

Assets, Incomes and Employment in Contemporary Rural India

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Introduction

- Lack of resolution of agrarian question continues to be the most important national challenge.
- In this context, a study of land relations, ownership of means of production, rural incomes and employment is crucial to an understanding of agrarian conditions.

Project on Agrarian Relations in India

- In my presentation, I shall use material and data collected as part of the Project on Agrarian Relations in India of the Foundation for Agrarian Studies.
- Detailed information about the project is available at the website of the Foundation for Agrarian Studies (<http://www.agrarianstudies.org>)
- Several papers based on material collected under PARI have been published in the Review of Agrarian Studies (<http://ras.org.in>)

Project on Agrarian Relations in India

- As part of this project, one or two States have been selected for study each year since 2005-06.
- In the selected States, detailed socio-economic surveys are conducted in two or three villages selected from different agro-ecological regions.
- Surveys have been conducted in Andhra Pradesh, Uttar Pradesh, Rajasthan, Maharashtra, Madhya Pradesh, Karnataka, West Bengal, Punjab and Bihar.
- This presentation uses material from study villages for which data have been processed so far.

High degree of landlessness

- NSS Survey of Land and Livestock Holdings, last conducted in 2003-04, showed that about 41 per cent of rural households did not own any agricultural land.
- The proportion of rural households that did not own land increased by about 6 percentage points between 1992 and 2003-04.

Huge inequality in ownership of land

- Official statistics underestimate inequality in ownership of land as large landowners under-report their holdings.
- Despite that, NSS data for 2009-10 show that the top 5 per cent households own 40 per cent of the land while bottom 50 per cent households own only about 1 per cent of the land.
- Average holding of top 5 per cent households is about 325 times the size of average holding of bottom 50 per cent households. This ratio is as high as 1700 times in Punjab and 1000 times in Andhra Pradesh.

Huge inequality in ownership of land

- While average holding of the top 5 per cent is likely to be hugely under-reported in the NSS data, a comparison across States shows that West Bengal, Kerala and Tripura are the three States where the size of large holdings is smallest.

Inequality in ownership of land in PARI villages

Table: Share of land owned by top 5 per cent and bottom 50 per cent households, by Village, PARI villages

Village	Top 5 per cent	Bottom 50 per cent
Ananthavaram (AP)	54	0
Bukkacherla (AP)	33	17
Kothapalle (AP)	41	1
Harevli (UP)	39	2
Mahatwar (UP)	40	6
Warwat Khanderao (Mah)	35	10
Nimshirgaon (Mah)	24	5
25 F Gulabewala (Raj)	43	0
Gharsondi (MP)	44	6
Alabujanahalli (Kar)	26	8
Zhapur (Kar)	49	2

Caste and land ownership

Table: Proportion of households that did not own any agricultural land, dalit and other caste households, PARI villages

Village	Dalit households	Other caste households
Ananthavaram (AP)	76	42
Bukkacherla (AP)	12	10
Kothapalle (AP)	42	41
Harevli (UP)	45	32
Mahatwar (UP)	27	8
Warwat Khanderao (MAH)	42	22
Nimshirgaon (MAH)	44	15
25 F Gulabewala (RAJ)	97	15
Rewasi (RAJ)	14	2
Gharsondi (MP)	26	17
Alabujanahalli (KAR)	24	15
Siresandra (KAR)	18	4

Caste and land ownership

Table: Proportion of households that did not own any agricultural land, dalit and other caste households, PARI villages

Village	Dalit households	Other caste households
Harevli (UP)	45	32
Mahatwar (UP)	27	8
Warwat Khanderao (MAH)	42	22
Nimshirgaon (MAH)	44	15
25 F Gulabewala (RAJ)	97	15
Rewasi (RAJ)	14	2
Gharsondi (MP)	26	17
Alabujanahalli (KAR)	24	15
Siresandra (KAR)	18	4
Zhapur (KAR)	49	24
Panahar (WB)	68	29
Amarsinghi (WB)	49	24

Incidence of tenancy in official statistics

- Official statistics on tenancy are completely false. As per the official statistics, land is rarely leased.
 - As per the 2005-06 Agricultural Census, leased in land constituted only 0.34 per cent of total operated area.
 - As per the NSS data for 2002-03, leased-in land constituted 6.5 per cent of total operated area.
- Almost all tenancy contracts, except in States where the Left has been able to implement land reforms, are informal and oral.
- For all official purposes, such land is treated as being under direct cultivation of the owner.
- In such cases, all benefits on account of government schemes for agriculture – access to agricultural credit as well as benefits of crop insurance – accrue to land owners and not to the tenants.

Incidence of tenancy in PARI data

Table: Incidence of tenancy in PARI villages

Village	Tenants as a proportion of cultivator households	Leased in land as a proportion of operated area
Ananthavaram (AP)	73	67
Bukkacherla (AP)	26	16
Kothapalle (AP)	23	23
Harevli (UP)	60	26
Mahatwar (UP)	28	14
Warwat Khanderao (Mah)	11	7
Nimshirgaon (Mah)	8	4
25F Gulabewala (Raj)	35	19
Gharsondi (MP)	18	10

On some aspects of tenancy

- PARI surveys show that a great diversity exists in types of tenancy
- In general, the rent for land is higher when land is leased by landless and poor peasant households than when land is leased by rich peasants/capitalist farmers.
- Poor peasants, particularly those belonging to dalit castes, often lease in land through extremely oppressive tenancy contracts characterised by very high levels of rent, interlocking with other contracts and obligations of providing labour services.

Inequality in ownership of assets

Table: Share of value of assets owned by top 5 per cent and bottom 50 per cent households, selected PARI villages (per cent)

Village	Top 5 per cent households	Bottom 50 per cent households
Ananthavaram (AP)	59	3
Bukkacherla (AP)	42	10
Kothapalle (AP)	45	9
Harevli (UP)	44	3
Mahatwar (UP)	51	7
Warwat Khanderao (Mah)	41	8
Nimshirgaon (Mah)	34	6
25 F Gulabewala (Raj)	41	1
Rewasi (Raj)	33	16
Gharsondi (MP)	49	6
Alabujanahalli (Kar)	37	10
Zhapur (Kar)	51	7

Ownership of means of production

- Concentration of ownership of agricultural machinery among landlord, big capitalist farmer and rich peasant households.
- Poor peasants, at best, own small pumps and very little of any other machinery.
- While it is clear that the base of capital accumulation during the period of economic liberalisation has become narrower, capital accumulation by households belonging to capitalist landlord and rich peasant households has continued throughout.

Caste and asset ownership

- Asset holdings of dalit households are much smaller than asset holdings of other caste (other than dalit and adivasi) households.
- The disparity in ownership of highest is particularly sharp in case of agricultural land, animals and other means of production.
- Limited access to productive assets is the most important barrier to economic mobility of Dalit households within the rural economy.

Introduction

- Estimation of incomes of rural households has been a major initiative of the Project on Agrarian Relations in India.
- These income estimates are, broadly speaking, estimates of net income over paid out costs.
- PARI estimates of rural household incomes have produced some very striking findings.

High levels of income poverty

- A large proportion of rural households have very low levels of annual incomes.
- In a given year, a significant number of rural households have negative incomes.

Table: Median annual per capita incomes, PARI villages, in 2009-10 prices

Village	Median per capita annual income
Ananthavaram (AP)	12715
Bukkacherla (AP)	9330
Kothapalle (AP)	8780
Harevli (UP)	8143
Mahatwar (UP)	4590
Warwat Khanderao (MAH)	9625
Nimshirgaon (MAH)	12326
25 F Gulabewala (RAJ)	12057
Rewasi (RAJ)	15596
Gharsondi (MP)	6785

High levels of inequality of incomes

- Inequality in distribution of household income and per capita income is very high.

Table: Average per capita household income of poorest and richest 20 households, PARI villages, in 2009-10 prices

Village	Poorest 20 households	Richest 20 households	Ratio
Ananthavaram (AP)	1914	123800	65
Bukkacherla (AP)	323	38515	119
Kothapalle (AP)	1719	54041	31
Harevli (UP)	1902	62933	33
Mahatwar (UP)	1333	24151	18
Warwat Khanderao (Mah)	1601	51188	32
Nimshirgaon (Mah)	4194	84744	20
25F Gulabewala (Raj)	2533	226531	89
Rewasi (Raj)	1910	82995	43
Gharsondi (MP)	-1934	166099	-86

Rural rich

- This table points to the fact that the absolute level of incomes of the richest in the villages is very high.

Table: Per capita household income of the richest household, selected PARI villages, Rupees (in 2009-10 prices)

Village	Per capita income
Ananthavaram (AP)	237860
Bukkacherla (AP)	98138
Kothapalle (AP)	553603
Harevli (UP)	198148
Mahatwar (UP)	71096
Warwat Khanderao (MAH)	220210
Nimshirgaon (MAH)	309238
25F Gulabewala (RAJ)	2207527
Rewasi (RAJ)	216641
Gharsondi (MP)	1236629

Rural rich

- Incomes of the landlord/big capitalist farmer households in most villages are characterised by
 - substantial incomes from crop production
 - they have diversified their crop mix, and
 - made investments in machinery
 - a diversity of income sources including, most importantly, salaried jobs, non-agricultural businesses, and rents from land and buildings.
 - in particular, over the last two decades, they have invested a substantial part of their surplus in real estate and businesses in urban areas. As a result, a substantial income of these households originates in the urban economy.

Income disparity across castes

- Incomes of dalit, adivasi and Muslim households are systematically lower than incomes of households belonging to other caste and social groups.

Income from crop production

- Crop production is the most important activity in which a very substantial proportion of households in most villages incur losses even over paid-out cost.
- At the same time, big capitalist farmers and rich peasants are able to derive substantial incomes by choosing profitable crop mixes, by using dominant control over means of production and economies of scale to contain costs, and by containing cost of hiring labour through creative manipulation of forms of labour hiring.

Low levels of employment for hired manual workers

Table: Average days of employment for men and women workers, hired manual worker households, selected PARI villages

Village	Year of survey	Men	Women
Ananthavaram (AP)	2006	113	78
Bukkacherla (AP)	2006	136	90
Kothapalle (AP)	2006	111	100
Harevli (UP)	2006	140	76
Mahatwar (UP)	2006	151	98
Nimshirgaon (Mah)	2007	120	123
Warwat Khanderao (Mah)	2007	112	115
25 F Gulabewala (Raj)	2007	102	58
Rewasi (Raj)	2010	150	66
Gharsondi (MP)	2008	92	67

Note: Hired manual worker households are households for which agricultural and non-agricultural manual wage labour is the primary source of income.

Important characteristics of rural labour markets

- Low and declining levels of labour absorption in agriculture
- Non-agricultural employment
 - Male dominated
 - Women primarily work in agriculture and within the village.
 - Uneven regional growth
 - In some villages workers have very little access to non-agricultural employment while in others non-agricultural occupations are the major source of employment.
 - Mainly located in urban centres
 - Access to non-agricultural employment is mostly associated with either commuting to nearby urban centres or long-distance migration.

Important characteristics of rural labour markets

- Casualisation of labour hiring along with persistence of various forms of unfreedom
 - Increase in hiring of workers on piece-rated contracts
 - Fragmentation of duration of work
- Interlinkages with tenancy contracts

Main features of employment generation under MGNREGA

- In general, the scheme does not function as a demand-driven scheme.
- Employment is provided primarily in the lean season.
- Given this, it is unlikely that the scheme has created any shortage of labour supply in agriculture or put upward pressure on agricultural wages.
- Although recent official statistics show a rise in agricultural wages, this is not corroborated by our field experience.

NSS data on implementation of MGNREGA

- Data from the 66th round of NSS survey on employment and unemployment show that:
 - About 35 per cent of rural households and 48 per cent of rural labour households had MGNREGA job cards in 2009-10.
 - On average, a household got about 37 days of work under the scheme in 2009-10.
 - About 37 per cent of rural labour households got some work under MGNREGA. Another 33 per cent of rural labour households sought but did not get any work.
 - There is a clear evidence that a very large number of fake job cards are created under MGNREGA and the actual days of employment generated under the scheme are substantially lower than the days recorded in official records.

Concluding remarks

- Persistence and increase in huge inequality in ownership of means of production, in general, and in ownership of land, in particular.
- Extremely low levels of incomes of a large majority of rural households.
- At the same time, landlords, big capitalist farmers and rich peasants not only have substantial incomes from crop production, but also from their involvement in salaried jobs, businesses and from rents. In particular, their investments in businesses and real-estate in the urban areas are noteworthy in this respect.

Concluding remarks

- Conditions of rural wage labourers – who, as a class, are increasingly engaged in miscellaneous activities rather than just in agriculture – are most precarious.
 - On the one hand, they face a serious crisis of employment with declining labour absorption in agriculture, increasing casualisation of hiring through piece-rates and hiring for short periods, and at the same time, persistence of various forms of unfreedom.
 - Rural women, who almost solely depend on agriculture for wage employment, are the worst victim of this.
 - On the other hand, non-agricultural activities are mainly located in urban centres, and that too in a few major centres. Obtaining employment in these activities requires migration and commuting, which are necessarily associated with most brutal hardships, risks and uncertainties.

Introduction
Land holdings of rural households
Ownership of assets
Incomes of rural households
Conditions of employment of rural workers
Concluding remarks
Appendix tables

Concluding remarks

Concluding remarks

High degree of landlessness

Table: Proportion of households that did not own any land other than homestead, by State, 2002-03

State	Per cent
Jammu and Kashmir	10.97
Himachal Pradesh	22.68
Punjab	56.89
Haryana	49.49
Uttaranchal	26.4
Uttar Pradesh	26.2
Rajasthan	19.95
Chhattisgarh	27.31
Madhya Pradesh	31.81
Gujarat	44.11

India	41.63

High degree of landlessness

Table: Proportion of households that did not own any land other than homestead, by State, 2002-03

State	Per cent
Maharashtra	44.78
Andhra Pradesh	53.19
Karnataka	40.47
Kerala	68.36
Tamil Nadu	64.52
Orissa	38.48
West Bengal	46.52
Bihar	38.8
Jharkhand	39.25
Assam	40.3

India	41.63

Inequality in ownership of land

Table: Proportion of land owned by top 5 per cent and bottom 50 per cent rural households, by State, 2009-10 (per cent)

State	Top 5 per cent	Bottom 50 per cent
Jammu and Kashmir	27	16
Himachal Pradesh	32	10
Punjab	46	0
Haryana	40	0
Uttarakhand	40	2
Uttar Pradesh	34	5
Rajasthan	31	7
Chhattisgarh	29	9
Madhya Pradesh	30	5
Gujarat	36	2
Maharashtra	34	1
India	40	1

Inequality in ownership of land

Table: Proportion of land owned by top 5 per cent and bottom 50 per cent rural households, by State, 2009-10 (per cent)

State	Top 5 per cent	Bottom 50 per cent
Maharashtra	34	1
Karnataka	37	0
Kerala	43	6
Tamil Nadu	51	1
Andhra Pradesh	40	1
Orissa	28	5
West Bengal	42	3
Jharkhand	35	6
Bihar	44	2
Assam	23	11
Tripura	28	7
India	40	1

Inequality in ownership of land/B1

Table: Average ownership holding of top 5 per cent and bottom 50 per cent rural households, by State, 2009-10 (acres)

State	Top 5 per cent	Bottom 50 per cent	Ratio
Jammu and Kashmir	7	0.42	17
Himachal Pradesh	8	0.26	31
Punjab	17	0.01	1700
Haryana	17	0.02	850
Uttarakhand	5	0.03	167
Uttar Pradesh	10	0.13	77
Rajasthan	27	0.64	42
Chhattisgarh	13	0.41	32
Madhya Pradesh	22	0.33	67
Gujarat	17	0.07	243
Maharashtra	17	0.06	283
India	13	0.04	325

Inequality in ownership of land/B2

Table: Average ownership holding of top 5 per cent and bottom 50 per cent rural households, by State, 2009-10 (acres)

State	Top 5 per cent	Bottom 50 per cent	Ratio
Maharashtra	17	0.06	283
Karnataka	14	0.02	700
Kerala	4	0.06	67
Tamil Nadu	7	0.01	700
Andhra Pradesh	10	0.01	1000
Orissa	8	0.14	57
West Bengal	4	0.02	200
Jharkhand	9	0.17	53
Bihar	8	0.03	267
Assam	10	0.47	21
Tripura	4	0.09	44
India	13	0.04	325