. Given the low weight for these components in the total asset value the dismal performance of these physical assets deserves serious attention. It is worth mentioning the decline in livestock in rural areas from 3.6 Per cent which was more than the share of financial assets in 1991, to reach sharply to 1.6 per cent in 2018-19. Even when

physical savings dominate in total assets, its dominations is on account of assets land and buildings.

The supreme domination of physical assets over financial assets is evident from the very small fraction of financial assets in total household savings. The financial savings share is significantly share in urban areas compared to rural areas. Though financial savings has increased from 1.4 per cent in 1991-91 to 4.6 per cent in 2018-19, given the share of rural population, this performance is considered to be low and there is heavy bias in favour of physical assets, particularly in land and buildings. The share of financial assets in the urban area is more significant in number compared to rural areas since 1991-92. However, over the period 1991/92 to 2018/19, there is no significant increase showing as both points of time a share of above 9 per cent. This means that, though in magnitude, financial assets in urban sector is higher, in terms of growth over the years, the performance of financial assets is not superior when compared to rural areas.

It is significant to note that the analysis carried out above reflects the ground reality in the Indian household savings landscape which reflects a stark contrast to reality of false construction of a competitive Indian financial system driven by markets forces offering wide varieties of financial products and instruments to diversify household savings. The dismal performance of household financial savings is seldom emerged in the discussion of the booming credit and capital markets in the post reform period. In reality, financial assets in India are still nowhere near comparison to their relative share in developed world. As evident from a survey conducted by NCAER (2000), it was estimated that only 8 per cent of the Indian households invested in assets like equity, shares and debentures at the end of 1998-99 year. The point worth emulating is that the contentions against the ground reality will displace the policies and programmes. Given dismal performance of financial savings, we now turn to distributional aspects of various assets in the household savings landscape.

### **Distribution of Household Assets: Evidences of Inequality**

We carry out a detailed analysis of the asset distribution in total and among rural and urban households to see whether there is distributional inequality with regard to various asset holdings. Table vividly describes the picture of inequality in asset distribution at the All India level. We made a comparison of asset share and average value of assets across decile groups between 1991-91 and 2018-19. The share of assets owned by the poorest 50 per cent

households is only 7.97 per cent in 1991-92 and 7.5 per cent in 2018-19. Now the value of average asset holding of the richest upper decile exceeds that of the poorest lower decile by a factor of 39,409 per cent in 1991-92. If we make a same comparison for the year 2018-19, the value of average asset for the richest decile exceeds that of poorest decile group by a factor of 99,977 per cent. The asset share of the top richest 1 per cent households is 16.22 per cent in 1991-92. Though it declined marginally to 15.51 per cent in 2018-19, it does not strongly support reduction in inequality in distribution between the years of comparison.

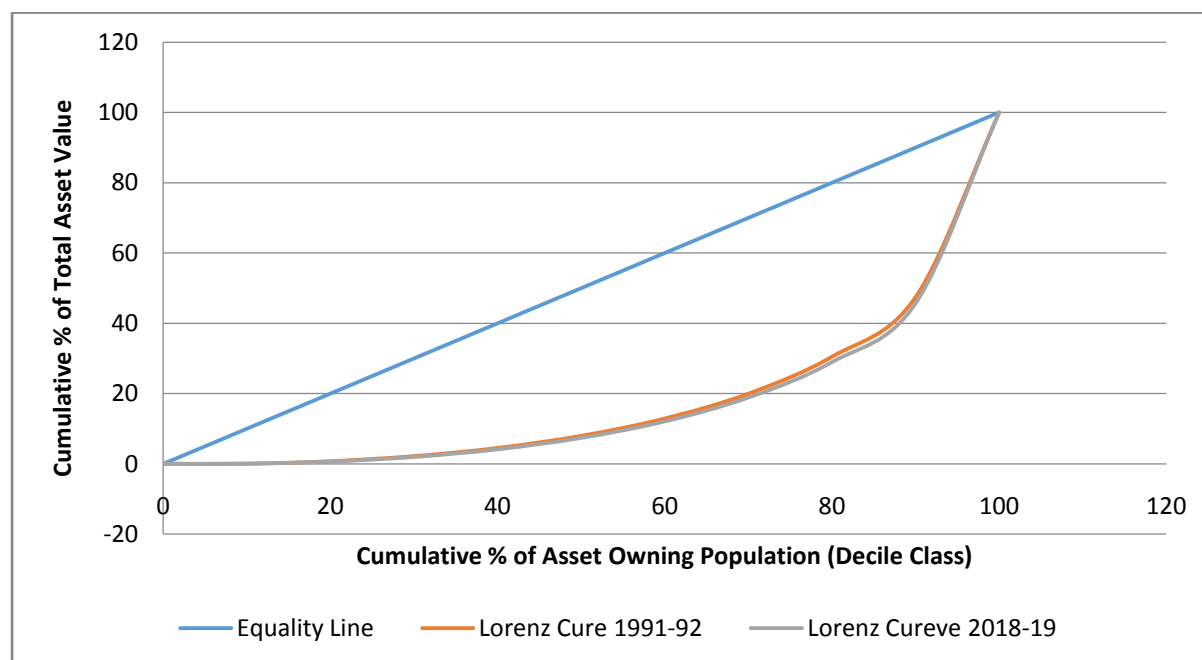
Table: Decile-wise distribution of asset share shares in total value of assets –All India-1991-91 and 2018-19

	1991		2018-19	
	Asset Share	AVA	Asset Share	AVA
1	0.03	1558	0.1	10,713
2	0.73	8487	0.6	1,10,765
3	1.44	16836	1.3	2,58,623
4	2.32	27144	2.2	4,29,531
5	3.45	40279	3.3	6,42,621
6	4.94	5776	4.7	9,24,340
7	7.07	82607	6.8	13,39,518
8	10.42	121810	10.1	19,90,667
9	16.96	198154	16.7	32,97,716
10	52.54	614005	54.3	1,07,10,567
Share of Top 5 %	38.23		38.69	
Share of Top 1%	16.22		15.51	
Gini coefficient	0.79		0.81	

The Lorenz curve measures inequality by looking at the deviation of the Lorenz curve from the line of equality. To draw Lorenz curve on the horizontal axis we take cumulative percentage of asset owning population (in deciles) and on the vertical axis we take cumulative percentage of total asset value. The Lorenz curves of the distributions of total assets for the year 1991-92 and 2018-19 are given in figure. For both years the Lorenz curve lies much away from the line of perfect equality showing high inequality and is almost impossible to make distinction between the curves since the magnitude of inequality do not differ significantly in 2018-19 compared to 1991-92. This is quite disappointing to see that in the realm of accumulation of assets or savings in the post liberalisation period is not that much encouraging. The prevalence of inequality in total asset distribution is numerically evident from the fact that the Gini coefficient calculated from the fitted Lorenz curves remains almost same with 0.79 and 0.81 respectively in 1991-92 and 2018-19 (Figure 1). Gini coefficient is defined as the ratio of the area between the Lorenz curve of the distribution and the line of equality; and the area under the line of equality. It should lie between 0 & 1

and is often used as a measure of income/wealth inequality. Here, 0 corresponds to perfect income/wealth equality (i.e. everyone has the same income/wealth) and 1 corresponds to perfect income/wealth inequality (i.e. one person has all the income/wealth, while everyone else has zero income/wealth).

Figure 1: The Lorenz Curve of Total Asset Value – All India-1991-92 and 2018-19



In table 2 the distribution total assets across various decile classes for both rural and urban households at different time points are given. It is seen that the asset distribution in rural areas is extremely unequal in all the four survey time points. This is evident from the fact that there is an increasing concentration of total assets among higher decile classes. For instance, the top 10 per cent of rural households owned more than half of the value of total assets. Notably in 2012-13, their share has reached its peak of 56.5 per cent for the upper decile class. On the other end, the extreme bottom decile class (O-10) own only a meagre share of total assets in all the years showing no significant improvement since it was ranging from 0.21 per cent in 1991-92 to 0.26 in 2018-19. The stark reality of inequality is more evident from the table that the share of lower decile classes up to bottom 60 per cent of rural households declined from little above in 1991-92 and 2002-03 to 12.6 in 2012-13. Even in 2018-19, the share of assets owned by bottom 60 per cent households is only 15.02. The data shows that in rural areas asset is concentrated in the hands of rich people.

Table 2:Decile Class wise distribution of total assets by rural and urban households  
(Percentage to total assets)

Decile Class	Rural				Urban			
	1991-92	2002-03	2012-13	2019	1991-92	2002-03	2012-13	2019
0-10	0.21	0.23	0.25	0.26	0	0.01	0	0.01
10-20	0.84	0.95	0.89	1.09	0.02	0.05	0.04	0.08
20-30	1.56	1.68	1.5	1.85	0.25	0.45	0.3	0.46
30-40	2.52	2.53	2.26	2.75	0.99	1.38	0.98	1.45
40-50	3.75	3.61	3.23	3.84	2.09	2.55	1.96	2.82
50-60	5.25	5.09	4.51	5.23	3.72	4.2	3.5	4.61
60-70	7.39	7.13	6.31	7.25	6.08	6.67	5.45	7.03
70-80	10.62	10.33	9.16	10.35	9.67	10.73	8.76	10.74
80-90	17.17	16.88	15.39	16.40	16.94	18.42	15.38	17.47
90-100	50.7	51.57	56.5	50.97	60.24	55.54	63.72	55.33
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Middle 30 percent (60-90)	35.18	34.34	30.86	34	32.69	35.82	29.59	35.24
Bottom 60 per cent	14.12	14.09	12.64	15.02	7.07	8.64	6.68	9.34

In the case of urban households the inequality is more prevalent than rural households. As evident from table 2, the share of richest households or top decile class in total value of assets for urban households is very high in all four years compared to that of rural households. While top 10 per cent rural households accounted for 50.7 per cent of rural assets in 1991-92 and 56.5 per cent of total assets in 2012-13, the corresponding figures for top 10 per cent urban households were 60.24 per cent and 63.73 per cent of total assets respectively. Though the share of assets owned by top decile class for urban households kept at above 55 per cent of total assets in both 2002-03 and 2018-19, this rate was much above their corresponding figure for the top 10 percent rural households for these years. Thus in urban sector lion share of total assets is concentrated in top 10 per cent of the rich households. On the other hand, the share of assets owned by bottom 60 per cent of urban households ranges from 7.07 per cent 9.34 per cent under the period of study with downward fluctuations in between. In nutshell, the discussion shows that inequality of asset ownership in India increased in the post reform period, especially during the last two decades. One the one side, the asset share of the richest rural and urban households in total value of assets increased, asset poverty increased among the poorest rural and urban households demonstrating sheer inequality in distribution. The grave inequality in holding assets indicates that the accessibility to markets is limited for the poor households in India.

We now draw Lorenz curves for the asset distribution based on data of average per capita asset value for rural and urban households. Figure 2 shows the Lorenz curve of total asset



value of rural households for the years 1991-92, 2002-03, 2012-13 and 2018-19. It is seen that there is high inequality in the distribution of assets in rural areas in all years taken as seen from the distance of Lorenz curves from the line of equality. The inequality is sustained over the period. A similar pattern is seen for the distribution asset in urban areas for the same years. Figure shows that in all years the distribution of assets in the urban sector is also highly unequal. Moreover, in the case of distribution of asset, the inequality is higher than in the rural areas. Each of the Lorenz curves whether for the rural or urban areas displays substantial deviation from the diagonal representing perfect inequality.

Figure 2: The Lorenz Curve of Total Asset Value – Rural Households

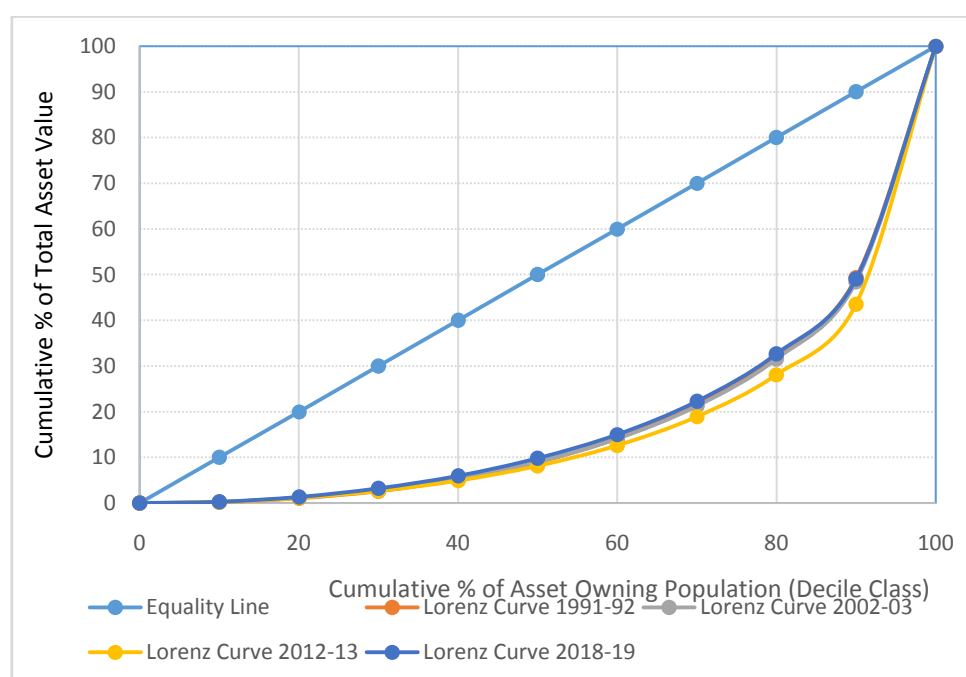
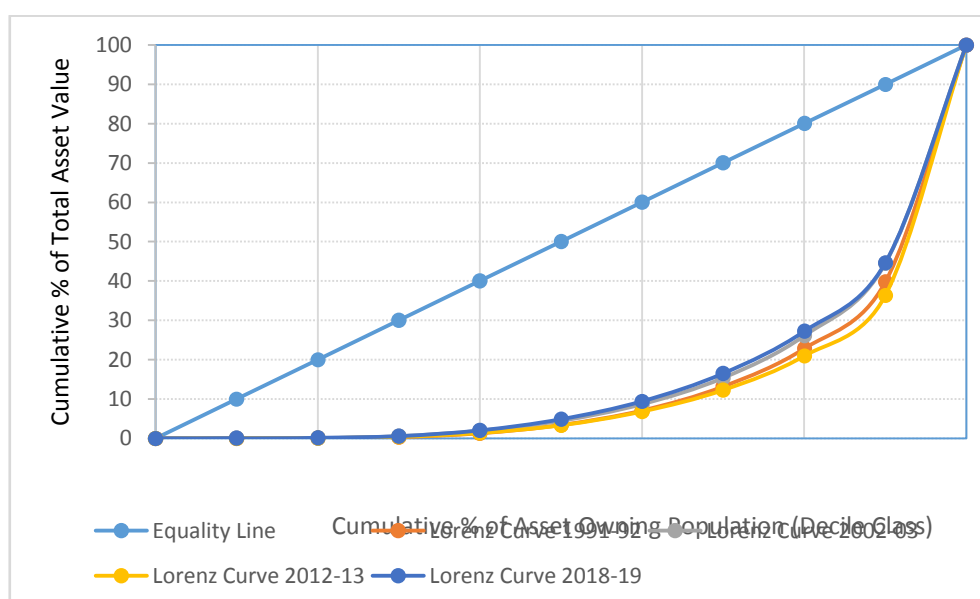


Figure 3: The Lorenz Curve of Total Asset Value – Urban Households



Having noticed the extreme inequality in asset distribution among both rural and urban households and the same is increasing over the period, we calculate the Gini coefficients of total asset holdings for both rural and urban households to numerically assess the extent of inequality. As a measure of inequality in distribution of assets, Gini coefficients based on the average per capita asset value is calculated separately for rural and urban households. From table 3 that gives Gini coefficients of gross assets we may infer that the Gini coefficient of asset distribution is extremely high in all years and rose significantly between 2002-03 and 2012-13 for both rural and urban areas. Though declined later in the year 2018-19, the Gini ratio is still high both in rural and urban areas. Even when inequality declined in the recent period, the overall analysis suggests that in all years, there is existence of inequality in larger extent both in rural and urban areas.

Table 3: Total Asset Holdings – Gini coefficients

	Total Asset Owned		
Year	Rural Households	Urban Households	Total Households
1991-92	0.78	0.86	0.79
2002-03	0.78	0.84	0.78
2012-13	0.80	0.87	0.84
2018-19	0.77	0.83	0.81

## Inequality in the Distribution of Various Assets

Table 4 gives information on the Gini coefficient of inequality in the distribution of various asset components for both rural and urban areas. Table 4 gives the asset category wise Gini coefficients for rural households and urban households. In rural areas, it is seen that financial assets shows remarkably high level of concentration. The other assets like agricultural machinery, non-farm business equipment and transport equipment also shows high concentration as evident from high Gini coefficient values. However, these three set categories of assets together constitute a share that ranges from 4 to 7 per cent over the period 1991/92 to 2018/19. However, land being occupies a very high share of two-third of the total assets (table 4), the persistent high inequality in asset distribution among rural households can be primarily attributed to increasing inequality in holdings of land. Land being the most important asset for rural households an increase in inequality in land holding might have contributed to an increase in overall inequality. The land inequality will result in reducing the ownership of livestock asset since it depends on the operational holding which is again determined by the land ownership. This is indicative from the increase in inequality of asset holding in livestock (table 4) along with the decline in its share. With regard to asset inequality among urban households, the inequality was much more pronounced than rural

households. The categories that show highest concentration in urban areas are livestock, agriculture machinery and non-farm business equipment. However given the low weight in total savings, we presume that these assets may not contribute substantially to inequality in the asset distribution. Rather, given the fact that the share of land and buildings occupies the significant proportion in urban total assets with its share ranges from 83 per cent to 92 per cent in various years, the inequality would chiefly be contributed by the increasing concentration in ownership of buildings and land. It is an empirical question whether the weight components like land and building drove aggregate inequality in the asset distribution among households. We thus now turn to determine the assets that contribute to inequality through a decomposition rule based on variance.

Table 4: Gini coefficients for various asset categories

Asset	Rural				Urban			
	1991-92	2002-03	2012-13	2019	1991-92	2002-03	2012-13	2019
Land	0.73	0.73	0.79	0.78	0.79	0.77	0.80	0.79
Building	0.65	0.62	0.63	0.62	0.81	0.79	0.85	0.87
Livestock	0.69	0.72	0.75	0.76	0.94	0.94	0.93	0.92
Agriculture Machinery, and	0.91	0.92	0.89	0.88	0.99	0.99	0.99	0.98
Non-farm business Equipment	0.98	0.97	0.97	0.96	0.97	0.96	0.96	0.95
Transport Equipments	0.90	0.92	0.91	0.89	0.92	0.91	0.87	0.88
Financial Assets	0.96	0.94	0.91	0.89	0.88	0.85	0.86	0.85
Total Assets	0.78	0.78	0.80	0.77	0.86	0.84	0.87	0.83

### **Distribution of Household Assets: Evidence of Horizontal Inequality**

Horizontal inequality is concerned with group related inequality in the distribution of assets. Here we consider inequality between social groups given the assumption that social discrimination and exclusion has its carriage on the asset distribution of households. In the present section we discuss certain trends of unequal distribution of assets among some social groups. We follow a classification of households in to Scheduled Caste/Scheduled Tribe (SC/ST) and non-SC/ST households. Table 5 gives the ratio of average asset holding of non-SC/ST households to that of SC households. It is seen beyond doubt that the average value of assets of SC households is much lower compared to non-SC/ST households. In the case of rural households, the overall asset holding of non-SC/ST households relative to SC households though met with marginal decline, for a long period over the last three decades tis

decline from 2.7 in 1991-92 to 2.42 cannot be regarded as a substantial improvement in the relative position of SC households. Thus, in terms of asset accumulation, there is no significant improvement in relative position of SC households compared to non-SC/ST households. Regarding the asset holding of rural ST households in comparison to non-SC/ST households, the overall asset holding of non-SC/ST households relative to households remained more or less stable, from 2.55 times in 1991-92, in the later years 2002-03, 2012-13 and 2018-19, it remained at 2.41 present indicating that there is not much improvement in the ownership of assets of ST households compared to others (Table Part Examining the category-wise data, it emerges that unfavourable asset position of SC and ST households in the rural areas must be largely driven by low levels of ownership of land by them compared to non-SC/ST households. As we seen from table, the categories of assets other than land account for a very small share of total asset holdings, and thus even a marginal improvement in relative position of SC/ST households in terms of ownership of these assets would not lead to overcome the overall disadvantage to these social groups.

Table 5: Ratio of Average Asset holding between non-SC/ST households to SC/ST households

	Rural Households				Urban Households			
Part A: Ratio of Average Asset holding between non-SC/ST households to SC Households								
	1991-92	2002-03	2012-13	2018-19	1991-92	2002-03	2012-13	2018-19
Land	3.03	3.11	3	2.89	2.75	2.74	2.76	2.29
Building	2.06	1.87	1.6	1.57	2.91	2.4	3.73	2.38
Livestock	1.94	1.9	1.75	1.90	1.73	1.66	1.51	1.97
Transport Equip	3.86	4.04	2.45	2.59	1.99	4.07	3.03	2.63
Agri Mach &Equipments	4.94	4.36	2.57	2.49	5.25	6.7	4.16	3.38
Non-Agri Business Equipments	3.75	4.1	2.47	2.83	5.42	5.87	7.94	5.22
Financial Assets	3	1.98	1.75	1.97	2.46	2.13	2.14	2.36
Total	2.74	2.65	2.5	2.42	2.77	2.57	3.11	2.35
	Rural Households				Urban Households			
Part B: Ratio of Average Asset holding between non-SC/ST households to ST Households								
	1991-92	2002-03	2012-13	2018-19	1991-92	2002-03	2012-13	2018-19
Land	2.83	2.54	2.7	2.64	1.97	2.09	1.68	1.66
Building	2.27	2.29	2.15	2.04	2.58	2.16	3.43	1.78
Livestock	1.22	1.03	0.7	1.13	0.89	1.02	1	1.27
Transport Equip	2.34	2.89	2.2	2.48	3.48	2.12	2.12	1.24
Agri Mach &Equipments	4.01	2.62	1.72	1.85	1.56	1.28	1.03	1.48
Non-Agri Business Equipments	5.63	6.12	5.03	3.27	7.87	2.03	5.95	2.75
Financial Assets	1.11	2.35	1.99	1.74	2.57	1.23	1.34	1.23
Total	2.55	2.41	2.4	2.40	2.32	1.97	2.17	1.63

Now we turn to the relative asset position of both SC and ST households compared to non-SC/ST households in urban areas. In the relative position of ownership of assets of SC households and ST households, there occurred the relative deterioration in the year 2012-13, with 1991-92 to 2002-03 and 2012-13 to 2018-19 periods showing improvement. This deterioration in asset ownership of urban households was almost entirely driven by worsening of relative ownership of buildings. Between 2002-03 and 2012-13, the ratio of average value of buildings owned by non-SC/ST to SC households increased from 2.4 to 3.73, while the ratio to ST households increased from 2.16 to 3.43. Thus in the urban areas the relative position of ownership assets is driven by the accumulation of the asset buildings. As land and buildings are the major assets in total assets in rural and urban areas, the importance of these assets in determining the relative position of various social groups also tremendous.

Table 6 : Ratio of average value of assets of 'other households' (not belonging to a marginalised caste/religious group) to average value of assets of SC, ST, Muslim and non-Muslim OBC households

Ratio between 'Other Households' to	Rural India			Urban India		
	2002-03	2012-13	2018-19	2002-03	2012-13	2018-19
SC Households	4.04	3.90	4.13	3.50	4.71	4.65
ST Households	3.68	3.87	3.97	2.68	3.29	3.45
Muslim	2.37	2.46	2.67	2.50	3.23	3.76
Non-muslim OBC Households	1.90	1.86	2.03	1.83	2.24	2.32

In table 6 we have made a detailed categorisation of caste and religious groups. The objective is to study the ratio of average asset holding of households not belonging to 'other households' (defined as households not belonging to any marginalised or religious groups) to average asset holding of Scheduled Caste (SC), Scheduled Tribe (ST), Muslim and Other Backward Castes (OBC) Households separately for rural and urban areas. Table 7 gives the ratios of average asset holding of 'other households' to average asset holding of SC, ST, Muslim and OBC households. We have distinguishing OBC non-Muslim households will help us to bring out the disparities across social groups even more accurately. It is evident from the table that in all the years, the average asset holding of asset of 'other households' not belonging to marginalised caste/religious community was four times the average holding of SC households in rural India. In the urban India this ratio is much higher approaching 5 times greater than SC households. Now regarding the average asset holding of 'other households' compared to ST households, both in rural area and urban areas, the ratio is increasing showing clear advantage in the ownership of assets of 'other households' not

belonging to any marginalised community. Though the ratio is less compared to SC and ST households, the relative position in ownership of assets by 'other households' to that of Muslim and non-muslim OBC households is clearly increasing over the period 2002-03 to 2018-19 both in rural and urban areas. The analysis reveals that there is inequality in asset distribution between different social groups.

Generally access index is used to measure the accessibility of a certain asset of a particular social category in relation to their share in total population. Access index is defined as the ratio of the share of a social group in total assets to the share of that social group in the total population. It is said that if the resultant ratio is less than one we assume that the share of assets owned by that particular group is less than the share of that social group in the total population. In other words, when the access index is less than one for any asset group we presume that their asset ownership is disproportionately less compared to their weight in total population. The access index calculated for various social groups for the years 2012-13 and 2018-19 are reported in the table. The table 7 clearly shows that, scheduled caste, scheduled tribes and Muslim households have access index less than one in both 2012-13 and 2018-19 in both rural and urban areas. This implies that these social groups had a disproportionately low ownership of assets compared to their share in population. On the otherhand for both rural and urban households that do not belong to any marginalised caste or religious groups, the access index is much above one indicating their better position in holding the assets disproportionately higher compared to their representation in total population. Compared to SC, ST and Muslim population, OBC households are in an advantageous position in rural areas with their access index just above one in both 2012-13 and 2018-19 years. It is noteworthy that the access index for marginalised households in urban areas, especially for SC and ST households declined suggesting an increasing level of exclusion in recent years. Having noted the concentration of households in land and buildings along with wide disparities among various social groups, we now turn to compare the other side of the asset holding or savings, that is the liability side usually measured in terms of debt. The counterpart story of debt would expect to reveal the broad relationship between saving on the one side and debt on the other side of the household. We do this in the next section.

Table 7: Access index calculated -social groups- 2012-13 and 2018-19

Group	Rural		Urban	
	2012-13	2018-19	2012-13	2018-19
SC	0.60	0.63	0.37	0.32
ST	0.59	0.58	0.54	0.51
Muslim	0.75	0.76	0.55	0.53
OBC	1.06	1.09	0.78	0.851
Non SC/ST	1.25	1.25	1.15	1.17
NON-SC/ST/Muslim/OBC	1.91	1.81	1.73	1.86

### Household Indebtedness and Debt-Asset Ratio

The All India Debt and Investment Survey capture indebtedness using two measures, viz., the incidence of debt and debt-asset ratio. Incidence of debt means the percentage of household reported to own debt from any source. These two measures for both rural and urban households are reported in table. The table 8 suggests that for rural households in India, since 1991 both the percentage of households indebted incidence of debt) and debt-asset ratio increased systematically revealing a depressing behaviour of debt accumulation. From 23.40 per cent in 1991-92, the incidence of debt increased to 35 per cent in 2018-19. With regard to debt asset ratio, the increase is from 1.78 per cent in 1991-92 to 3.8 per cent in 2018-19. On the face of high concentration of physical assets land and buildings in the saving portfolio with wide inequality in its distribution the indebtedness of households is a cause on concern. The story is rather not different for the urban households as given in table. While the incidence of debt appears to be comparatively lower than rural households and stagnating during the period 2012-13 to 2018-19, the debt–asset ratio of urban households is higher compared to rural households in all years. More importantly, it has increased from 2.51 per cent in 1991-92 to 2018-19 in 2018-19.

Table 8: Indebtedness of Rural and Urban Households

Year	Rural		Urban	
	% of Indebted Households (%)	Debt-Asset Ratio	% of Indebted Households (%)	Debt-Asset Ratio
1991-92	23.40	1.78	19.30	2.51
2002-03	26.50	2.84	17.80	2.82
2012-13	31.44	3.23	22.37	3.70
2018-19	35.00	3.8	22.4	4.4

In our earlier analysis of asset inequality, it was revealed that asset, especially the categories land and buildings shows high concentration in terms of ownership. The richest households occupy very significant share of assets. Having noted high incidence of debt and debt-asset ratio, it may not be wrong to conclude that the debt will be higher for the asset-poor households than for the asset-rich households. In the table we present data on average value of asset holdings, average value of debt and debt asset ratio for different decile classes of household asset holdings. The data in table 9 reveals beyond doubt that debt burden is significantly higher for the asset poor households than the asset-rich households. This is evident from the monotonically decreasing debt-asset ratio as we move towards the higher size class of asset holdings. This monotonically declining debt asset ratio with increase in size class of ownership is also seen in the case of urban households also. Thus there is a clear inverse relationship between the indebtedness of households and asset holdings. The debt-poor households accumulate debt disproportionately to their asset holdings irrespective of whether they live in rural or urban areas.

Table 9: Debt and Asset Holdings – Rural and Urban -2012-13 and 2018-19

Decile Class of household asset holdings (Rupees)	Average Value of Asset Holdings				Average Value of Debt (‘000 rupees)				Debt-Asset Ratio			
	Rural		Urban		Rural		Urban		Rural		Urban	
	2018-19	2012-13	2018-19	2012-13	2018-19	2012-13	2018-19	2012-13	2018-19	2012-13	2018-19	2012-13
0-10	41	25071	2	291	16	9705	10	5587	39.1	38.71	549.7	1920.28
10-20	174	89593	23	9565	16	8819	17	11934	9.4	9.84	75.4	124.77
20-30	295	151460	124	67428	20	13811	30	20075	6.8	9.12	24.1	29.77
30-40	438	227415	33	224760	27	15673	41	28430	6.1	6.89	10.4	12.65
40-50	612	325385	767	447719	35	18800	56	29915	5.8	5.78	7.2	6.68
50-60	833	454192	1252	777591	45	23441	79	36751	5.4	5.16	6.3	4.73
60-70	1155	635506	1911	1248347	53	28770	107	55519	4.6	4.53	5.6	4.45
70-80	1649	922870	2924	2001390	74	37662	142	91069	4.5	4.08	4.9	4.55
80-90	2612	1548889	4741	3513327	100	56658	243	16470	3.8	3.66	5.1	4.80
90-100	8117	568935	15035	14559978	210	111884	478	38457	2.6	1.97	3.2	2.73
all	1592	1006985	2717	2285135	60	32552	120	84625	3.8	3.23	4.4	3.70



## **Conclusion**

We have used AIDIS data covering the period 1991-92 to 2018-19 in which NSSO provides data on assets and debt for four time points. Using the data derived from these estimated we have studies the pattern of asset distribution in India focussing on both rural and urban areas. The study beyond doubt proved that compared to financial assets physical assets occupy heavy weight in total savings in both rural and urban areas. Within the physical savings we find that land and buildings dominate to constitute more than three fourth of the savings share. From the analysis of inequality in the distribution of assets, glaring and growing inequality of asset ownership is evident in both rural and urban India. All our measures of inequality using Ginicoefficient and Lorenz curve analysis shows that inequality in asset ownership is not only high but also has risen over the period. Regarding inequality, it is to be noted that though inequality is in both rural and urban India, urban inequality is much higher than rural inequality. As indicated by Gini coefficients and relative asset positions for different assets, it gives us the impression that the growing inequality in the distribution of assets, both in rural and urban areas, was mostly driven by highly unequal holding of land and buildings, the two most important forms of asset. Decomposition of asset inequality shows that asset inequality among urban households has emerged as a major contributor to overall asset inequality in India. The inequality in asset distribution is vividly seen across different social groups. Higher asset inequality is noted among marginalised groups with Sc and ST population suffer more from an overall disadvantage. It is seen that inequality in the asset holdings of marginalised groups in urban areas particularly contributing to overall asset inequality in India.

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