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# *Land, Assets, Incomes and Employment in Three Villages in Andhra Pradesh*

## INTRODUCTION

This article[1] reports on the results of three village surveys conducted in Andhra Pradesh in 2005-06, and deals, in particular, with the distribution of household holdings of land and other assets, forms of tenancy, household incomes (including farm business incomes) and household employment and earnings from manual labour. Although it draws on the material in our recent book *Socio-Economic Surveys of Three Villages in Andhra Pradesh: A Study of Agrarian Relations*, the article reports only on a subset of the larger body of information in the book, and we invite those who want a fuller treatment of socio-economic issues in the villages, qualitative and quantitative, to go to the book.

Historically, the Left in India has urged scholarship to turn its face to the countryside, to conduct specific studies of socio-economic conditions and changes there, and to assess and evaluate these conditions and changes. Since 2005, the Foundation for Agrarian Studies has been engaged in a Project on Agrarian Relations in India

(PARI). The Project was designed in consultation with the All India Kisan Sabha, the All India Agricultural Workers Union, and the All India Democratic Women's Association.

The objectives of PARI are to study and analyse:

· village-level production, production systems and livelihoods and the socio-economic characteristics of different strata of the rural population;
· sectional deprivation in rural India, particularly with regard to the Dalit and Scheduled Tribe populations, women, specific minorities and the income-poor; and
· the state of basic village amenities and the access of the rural people to the facilities of modern life.

The study is being conducted over a period of about seven years. In every selected state, our practice is to survey two or three villages in different agro-ecological and socio-economic regions. The villages studied will ultimately represent a wide range of regions in the country.

Andhra Pradesh was the first State from which villages were chosen for study. As is well known, the State of Andhra Pradesh is conventionally divided into five agro-ecological zones: north coastal, south coastal, north Telengana, south Telengana and Rayalaseema After consultations with the leaders of the agrarian movement in Andhra Pradesh, we decided to conduct our survey in one village of each of three regions, namely south coastal Andhra, Rayalaseema, and north Telangana.

In each of the three villages, a census-type survey of households that covered every household and individual was conducted in December 2005. In order to collect detailed data on employment and incomes, a second-round sample survey was conducted in May 2006 in the three villages. In addition, we constructed statistical profiles of each village on the basis of existing sources of secondary data.

*Ananthavaram*

The first village, Ananthavaram in Kollur mandal, Guntur district, was chosen purposively: the village was one of two surveyed by P. Sundarayya in 1974. Our census survey of 2005 covered 667 households and 2,410 persons. Ananthavaram is a multi-caste village with a significant Dalit population. Members of Dalit households

constituted 45 per cent of the population, while members of Adivasi households formed 6.6 per cent of the population, and of members of households of the Kamma caste (the dominant land holding caste) constituted 20 per cent of the population.

Ananthavaram is irrigated by the Krishna river. Although official data suggest that almost the entire extent of cultivated land in the village was under canal irrigation, data from our surveys show that supplementary irrigation from groundwater was almost the norm on area officially classified as being solely under the canal irrigation system.

Ananthavaram was selected as being characteristic of a village from the paddy-dominated tracts of south coastal Andhra. In the kharif season, paddy cultivation dominated the sown area of the village. The two most important crops in the rabi season were maize and black gram. Sugarcane was cultivated through the year. Although a total of 25 crops were listed in our 2005 survey as having been cultivated in the village, four crops – paddy, maize, black gram and sugarcane – accounted for 95 per cent of gross cropped area.

*Bukkacherla*

Bukkacherla village is located in Raptadu Mandal, Anantapur district. Our census survey of 2005 covered 292 households and 1,228 persons. Members of households of the dominant landholding Kapu caste constituted 40 per cent of the population, and members of Dalit households constituted 20 per cent of the population in Bukkacherla. People from the three caste groups – Kapu, Dalit and Kuruba – constituted some 71 per cent of the population.

The important feature of land use in the village was that unirrigated land accounted for 89 per cent of the land under cultivation. Typically, therefore, there was a single agricultural season in the village, with cultivation occurring mainly in kharif. Our data show that 74 per cent of gross cropped area in the village was planted to groundnut inter-cropped with red gram, with another 5 per cent covered by the sole cultivation of groundnut. There was a small, dynamic sector of drip irrigation, where chilli, watermelon, tomato, brinjal, orange, sweet lime and musk melon were grown.

*Kothapalle P. N.*

Kothapalle village is located in Thimmapur (Lower Maner Dam Colony) mandal, Karimnagar district. The nearest town is Karimnagar, which is 16 km away. The village is situated on the main Hyderabad to Karimnagar highway, a fact that has major consequences for the village economy.

Our village census survey covered 1,436 persons in 372 households. This is a multi-caste village, and has an almost equal number of persons from the two major landholding castes, Reddys and Goudas. Members of Dalit households comprised 30 per cent of the population.

There has been a more than four-fold increase in area under irrigation between 1991 and 2001 on account of the construction of the Lower Maner Dam (LMD). At the same time, the extent of cultivable waste land and land not available for cultivation also increased, due to the submergence of large tracts of village land in the LMD reservoir. Construction of the dam raised the water table in the village. Although there has been an expansion of irrigation in the village, our survey showed that the quality of groundwater irrigation was unreliable. Kharif thus continues to dominate seasonal cropping in the village.

The two most important crops were maize and paddy. Maize was sown separately and was also intercropped with pulses. Groundnut, cowpea and cotton were also sown in the village. Orchards of mango and other fruit trees (lime, mango, coconut and pomegranate) accounted for almost 5 per cent of total gross cropped area. Tapping toddy from palmyra trees was an important village occupation.

## SOCIO-ECONOMIC CLASSES IN THE STUDY VILLAGES

An important part of the discussion below is of the *distribution* of land, assets, incomes, and employment of wage earnings among households belonging to different *socio-economic classes*. The criteria that were used to identify classes in the three villages are discussed below.

*Landlords*

Landlord households own the most land and generally the best land in all three villages and the members of landlord households do not participate in the major agricultural operations on the land. Their land is cultivated either by tenants, to whom land is leased out on fixed rent or share, or by means of the labour power of hired workers.[2] Landlord families are, in general, historical participants in the system of land monopoly in the village. Landlords dominate not just economic, but traditional social and modern political hierarchies in the village. It is absolutely essential to remember that – to quote E. M. S. Namboodiripad – "landlordism is not only an economic category but also social and political."

*Big Capitalist Farmers*

Capitalist farmers also do not participate in the major manual operations on the land. The main difference between these capitalist farmers and the landlords is that the former did not traditionally belong to the class of landlords. Some of them came from rich peasant or upper-middle peasant families that had a tradition of family labour, whose members, in fact, actually worked at major manual tasks even in the present or previous generation. Such families invested the surplus they gained from agriculture or other activities – including money lending, salaried employment, trade and business – in land. Agriculture was or became the focal point of their activity and the basis of their economic power.

Capitalist farmers of this type may be of the traditionally dominant caste. They may also be from castes designated officially as Backward Classes. In any case, although their position in ritual hierarchy may not be equivalent to the traditional dominant or ritually 'superior' castes, big capitalist farmers are also entrenched in positions of social and political dominance.

We have termed the biggest landholders in this category "big capitalist farmers." Their landholdings are in the same size bracket as the landlords, as are their incomes and overall ownership of the means of production and other assets.

This class is the main pillar of the class power of the ruling classes

and the state in the villages. It follows then that it is the mainstay of the power of political parties of the ruling class in the villages.

We have generally included capitalist farmers other than big capitalist farmers (a few in number) in the class of rich peasants.

*Manual Workers*

At the other end of the spectrum of classes involved in agricultural production is the class of manual workers, whose major income comes from working as hired workers on the land of others and at tasks outside crop production. Many manual worker households are landless (the proportion of landless households within this class was 90 per cent in Ananthavaram, 15 per cent in Bukkacherla and 58 per cent in Kothapalle). About 5 per cent of manual worker households were tenant-cultivators in Ananthavaram and 2 per cent in Kothapalle. In Bukkacherla there were no tenant-cultivators belonging to this class. Agricultural workers work at non-agricultural tasks as well, and it is not possible to distinguish a class of non-agricultural workers from agricultural workers in any of the villages. In general, manual workers work on a wide range of tasks, and the set of skills necessary for most tasks is to be found among most manual workers. One crop that employs a more specialized group of workers is betel leaf, cultivated in the *lanka* (river-island) land near Ananthavaram.

Manual workers also have other small sources of income. These include animal husbandry, small businesses, toddy-tapping and miscellaneous low remuneration jobs in the private sector. Most manual workers are casual workers who work at daily-rated tasks or for piece-rates. Some, however, are annual workers, farm servants who do agricultural, non-agricultural and some domestic tasks for a single employer for a monthly wage (and generally on an annual contract). There were 16 such households in Ananthavaram, 3 households in Bukkacherla and 12 households in Kothapalle.

*The Peasantry*

Peasant households, whose members work on all or some of the major manual operations on the land, constitute the sector of petty producers

that lies between landlords and big capitalist farmers on the one hand, and manual workers on the other.

The peasantry is heterogeneous, and the criteria we have used to identify strata among the peasantry in the survey are discussed below. All classes of the peasantry together constituted 39 per cent of all households in Ananthavaram, 54 per cent of all households in Bukkacherla, and 28 per cent of all households in Kothapalle.

We classified each peasant household into a class category on the basis of the broad criteria listed below:

1. Ownership of the means of production and other assets.
2. The labour ratio, defined as the ratio between the sum of number of days of family labour and the number of days of labouring out of members of the household in agricultural and non-agricultural work (in the numerator) and the number of days of labour hired in by the household (in the denominator).
3. Rent exploitation, that is, rent received or paid by the household.
4. Net income of the household, making separate note of the gross value of output from agriculture and the investment in agriculture per hectare.
5. The sources of income of the household.

We emphasise here the problems of classifying the peasantry on the basis of a single year's data, when socio-economic circumstances typically fluctuate from year to year. We use, in other words, static data to study dynamic circumstances. This problem affects income particularly, since peasant incomes typically fluctuate from year to year.

With regard to the labour ratio, the extent of participation of working members of peasant households in the labour process in agriculture depends on the economic and social status, and on the nature of land use and cropping pattern in the village. For example, in Ananthavaram, paddy is cultivated through the intensive employment of large groups of workers. Betel-leaf cultivation requires intensive supervision and a specialized labour force, thus limiting the number of days of actual family labour deployed by the peasant household. In Kothapalle, the nature of lift irrigation is such that it absorbs a high absolute level and a substantial share of the family labour that peasants deploy. Labour absorption in Bukkacherla across

all crops and seasons was only 70 days per hectare against 275 days per hectare in Ananthavaram and 173 days per hectare in Kothapalle. Among many Other Caste households in each of the villages, in peasant households characterized by the hard labour of male workers, women worked at domestic tasks and animal husbandry, but for reasons of traditional social status, did not work outside the household, thus bringing down the total number of days of family labour. (This was the case, for instance, among women from Kamma households in Ananthavaram).

We classified households into rich, upper-middle, lower-middle and poor on the basis of their ownership of the means of production, labour ratios, and incomes.

Rich peasant households had the highest levels of ownership of the means of production, particularly land and other productive assets, while at the other end of the spectrum, poor peasants hardly had any productive assets at all other than small plots of land. In Ananthavaram, most poor and lower-middle peasants were tenants, so they did not necessarily own any land. With respect to the labour ratio, the coefficient was above zero but very low for rich peasants, generally in the vicinity of one among middle peasants (less than one for upper-middle and greater than one for lower-middle peasants), and greater than one among poor peasants.

Incomes ranged from high surpluses based on relatively heavy investments among the rich to subsistence and even negative incomes among the poor. The income criterion was particularly important in resolving borderline problems in the classification of the middle peasantry into upper and lower sections.

A very important feature of the situation in Ananthavaram was that even middle peasants – particularly from Dalit, but also Backward Class – households laboured out heavily. In Ananthavaram, poor peasants and all tenants were substantially and characteristically semi-proletarians with respect to days of labouring out, but with respect to hiring in, they were relatively heavy employers of labour. In fact, in two villages, of all the days of labour worked by hired labour for wages, a very large share came from the peasantry, particularly poor and lower-middle peasants, 42 per cent in Ananthavaram, and 26 per cent in Bukkacherla.

In all the villages, it was difficult to draw an exact line differentiating between the poor peasantry and manual workers. There were many households now classified as poor peasants, who if classified by either an income criterion or the labour ratios would have been classified as manual workers. They were classified eventually as poor peasants because of the absolute number of labour days they hired in, and because the extent of their operational holdings was non-negligible (sometimes, particularly in Ananthavaram, because of leased-in land).

Rich peasants were a class set distinctly apart from the rest of the peasantry, particularly in Ananthavaram. Their households were characterized by substantial accumulation of capital, low labour ratios, and high incomes. A striking feature of the distribution of operational holdings of land in Ananthavaram was that the largest operational holding in the village was cultivated by a rich peasant, not a landlord. The household operated about 47.5 acres, of which 42 acres were leased in. It also owned 8 acres, of which 2.5 acres were leased out. It cultivated traditional crops – paddy, sesamum, pulses and oilseeds – but the main work of the head of household was as an award-winning sugarcane farmer. The household was among the top in the village with respect to assets and incomes, but was also a rare case of a top rich peasant participating in every single manual operation on the land and in animal husbandry.

In Ananthavaram, the households of the upper-middle sections are also distinctly demarcated from other peasants by their average incomes and average levels of ownership of productive assets. All other classes in the three villages lived in precarious economic conditions. In Bukkacherla, multiple occupations were more common than elsewhere – particularly among poor peasants, manual workers and other income-poor – as survival strategies among the poor. In Kothapalle, animal husbandry and (for one caste) toddy-tapping were important alternative sources of income.

We note here also that, in south coastal Andhra Pradesh, landlords and the rural rich (and sections of rural society other than the very poor and socially oppressed) seem to have realised, about a generation earlier than others, the value of investment in modern technical and high-income-return higher education, particularly medicine and

computer engineering. In Ananthavaram, about 15 persons born in the village were working in the United States, and more in Europe, Singapore and other places. It would be interesting to see the share of persons who come from rural landed families among those who migrate to the United States from Andhra Pradesh, and the corresponding share among migrants from other states of India. Investment in high-expenditure and high-income-yielding higher education appears to be more a part of the strategic planning of an upper stratum of the privileged in rural Andhra Pradesh than in the rural areas of other states.

*Other Households*

Other households have been classified on the basis of the main sources of their incomes, although, as can readily be understood, it can be very difficult to assign to a household a single category of occupation in circumstances where the incomes of households derive from diverse occupations.

The categorisation of other households is presented here with an important qualification. These are broad occupational groups classified on the basis of the main sources of household incomes. In the categories titled "Business activity/Self-employed", "Rents/Moneylending", "Salaried person/s", and "Remittances/Pensions" in the fact cover households with different levels of income — and often, different class interests — and need further to be classified on the basis of their internal stratification. That is, however, a task that we leave for future writing on the subject.

The groups are:

1. *Artisan work and work at traditional caste calling:* This class includes carpenters, blacksmiths, potters, service castes, and temple priests.
2. *Business activity/self-employed:* This class includes all households whose major sources of income cover a wide range of business and other self employing activities.
3. *Rents/moneylending:* This class typically includes small rent-receivers and small and medium moneylenders.
4. Salaried persons: Salaried persons in a village are invariably from households that have multiple sources of income, and generally have links

to the land. They have been able to gain access to salaried employment because they have had access to education. Many would have remained trapped in village employment but for progressive policies of affirmative action and reservation. Upper-caste people who have received education in more exclusive institutions of higher education and who go to high-end jobs generally leave the village.

5. *Remittances/pensions:* Pensions covered a wide spectrum, from Rs 1,300-a-year government old-age pensions, generally received by a poverty-stricken, low-literacy household, to more than Rs 9,000 a month, the latter reflecting access to more well-paid organised-sector employment and high levels of household education. There was a marked prevalence of female-headed households, particularly of older women, in this class.

The distribution of households into classes is in Table 1.

**Table 1. Distribution of households, by class, Ananthavaram, Bukkacherla and Kothapalle, 2005-06**

| *Socio-economic class* | *Ananthavaram* | | *Bukkacherla* | | *Kothapalle* | |
|---|---|---|---|---|---|---|
| | *No* | *%* | *No* | *%* | *No* | *%* |
| Landlord/Big capitalist farmer | 11 | 2 | 10 | 3 | 5 | 1 |
| Capitalist farmer/Rich peasant | 12 | 2 | 33 | 11 | 33 | 9 |
| Peasant: upper middle | 24 | 4 | 45 | 15 | 24 | 6 |
| Peasant: lower middle | 93 | 14 | 39 | 13 | 28 | 7 |
| Peasant: poor | 131 | 20 | 39 | 13 | 20 | 5 |
| Hired manual labour | 164 | 25 | 59 | 21 | 163 | 44 |
| Artisan work and work at traditional caste calling | 28 | 4 | 3 | 1 | 4 | 1 |
| Business activity/self-employed | 39 | 6 | 12 | 4 | 30 | 8 |
| Rents/Moneylending | 35 | 5 | 12 | 4 | 4 | 1 |
| Salaried person/s | 61 | 9 | 18 | 6 | 42 | 11 |
| Remittances/Pensions | 58 | 9 | 21 | 7 | 20 | 5 |
| Unclassified households | 8 | 1 | | | | |
| All households | 664 | 100 | 289 | 100 | 370 | 100 |

*Source:* Survey data

## LAND, ASSETS AND PROPERTY INEQUALITY

The basis of class power in the countryside is the control of land and other means of production and forms of wealth. By this criterion, the data show unequivocally that class power in the three villages is firmly in the grip of the landlords and big capitalist farmers. At one end of the distribution, landlords and big capitalist farmers controlled the

lion's share of land and other immovable property, and a disproportionately high share of other production assets. At the other end of the distribution, poor peasants and manual worker households, and Dalit, Adivasi and Muslim households, were characterized by the very small share of production assets that they held.

Of all the villages, inequality with respect to ownership of assets was highest in the coastal Andhra village of Ananthavaram. In Ananthavaram, the richest 10 per cent of households owned 75 per cent of all household wealth. By contrast, the poorest 80 per cent of households together owned only about 12 per cent of household wealth. The top decile accounted for 54 per cent of all household wealth in Bukkacherla and 58 per cent of all household wealth in Kothapalle. In Bukkacherla, the poorest 80 per cent of households together owned about 32 per cent of wealth. In Kothapalle, the poorest 80 per cent of households together owned about 27 per cent of wealth. The Gini coefficient of distribution of household wealth was 0.83 in Ananthavaram, 0.65 in Bukkacherla and 0.69 in Kothapalle.

There were sharp disparities in levels of asset holdings across classes and social groups. Among agricultural classes, the average levels of asset holdings fell sharply as one moved from landlords to hired manual workers. The asset holdings of a single household in the class of manual workers was 1 per cent of the value of assets of a landlord household in Ananthavaram, 2 per cent in Bukkacherla and 3 per cent in Kothapalle. Ananthavaram, in particular, showed substantial accumulation of productive assets and wealth in the hands of rich peasants and capitalist farmers. Levels of ownership of assets among upper-middle peasants were also markedly higher than among lower-middle and poor peasants, and manual workers.

Data on average levels of asset holdings across different social groups show that Dalit, Adivasi, Muslim and Backward Class households had substantially lower levels of asset holdings than Other Caste households. The average level of asset holdings of Dalit households was only 5 per cent of the average level of asset holdings of Other Caste households in Ananthavaram, and 13 per cent of the average level of asset holding of Other Caste households in Bukkacherla and Kothapalle. The average asset holdings of Adivasi households was 1 per cent of the average asset holdings of Other Caste households in Ananthavaram and 3 per cent of the average asset holdings of Other Caste households in Kothapalle.

**Table 2. Average household asset holdings, by class, study villages, May 2006**

| *Socio-economic class* | *Ananthavaram* | *Bukkacherla* | *Kothapalle* |
|---|---|---|---|
| Landlord/ Big capitalist farmer | 5,161,1579 (100) | 3,097,431 (100) | 4,659,341 (100) |
| Capitalist farmer/ Rich peasant | 2,643,843 (51) | 654,776 (21) | 1,021,948 (22) |
| Peasant: upper middle | 1,952,972 (38) | 290,865 (9) | 328,301 (7) |
| Peasant: lower middle | 236,800 (5) | 161,482 (5) | 126,523 (3) |
| Peasant: poor | 120,493 (2) | 78,644 (3) | 101,708 (2) |
| Hired manual labour and other wage-work | 39,872 (1) | 71,229 (2) | 120,446 (3) |
| Artisan work and work at traditional caste calling | 32,130 (1) | 402,150 (13) | 140,740 (3) |
| Business activity/ self-employed | 641,530 (12) | 117,798 (4) | 179,845 (4) |
| Rents/Moneylending | 907,679 (18) | 1,090,895 (35) | 179,150 (4) |
| Salaried person/s | 311,805 (6) | 139,747 (5) | 457,948 (10) |
| Remittances/Pensions | 232,539 (5) | 94,835 (3) | 316,076 (7) |

**Table 3. Average household asset holdings, by social group, study villages, 2005**

| *Social group* | *Ananthavaram* | *Bukkacherla* | *Kothapalle* |
|---|---|---|---|
| Dalit households | 64,670 (5) | 65,380 (13) | 107,468 (13) |
| Adivasi households | 19,444 (1) | | 27,102 (3) |
| Muslim households | 47,264 (4) | 126,721 (24) | 163,558 (20) |
| BC households | 228,565 (18) | 154,293 (30) | 187,069 (23) |
| Other Caste households | 1,300,830 (100) | 519,306 (100) | 798,550 (100) |

*Note*: Figures in parentheses give the average level of asset holding of each social group as a percentage of the average level of asset holdings of the other caste Hindu households.
*Source:* Survey data

The extent of landlessness was particularly high in Ananthavaram and Kothapalle. About 65 per cent of households in Ananthavaram and about 47 per cent of households in Kothapalle did not own any land.

There was a clear increase in the degree of landlessness and in inequality in the distribution of ownership of land in Ananthavaram between 1974 and 2006 The proportion of households that did not own any land increased from 50 per cent in 1974 to 65 per cent in 2006. There was also an increase in the proportion of landless households among Adivasi households, Backward Class households, and Other Caste households. The Gini coefficient of the distribution of ownership holdings increased from 0.835 in 1974 to 0.856 in 2006.

Land and buildings dominated the asset portfolios of households. Land and buildings accounted for about 93 per cent of total assets in

Ananthavaram, 84 per cent of total assets in Bukkacherla, and 91 per cent of total assets in Kothapalle. Inequality in the distribution of ownership of assets was very high in respect of land, animal wealth and other means of production.

*Tenancy in Ananthavaram*

A central feature of production relations in coastal Andhra Pradesh is the intensification of rack-renting. A large part of the land is cultivated through tenancy in coastal Andhra Pradesh, and the area under tenancy has been on the rise in this region.

In Ananthavaram, about 52 per cent of total operated area in 2006 was cultivated by tenants. In the articles that he wrote on his landmark 1974 survey of Ananthavaram, P. Sundarayya provided a detailed account of tenancy in Ananthavaram, and described the exploitative nature of tenancy relations in the village at some length (Sundarayya 1977). A comparison of findings from our surveys with Sundarayya's observations helps in understanding changes in tenancy relations in Ananthavaram village from 1974 to 2006.

Sundarayya (1977) showed that the cultivation of land under tenancy was widespread in Ananthavaram, and our data indicate that the incidence of tenancy increased sharply over the last three decades. The proportion of households that cultivated land on lease increased from 18 per cent in 1974 to 37 per cent in 2006. The proportion of land cultivated under tenancy contracts increased from 22 per cent to 67 per cent during the same period

Significant changes in tenancy relations occurred in Ananthavaram between 1974 and 2005–06.

One important change was the emergence of fixed rent-in-cash tenancy contracts for leasing paddy land as well as land used for the production of other high-value crops. Relatively better-off sections of the peasantry leased in land on rent-in-cash contracts. Capitalist farmers/rich peasants leased in substantial amounts of land for the cultivation of high-value crops like betel leaf and sugarcane. The returns from cultivation of these crops were high and these cultivators earned a substantial income from their operational holdings.

On the other hand, a majority of tenants, in particular tenants from poor peasant and lower-middle peasant classes, leased land on

which they cultivated paddy in the kharif season, and maize or black gram in the rabi season. Most of these tenants leased land on rent-in-kind contracts. An important change that took place between 1974 and 2005–06 was that tenants cultivated maize rather than black gram in the rabi season.

P. Sundarayya has described the extremely oppressive nature of tenancy contracts in Ananthavaram. In 1974, a tenant produced 14 quintals of paddy and 2 quintals of black gram from an acre of land, and paid 12 quintals of paddy as rent. The income of a tenant, after deducting costs, and given prevailing paddy prices, was equivalent to 278 kilograms of paddy per acre.

The average yield of paddy increased between 1974 and 2005–06 by about 5 quintals per acre. The gross value of output per acre increased further on account of a shift from black gram to maize. However, a comparison of the average cost of cultivation and incomes of tenants in 1974 and 2005–06 shows that these gains were almost entirely lost because of a steep rise in rents and the increased costs of inputs. In fact, the incomes of tenants in terms of paddy equivalents and in terms of shares of gross value of output fell sharply. The net income of a tenant from an acre of land in 1974 was equivalent to 278 kilograms of paddy. In 2005–06, a tenant who paid rent in terms of paddy earned an income that was the equivalent of only 168 kilograms of paddy from an acre of land.

Landowners in Ananthavaram made no contribution to the costs of cultivation. In 2005-06, a tenant who leased land on a rent-in-kind tenancy contract produced about 18.9 quintals from an acre of land. Of this, 16.2 quintals were given away as rent. Having made a large investment in the production of paddy, tenants incurred a huge loss in the kharif season. The loss was so high that some tenants were unable to make a further investment in the cultivation of the rabi crop. Those of them who did manage to cultivate the second crop still had very low incomes.

While incomes from crop production under these tenancy contracts were meagre, the incomes were augmented to some extent by incomes from the animal resources that these tenants were able to maintain because of access to land, and therefore to straw (which was retained entirely by the tenant), through these tenancy contracts. Production from animal resources made a small but important

contribution to the total income of tenant households.

A comparison of the terms of tenancy between 1974 and 2005–06 shows that, over this period, tenancy contracts in Ananthavaram became even more exploitative than when Sundarayya and others surveyed the village.

In 1977, P. Sundarayya wrote:

> There is great competition for leasing land and hence rents are exorbitant . . . So long as 40 to 50 per cent of the rural families remain completely landless or own nominal small plots of land, they have to run to the landlords for leasing land or to get work, paying exorbitant rents and surrendering to low wages. This situation cannot be changed unless and until land is distributed to them or their unemployment problem is solved by providing them with work in other occupations. (Sundarayya 1976: 28)

That analysis remains relevant today.

## HOUSEHOLD INCOMES

There are no official sources of serial data on household incomes in rural India. In contrast, the PARI database provides estimates of household incomes that are based on detailed data on production and costs of production. These estimates cover net income from all tangible sources, including crop production, animal resources, agricultural and non-agricultural wage labour, income from salaries, other businesses, rent, pensions, remittances and scholarships. For estimating incomes from crop production, we calculated costs of cultivation using a detailed methodology that closely resembles the calculation of Cost A2 by the Commission of Agricultural Costs and Prices (CACP). Cost A2 includes the costs of all material inputs used, hired labour, rental payments, the imputed value of interest on working capital and depreciation of fixed capital other than land. No costs are imputed for family labour and no rent is imputed for owned land.

From the study of incomes in the three villages emerges a picture of widespread income-poverty amidst very high levels of inequality. An overwhelming majority of cultivators get only meagre returns from crop production, while a few get very large incomes through profits and rent. Dalits, Adivasis and Muslims have substantially lower

incomes than Other Castes. Hired manual worker and poor peasant classes have substantially lower incomes than rich sections of the peasantry and, of course, landlords and big capitalist farmers.

The data show, first, that average levels of household and per capita incomes were very low, and that a large proportion of people in the villages lived at a very low level of per capita income. The per capita incomes of 32.3 per cent of the population in Ananthavaram, 44 per cent of the population in Bukkacherla and 44 per cent of the population in Kothapalle were below the official consumption-poverty line.

Secondly, there were clear regional variations. The highest average incomes were in the south coastal village of Ananthavaram. Next was Kothapalle in Karimnagar district, where proximity to a state highway served to both diversify and raise average incomes.

Thirdly, the distribution of household and per capita incomes in the survey villages was, by all international standards, extremely unequal.

In the international literature on inequality, India is often — and incorrectly, we believe — considered to be a country with relatively low levels of economic inequality. This is, in part, on account of the fact that the measurement of inequality in India is based on consumer expenditure, which is expected to be less unequally distributed than income. In such a context, the estimates of income inequality from the survey villages are striking indeed. Internationally, Latin America has been characterised as a region of extremely high income inequality. A recent study showed that the average (median) value of the Gini coefficient was 0.56 for Latin America as a whole with Paraguay leading at 0.62 (Palma, 2006).[3] In our study, the Gini coefficients of household incomes were 0.66 in Ananthavaram, 0.61 in Bukkacherla and 0.58 in Kothapalle, values that indicate very high levels of income inequality.

The distribution of incomes was particularly concentrated at the top end: the top 10 per cent households accounted for 51.8 per cent of total income in Ananthavaram, 42.9 per cent of total income in Bukkacherla and 43.8 per cent of total income in Kothapalle.

Fourthly, data from the study villages show that there were sharp income disparities across various social groups. The average annual income per capita among Dalits in Ananthavaram (Rs 8,840) was only 25 per cent of the average annual income per capita among

Other Castes in the village (Rs 35,224). The corresponding figures for Kothapalle and Bukkacherla were 39 per cent and 45 per cent. The average income per capita among Adivasis in Ananthavaram (Rs 4,831) was 14 per cent of the corresponding average for Other Castes.

Inequality is particularly sharp if we consider the richest in each distribution. The average income of the top five Dalit households in respect of per capita household incomes was only 17 per cent of the income of the top five households among Other Castes in Ananthavaram, 20 per cent of the top five households among Other Castes in Kothapalle and 28 per cent of the top five households among Other Castes in Bukkacherla.

Per capita incomes among the "richest" Adivasi households were only 4 per cent of per capita incomes among the richest Other Castes. The worst off in our sample was the small community of Muslims (16 households out of 667) in Ananthavaram. The average income among the "richest" Muslim households was about 3.6 per cent of the average income of the five richest Other Caste households.

Fifthly, across classes, landlords/big capitalist farmers and capitalist farmers/rich peasants had the highest levels of per capita income in all three villages. Per capita income tends to decline as one goes from the capitalist farmer/rich peasant class to poor peasants and hired manual workers. The median per capita income of capitalist farmers/rich peasants in Ananthavaram was about 1.59 lakhs. The median per capita income of poor peasants and hired manual workers was only about 3 per cent of the median per capita income of capitalist farmers/rich peasants.

Sixthly, our analysis of the composition of incomes showed that about 90 per cent of households in all the villages participated in some way in primary sector-based activities. In Ananthavaram and Bukkacherla, the primary sector accounted for more than 50 per cent of total income. In terms of its share in total income, the primary sector was relatively less important in Kothapalle, which is situated close to a major highway. Access to employment in shops and commercial establishments along the road and in non-agricultural activities in Karimnagar town resulted in a substantially lower share of primary sector-based activities in aggregate household incomes in Kothapalle.

Seventhly, incomes from crop production were very low for an

overwhelming majority of cultivating households. About 29 per cent of cultivating households in Ananthavaram, 36 per cent of households in Bukkacherla and 30 per cent of cultivating households in Kothapalle actually incurred losses in crop production. Moreover, in each village, the income per capita from agriculture of over 80 per cent of cultivating households was lower than the official consumption-poverty line. At the other end of the distribution, a few households belonging to the landlord and capitalist farmer/rich peasant classes, particularly in Ananthavaram, obtained large profits from crop production, and received substantial rental incomes from agricultural land. In Ananthavaram, poor peasants on average made a loss of Rs 1,304 per acre of land operated, while capitalist farmers/rich peasants made an average profit of Rs 28,468 per acre of land operated. Among all sample households, the highest income from crop production, Rs 13.9 lakhs, was of a capitalist farmer/rich peasant in Ananthavaram and the highest income from rent, Rs 2.26 lakhs, was of a landlord in Ananthavaram.

Lastly, in each village, the sources and levels of incomes of households in each non-agricultural occupational group varied substantially.

In Ananthavaram, about 12 per cent of households received remittances and about 18 per cent of households were engaged in various types of non-agricultural businesses. These included Kamma households that received incomes from family members who were engaged in high-income occupations in urban areas or abroad. Although the occupational group characterised by primary dependence on salaried employment was caste-heterogeneous, their incomes covered a very wide range, from Rs. 21730 per annum to Rs. 2.65 lakhs per annum. Households that depended on rents and moneylending were primarily from the Kamma caste; the group also included households of other castes (including some Mala households). There was very substantial heterogeneity in the levels of incomes of households in this group, ranging from Rs. 3300 per annum per household to about Rs. 4.25 lakhs per annum.

In Bukkacherla, *all* non-agricultural occupational groups were caste-heterogeneous. There was also considerable disparity in the incomes of households *within* each of these occupational groups. Incomes of households primarily dependent on non-agricultural

businesses ranged between Rs. 8640 per annum and Rs. 48000 per annum; incomes of households primarily dependent on rents and moneylending ranged between Rs. 4700 per annum and Rs. 1.45 lakhs per annum; and incomes of households primarily dependent on remittances and pensions ranged between Rs. 1300 per annum and Rs. 72580 per annum.

In Kothapalle, proximity to Karimnagar town and the fact of a major highway passing through the village provided different kinds of opportunities for non-agricultural occupations. As in Bukkacherla, non-agricultural occupational groups in Kothapalle were caste-heterogeneous. They included households that were engaged in petty businesses (mainly shops along the highway) and households that were primarily dependent on salaried jobs (in the public and private sectors) in Karimnagar. In Kothapalle, the incomes of households primarily dependent on non-agricultural businesses varied between Rs. 2480 per annum and Rs. 11750 per annum. Incomes of households primarily dependent on salaried jobs varied between Rs. 8700 per annum and Rs. 2.5 lakhs per annum.

*Crop Incomes*

Our analysis of profitability of cultivation of different crops shows that gross incomes and costs, and, consequently, net incomes, varied by village, crop, season and, most dramatically, by socio-economic class. We analysed in some detail the profits from cultivation of each of the major crops grown: paddy, maize, black gram and sugarcane in Ananthavaram; groundnut and paddy in Bukkacherla; and paddy, maize and groundnut in Kothapalle.

In Ananthavaram, a major paddy-growing village, the gross incomes from paddy averaged Rs 31,734 per hectare. The high average costs of cultivation, amounting to Rs 29,293 per hectare, meant that net incomes from a hectare of paddy were very low indeed, merely Rs 2,441. Net incomes, on average, were higher in Kothapalle, at Rs 8,555 per hectare, but even this estimate was lower than the average for the state reported by the Commission for Agricultural Costs and Prices (CACP), Rs 15,788 per hectare.

Next, we examined incomes and costs of cultivation for cultivators belonging to different socio-economic classes. The results of this

analysis were striking: there were systematic differences in costs, and hence in net incomes, across classes. Specifically, poor and lower-middle peasants, predominantly tenant-cultivators, incurred significantly higher costs than landlords and big capitalist farmers. Paid-out costs amounted to Rs 33,578 per hectare for poor peasants and Rs 19,065 for landlords in Ananthavaram.

An item-wise analysis of costs of cultivation showed that rent payments accounted for a significant proportion of total costs (32 per cent of total costs in Ananthavaram and 17 per cent in Bukkacherla). It follows that the problem of low incomes for a large number of cultivators was not on account of low production but on account of the distribution of output, that is, of rack-rents imposed on the poor.

On account of exorbitant rent payments, the class of poor peasants, most of whom were tenant-cultivators, incurred huge losses from paddy production. A poor peasant leasing in land for paddy cultivation in Ananthavaram ended up, on average, with a loss of Rs 6,733 per hectare. Owner-cultivators, on the other hand, could keep the surplus and thus get a reasonable return. Lower and upper-middle peasants cultivating owned land received a net income of around Rs 10,000 per hectare from paddy, while rich peasants and landlords received Rs 11,000 to 12,000.

A similar analysis was undertaken for maize in Ananthavaram. While the losses were not as severe as with paddy, the net incomes of tenant-cultivators were much lower than those of owner-cultivators.

Data on cost of cultivation from the study villages also show that the costs of cultivation were substantially higher than the CACP estimates of costs. As a result, our estimates of net incomes were consistently lower than those reported in the CACP.

An important policy implication of these findings is that minimum support prices recommended on the basis of the CACP estimates will not ensure an adequate return to all cultivators. First – and most crucially — official data underestimate costs of production: our estimates of costs (which include costs of marketing and transportation) were substantially higher than the CACP estimates of costs. As a result, our estimates of net incomes were consistently lower than those reported in the CACP. It is clear that escalation of input costs (particularly costs of seed and fertiliser) in recent years has not been captured properly in official costs estimates. Secondly, official

data are misleading as they report a single "average" for gross value of outputs, costs and net incomes, and do not take into account variations in the costs of a crop, for example rice, across seasons and across classes. By ignoring rent payments, a tenant cultivator is treated as equivalent to an owner-cultivator. The CACP data are over-estimates of incomes of peasants, particularly tenant-cultivators. Last but not least, the significant proportion of households with negative crop incomes in our survey years, that is, income losses, suggest that existing agricultural policies have failed to ensure that actual tillers of the soil get a reasonable income from farming.

## EMPLOYMENT AND EARNINGS OF MANUAL WORKERS

The effect of current policies on rural manual employment has been profound. The decline of public investment in agriculture, the decline in direct agricultural extension and information-dissemination, and the consequent decline in agriculture itself, have had a direct impact on the number of days of employment that a hired worker in rural India receives.

The questions addressed in this section are: What is the volume of paid employment available to workers in households that have to depend on manual work as the main means of their livelihood? What is the level of earnings from wage employment for these households?

Before presenting the results of our detailed analysis, we qualify its scope. First, the analysis of employment and earnings applies only to manual worker households, that is, to households whose major income comes from paid hired manual work outside the house. Manual workers are not, of course, the only class whose members are employed at such tasks. In fact, our survey data indicate that, of all the days of hired manual work performed in Ananthavaram, only 52 per cent was performed by members of manual worker households, while 48 per cent was performed by members of households of other classes (mostly poor peasant and lower-middle peasant households). The corresponding figures were 56 per cent (manual worker households) and 44 per cent (other households) for Bukkacherla, and 84 per cent (manual worker households) and 16 per cent (other households) for Kothapalle.

Secondly, the data refer only to the number of days of employment

in paid labour outside the home, not the total number of days of all types of work, including work at self-employed tasks. Manual worker households can and do have multiple sources of livelihood. These may include small operational holdings of land, livestock and other animal resources, small businesses and toddy-tapping. This chapter deals only with the time and earnings of members of such households who are engaged in paid work outside the home.

Thirdly, we mainly deal with work at daily-rated and piece-rated tasks. Workers employed on annual wages are dealt with separately.

The class of hired manual workers constituted 20 per cent of all households in Bukkacherla; the corresponding proportions were 25 per cent in Ananthavaram and 42 per cent in Kothapalle. Manual workers, as a class, are caste-heterogeneous. At the same time, the association between caste and class persists. The proportion of Dalit and Adivasi households among manual workers is significantly higher than their proportion in the village population.

The average number of days of employment per worker was extremely low in all three villages: about 90 days in Ananthavaram and Kothapalle, and 104 days in Bukkacherla — that is, around three months a year. Other than in Kothapalle, the days of employment gained by a woman worker were lower than the days of employment gained by a male worker. A small proportion of workers (12 per cent in all the villages) obtained more than six months of employment a year. In 1974, P. Sundarayya reported that an agricultural labourer family received, on average, 247 days of employment in a year. Our survey data showed that manual worker households in Ananthavaram obtained 195 days of employment in 2005–06. The corresponding days of employment per household were 203 in Bukkacherla and 167 in Kothapalle.

Agricultural labour was the main activity of female workers in all the study villages. All male workers, however, gained some employment at non-agricultural tasks. In Kothapalle, a village with better transport and hence connectivity to the urban economy, more days of employment were obtained in non-farm employment than in agriculture by male workers.

Wage rates were diverse, varying by village, crop operation and gender. In Ananthavaram, relatively advanced in respect of paddy cultivation, wages were completely monetised. On the other hand, in

Bukkacherla, from the dry region of Anantapur, several operations were paid in kind, and all workers received a cooked meal with their wages.

On average, the level of wages was very low. The average daily earnings from wage labour were less than the official minimum wage of Rs 80 a day for all workers other than male workers in Ananthavaram. In all the villages, a gender gap in wages persisted. The largest gap was in Ananthavaram village, where women's wages were only 47 per cent of men's wages.

High levels of unemployment, combined with low levels of wages, made it very difficult for a hired manual worker household to earn even the poverty-line level of income solely by means of wage labour. A quick calculation shows that if wages were to remain unchanged, the days of employment per household would need to increase substantially — to 335 days per household in Bukkacherla, 349 days in Ananthavaram and 507 days in Kothapalle — in order to reach even the poverty-line level of income.

There appear to be two noteworthy trends with regard to the gender composition of the labour force, both of which have important implications for women's employment in agriculture and for the mobilisation of women in agricultural workers' organisations. The first occurs in situations where men are able to take greater advantage than women of the opportunities for non-agricultural labour, confining women to the drudgery of agricultural tasks. Here, there is a feminisation of the labour force in three senses: first, the absolute number of female agricultural workers is higher than the number of male agricultural workers; secondly, the share of agricultural labour predominates over the share of non-agricultural labour in women's work profiles; and, thirdly, of the aggregate number of labour days worked by manual workers in agriculture, the major part is female labour. This is a trend that is consistent with the data from Bukkacherla and Kothapalle. The proportion of female hired labour use to total hired labour use on daily rates was high in all three villages, 64 per cent in Ananthavaram, 68 per cent in Bukkacherla, and 88 per cent in Kothapalle.

The second trend is when, as more and more time-rated tasks are converted to piece-rates, and as piece-rates are monetised, crop operations are performed by large groups of workers among whom

men predominate. Large groups of male contract-workers take over even those tasks, such as transplanting and harvesting, in which women predominated earlier. In this case, men outnumber women in the labour force, and male labour predominates in the aggregate number of days worked by all manual workers in agriculture. This hypothesis needs further study and confirmation, but is consistent with our data from the southern coastal village of Ananthavaram. For example, in Ananthavaram, 67 per cent of the days of work at transplanting were given out on piece-rates, and the share of female employment in total employment was much lower than in the other two villages. In Ananthavaram, harvest and post-harvest operations were mechanised, and almost 35 per cent of the employment at these operations was given out on piece-rates. The female share of harvest and post-harvest operations was relatively low, 34 per cent for piece-rated operations and 15 per cent for daily-rated operations, while these shares were much higher in other two villages.[4]

There is an important and self-evident policy conclusion that emerges from the data on unemployment. It is that whether the village is one that is characterised by relatively advanced agriculture, such as Ananthavaram, or by drought-prone conditions, state-financed schemes that create employment in a range of productive tasks, farm and non-farm, are essential if the long periods of joblessness in a working person's year are to be filled.

## CONCLUSIONS

Our findings emphasise the crisis in agrarian society with respect to people's incomes, employment, and access to productive assets. They also show that differentiation continues, although in new forms, amidst this general crisis.

One-half or more of households in each village were poor and lower middle peasants and manual workers, households with negative or survival-level incomes and limited or no ownership of productive assets. By contrast, a handful of households (4 to 14 per cent in the three villages) comprised the class of landlords and big capitalist farmers (and rich peasants). We found substantial accumulation of productive assets and wealth in these households. The average income of poor peasants and hired manual workers was a tiny fraction (3 per

cent in Ananthavaram) of the income of capitalist farmers and rich peasants. Contemporary village-level data indicate the near-impossibility, in the present circumstances, of peasant households with two hectares of operational holdings or less earning an income enough for family survival. A salient feature of the present situation is that, even in areas where the forces of production are relatively advanced, the net annual incomes of a substantial section of the poor and middle peasants from crop production are negative.

The picture that emerges, despite some village-level variation, is one of extreme inequality in incomes and assets, compounded by caste and gender differences. The CPI(M) has pointed out that any resolution of the agrarian question requires revolutionary change, including agrarian reform that targets landlordism, moneylender-merchant exploitation and caste and gender oppression in the countryside. Neo-liberalism has not lessened the tactical or strategic importance of this contradiction; recent developments have sharpened rather than blunted its significance.

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## NOTES

[1] This article has been abstracted from Ramachandran, Rawal and Swaminathan (2010) for *The Marxist* by V. K. Ramachandran, Vikas Rawal, Madhura Swaminathan and Niladri Sekhar Dhar.

[2] Those landlords whose surpluses come mainly from the labour of hired manual workers are called capitalist landlords.

[3] The Gini coefficient is a commonly used indicator of inequality. It ranges from 0, perfect equality, to 1, perfect inequality.

[4] For example, in Bukkacherla and Kothapalle, where transplanting is a daily-rated task, female employment dominated (88 and 92 per cent of total employment on this task).