

Economic Policies, Tenancy Relations and Household Incomes:
Insights from Three Selected Villages in India

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1. Introduction

Rural India is characterised by continued existence of landlordism, large mass of peasantry and manual workers with very little means of income and livelihood, discrimination against people from oppressed castes and tribes and women, and a general decline in availability of public support for agriculture over the last two decades. This paper shows that in rural India, given these features, tenancy that has characteristics of rack renting can continue to exist (or reappear) side by side with processes of differentiation such as the creation of wage labour, and the depeasantisation of large sections of rural population. In this paper, we present case studies of three selected villages in contemporary India where this seems to have happened. These villages are located in three different areas, namely, coastal Andhra Pradesh, western Uttar Pradesh and Haryana. These areas were in the forefront of agricultural modernisation during the Green Revolution period. All the villages are characterised by a high degree of economic differentiation and a relatively advanced level of development of productive forces in agriculture.

The paper starts by giving a brief overview of macro-level changes in the rural economy of India since the 1990s. It then presents an analysis of tenancy relations in the three study villages. The paper argues that the decline in provision of public services, increasing landlessness and low availability of wage employment that have characterised agrarian conditions in India since the 1990s have contributed to sustenance and strengthening of exploitative tenancy and labour relations in these villages. Continued existence of caste-based social and economic exclusion in landlord-dominated village economies remains a fundamental aspect of these tenancy and labour relations.

The paper uses data from three villages – Ananthavaram in Guntur district of southern coastal Andhra Pradesh, Harevli in Bijnaur district of western Uttar Pradesh and Birdhana from Fatehabad district of Haryana. Data from Ananthavaram and Bijnaur were collected as part of the Project on Agrarian Relations in India (PARI) of the Foundation for Agrarian Studies (FAS). Two surveys were done in Ananthavaram: a census of all 667 households in December, 2005 and a sample survey of 153 households in May, 2006. In Harevli, a survey of all the households was conducted in June, 2006.

Data for Birdhana come from the data archive of the Foundation for Agrarian Studies, and were collected through a sample survey for a study on women workers in Haryana in 2003 (ISWSD 2004).

The focus of the paper is on tenancy contracts in which land- and asset-poor households are tenants. The paper does not discuss in detail contracts through which landed and asset-rich households lease in land.

2. Macro-economic policies and changes in the rural economy

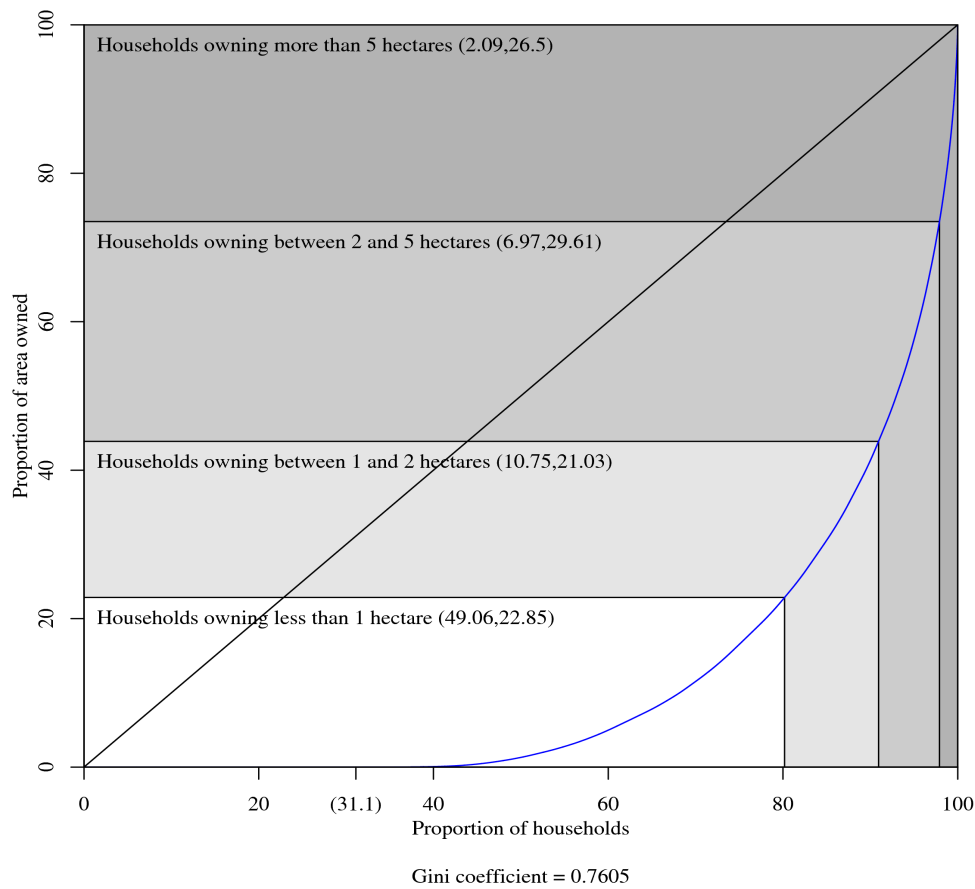
Over the last two decades, there has been a marked decline in both redistributive public interventions as well as provisioning of public services in rural India. We shall summarise some of these basic trends in this section.

2.1. Reversal of land reforms and increase in landlessness

Over the last two decades, India has officially abandoned the programme of land reform. Provisions of land ceiling laws and tenancy reform laws have been diluted in many states (Ramachandran and Ramakumar, 2000, Ramachandran and Rawal, 2009).

The extent of landlessness and inequality in ownership of land is very high, and has been on the rise in recent times, in India. Over 41 per cent of rural households did not own any agricultural land in 2002-03; this was about 6 percentage point higher than the extent of landlessness in 1992 (Rawal, 2008). A recent estimate based on National Sample Survey data on landholdings suggested that there is about 15 million acres of ceiling surplus land in India (*ibid.*).

Figure 1. *Lorenz curve of ownership of agricultural land in India.*



Source: Rawal (2008)

2.2. Withdrawal of rural banking

The policies of financial liberalisation have been associated with withdrawal of banking services in rural areas (Ramachandran and Swaminathan, 2005). Over the 1990s, there was a steep decline in number of rural bank branches (Table 1). The credit deposit ratios of rural branches (Table 2) and the proportion of credit going to agriculture and other priority sectors (Table 3) plummeted.

The distribution of formal-sector credit remains highly unequal. Poor, landless, and households belonging to dalit and adivasi communities have very little access to bank credit (see Ramachandran and Rawal 2009, and Chavan 2007).

Table 1. *Number of rural branches of scheduled commercial banks, India, 1978 to 2007*

| Year | Branches |
|------|----------|
| 1980 | 14171 |
| 1985 | 25541 |
| 1990 | 33572 |
| 1991 | 34867 |
| 1992 | 35216 |
| 1993 | 35218 |
| 1994 | 35301 |
| 1995 | 35379 |
| 1996 | 35008 |
| 1997 | 33092 |
| 1998 | 32909 |
| 1999 | 32854 |
| 2000 | 32734 |
| 2001 | 32640 |
| 2002 | 32443 |
| 2003 | 32283 |
| 2004 | 32107 |
| 2005 | 31967 |
| 2006 | 30610 |
| 2007 | 30393 |

Source: Ramachandran and Rawal (2009)

Table 2. *Credit-deposit ratios of rural branches of scheduled commercial banks, India, 1981 to 2007*

(per cent)

| Year | CDR |
|------|-----|
| 1981 | 57 |
| 1985 | 69 |
| 1991 | 61 |
| 1995 | 53 |
| 1996 | 49 |
| 1997 | 48 |
| 1998 | 44 |
| 1999 | 43 |
| 2000 | 41 |
| 2001 | 39 |
| 2002 | 42 |
| 2003 | 44 |
| 2004 | 44 |
| 2005 | 52 |
| 2006 | 56 |
| 2007 | 61 |

Source: Ramachandran and Rawal (2009)

Table 3. *Share of priority sector and agricultural loans in outstanding credit (per cent)*

| Year | Priority sector | Agriculture |
|------|-----------------|-------------|
| 1981 | 36 | 17 |
| 1985 | 40 | 17 |
| 1986 | 41 | 17 |
| 1988 | 44 | 17 |
| 1991 | 38 | 15 |
| 1995 | 34 | 11 |
| 1996 | 33 | 11 |
| 1997 | 35 | 11 |
| 1998 | 35 | 11 |
| 1999 | 35 | 10 |
| 2000 | 37 | 10 |
| 2001 | 33 | 10 |
| 2002 | 33 | 10 |
| 2003 | 32 | 11 |
| 2004 | 35 | 11 |
| 2005 | 36 | 11 |
| 2006 | 36 | 13 |
| 2007 | 36 | 13 |

Source: Ramachandran and Rawal (2009)

2.3. Decline in public investment in agriculture

Agricultural sector in India has been suffering from low levels of public investment. Public investment in agriculture, in real terms, as a share of agricultural GDP and as a share of total capital formation in the economy, declined throughout the 1980s and 1990s (Thulasamma, 2003). Gross capital formation in agriculture as a proportion of agricultural GDP fell from about 4 per cent in 1980-81 to about 2.5 per cent in 1991-92 and to about 1.6 per cent in 1998-99. Although there has been some recovery in the last few years, the level of public investment continues to be very low.¹

2.4 Low and declining availability of wage employment

Official statistics on days of wage employment per worker are very problematic. Micro-level studies have consistently reported dismal levels of availability of wage employment in rural India (see, for example, Ramachandran, Swaminathan and Rawal, 2003, and Ramachandran and Rawal, 2009). On account methodological differences, levels of days of employment available to rural workers presented in the Rural Labour Enquiries do not tally with the evidence presented by the micro-level studies. But even the official statistics show a steady and marked decline in availability of wage employment for men and women in rural India (see Table 4).

Table 4. Average days of wage employment of usually occupied men and women belonging to rural labour households, 1993-94, 1999-2000 and 2004-05

| | | Agricultural labour | Non-agricultural labour | Other occupations | All occupations |
|-------|-----------|---------------------|-------------------------|-------------------|-----------------|
| Men | 1993-94 | 254 | 233 | 166 | 235 |
| | 1999-2000 | 245 | 212 | 88 | 222 |
| | 2004-05 | 239 | 203 | 87 | 215 |
| Women | 1993-94 | 224 | 230 | 116 | 203 |
| | 1999-2000 | 216 | 206 | 34 | 192 |
| | 2004-05 | 203 | 214 | 27 | 177 |

Source: Rural Labour Enquiries

Notes: Average days of employment in individual occupations only refer to those workers who were engaged in a particular type of employment.

Workers employed for less than 30 days are not considered usually occupied. Days of employment are bound to be lower if such workers were also considered.

Since 2006-07, a new programme – the National Rural Employment Guarantee scheme –

1 See Ramachandran and Rawal (2009) for recent trends in public investment and rural banking.

has been started. The focus of the programme in its early years has been on the most backward districts of the country. Although it has now been extended to all the districts, its impact on the availability of employment is not yet reflected in the data.

3. Basic Description of the Study Villages

3.1 Ananthavaram

Ananthavaram is a large village in Kollur mandal of Guntur district in south coastal Andhra Pradesh. In 2005-06, there were 667 households and about 2410 persons resident in the village. According to Census 2001, the village occupied 1029 hectares of land.

Ananthavaram is a multi-caste village. The dominant caste, Kamma, accounts for about 20 per cent of households and the population. About 19.5 per cent households belong to Other Backward Classes. The two major dalit castes, Mala and Madiga, together account for about 42 per cent of households and 44 per cent of population. About 6.5 per cent of households belong to Scheduled tribes.

Table 5. Caste composition of Ananthavaram, 2005

| Caste/community | | Number of households | | Number of persons | |
|-------------------|--------------------|----------------------|----------|-------------------|----------|
| | | Number | Per cent | Number | Per cent |
| Scheduled castes | Mala | 154 | 23.1 | 576 | 23.9 |
| | Madiga | 126 | 18.9 | 484 | 20.1 |
| | Other dalit castes | 3 | 0.4 | 11 | 0.5 |
| Scheduled tribes | Yanadi | 18 | 2.7 | 65 | 2.7 |
| | Yerukala | 26 | 3.9 | 93 | 3.9 |
| OBC | Yadava | 57 | 8.5 | 207 | 8.6 |
| | Chakali/Rajaka | 33 | 4.9 | 112 | 4.6 |
| | Other OBC castes | 41 | 6.1 | 132 | 5.5 |
| Other caste Hindu | Kamma | 138 | 20.7 | 478 | 19.8 |
| | Other caste Hindus | 52 | 7.8 | 189 | 7.8 |
| Muslim | | 18 | 2.7 | 61 | 2.5 |
| Unspecified | | 1 | 0.1 | 2 | 0.1 |
| All households | | 667 | 100.0 | 2410 | 100.0 |

Major crops cultivated in Ananthavaram were paddy, maize, and black gram. In addition to these, a number of other crops like sugarcane, betel leaves, and turmeric were also cultivated in the village. Paddy was cultivated in the *kharif* season. Maize and blackgram

were the main *rabi* crops.

3.2 Harevli

Harevli is a village in Bijnaur district of western Uttar Pradesh. In 2006, there were 115 households in the village. The caste composition of the village is given in Table 6. The dominant caste in the village was Tyagi. In addition, the village also had households belonging to Dheemar (OBC), Chamar (dalit) and Valmik (dalit) castes. There were also 14 Muslim households in the village.

Table 6 Caste composition of Harevli, 2006

| Caste/community | | Number of households | | Number of persons | |
|-----------------|-----------|----------------------|----------|-------------------|----------|
| | | Number | Per cent | Number | Per cent |
| Dalit | Chamar | 40 | 34.8 | 224 | 33.2 |
| | Valmik | 4 | 3.5 | 18 | 2.7 |
| OBC | Dheemar | 24 | 20.9 | 153 | 22.7 |
| | Carpenter | 1 | 0.9 | 3 | 0.4 |
| Other caste | Tyagi | 31 | 27.0 | 202 | 30.0 |
| Hindus | Brahmin | 1 | 0.9 | 1 | 0.1 |
| Muslims | | 14 | 12.2 | 73 | 10.8 |
| Total | | 115 | 100.0 | 674 | 100.0 |

Although Harevli was a small village in terms of population, the boundaries of the revenue village covered a large agricultural area (about 505 hectares). Agriculture was the mainstay of economy of Harevli. Sugarcane was the most important crop. In addition, wheat, paddy and fodder crops were also cultivated. Agriculture in the village was characterised by a complex cropping cycle. Sugarcane was the most important, and most profitable, of all crops grown in the village. Sugarcane was sown in February/March. The first harvest of planted sugarcane was done about 12-13 months from sowing. A second harvest, of the first ratoon crop, was done after about 21 months from sowing. A second ratoon crop was harvested after about 30 months from sowing. While cultivating most of their land with sugarcane, cultivators kept some land for cultivation of wheat, the main staple they consumed, and fodder crops, essential for maintenance of livestock. Land cultivated with wheat and rabi fodder crops, which were harvested until April, could not be sown with sugarcane in the same year and, therefore, was sown with paddy or kharif fodder crops.

Land was irrigated by a public canal, which provided water mainly in the kharif season, as well as tubewells, which provided irrigation round the year but were owned by a few large landowning households belonging to Tyagi caste.

A noteworthy feature of the village is that many persons belonging to the dominant caste (Tyagi) migrated from Harevli to take up senior government jobs, high-paying private jobs (in, for example, multinational IT firms) or to setup businesses in areas around Delhi. In many of these cases, the entire households migrated though they continued to own land in Harevli. In contrast, there was very little migration from among the ranks of the poor and dalits in Harevli.

3.3 Birdhana

Birdhana is a relatively large village with 1629 households living in the village in 2003. Birdhana is also a caste heterogeneous village. Households in Birdhana belonged to 35 different castes and communities. Of all the households, 65 per cent belonged to Other Backward Classes, 15 per cent were *Dalit* and 18.3 per cent were from other Hindu castes. There were a few Muslim households in the village. The village was divided into three settlements: the main village settlement, Rampura and Bailbhamiya. In addition, some landowning households and a large number of agricultural worker households lived in the fields. The landowners typically lived in houses built in the fields while agricultural workers lived in rooms built by landowners next to tubewells. Of a total of 1629 households in the village, 1398 lived in the main settlement, 67 lived in Rampura, 23 in Bailbhamiya, and 141 in the fields.

Data from Birdhana were collected through a sample survey, which covered about 30 per cent of all households, conducted in June 2003.²

In Birdhana, the largest landowning households were from the *Mehta* caste. Another caste that comprised many households with large amounts of land (though usually smaller than the amounts owned by *Mehta* households) was *Bishnoi*. These two castes, *Mehta* and *Bishnoi*, were the dominant castes in the village: they were the wealthiest, they

² See Rawal 2006 for details.

dominated the panchayat, they were the local traders, they owned private schools in the village, and the local political leaders came from these castes.

The main crops cultivated in Birdhana were wheat, paddy and cotton.

4. Tenancy Relations in the Study Villages

4.1. Ananthavaram

As is typical of paddy dominated tracts of south coastal Andhra Pradesh, tenancy was widely prevalent in Ananthavaram. Tenants comprised 28.5 per cent of all households and 64.8 per cent of all cultivating households. Of the total land operated, 52 per cent was land under tenancy arrangements.

There were two types of tenancy contracts in Ananthavaram. In the first type, common for land on which paddy was cultivated in the kharif season, a fixed annual rent was paid in kind at the end of the kharif season and all costs of cultivation were met by the tenant. This was the kind of contract under which landless and small land owning households leased land. In the second type of contracts, mainly prevalent in case of cash crops like sugarcane and betel leaves but also sometimes used for paddy land, a fixed annual rent was paid in cash at the starting of the year. These contracts were typically used in instances of reverse leasing where the land was leased in by rich peasants and capitalist farmers from poor and small landowning households.

The peculiar feature of the first type of tenancy contracts was that the rent constituted, on average, about 78.5 per cent of average yield of paddy (5.7 tonnes per hectare) while tenants had to bear the entire cost of cultivation. At the end of the season, tenants were left with a small amount of paddy and all the paddy straw. The value of this paddy and straw was considerably lower than even the paid out costs of cultivation. In other words, the part of produce that tenants got from the kharif crop did not cover even the money that they invested in cultivation leave aside giving them returns on their own labour and capital.

Some of the losses of the *kharif* season were recovered by cultivation of a *rabi* crop,

most commonly maize, for which the tenants did not have to pay any rent. However, the total annual income from crop production, accounting for both *kharif* and *rabi* crops, was negative for many tenants on account of the punishingly high rent paid at the end of the *kharif* season. The economic logic for such tenancy contracts lies in the fact that the paddy straw kept by tenants allowed them to maintain milch cattle and thus gain earnings from animal husbandry. For landless tenants, entering into a tenancy contract gave them access to land and means to maintain livestock. Tenants' leased land under these terms of contracts in view of the fact that the combined income from crop production and animal husbandry was positive though meagre.

Table 7 shows average income from different sources for households belonging to selected tenurial categories. The table shows that landless tenant households who paid kind rents incurred an average loss (over paid out cost) of Rs. 3034 from crop production. The table clearly shows that access to land through tenancy arrangements made it possible for these households to maintain livestock. On Landless households that took land on lease earned, on average, about Rs. 12000 from animal husbandry. On the other hand, average earnings from animal husbandry for landless households that did not cultivate any land was only Rs. 748.

Households that leased out paddy land on such contracts were mainly from *Kamma* caste. These households leased out substantial amount of land and made a killing profit from it. Given the terms of such a contract, for every acre of land leased out, a landowner got about 16.5 Quintals of paddy (worth about Rs. 8580). A landowner who leased out 20 acres of land got 33 tonnes of paddy, worth over Rs. 1.7 lakhs, without making either any investment on land or putting any labour or even having to bother supervising hired workers. Average annual rental earning of a *Kamma* household that leased out some agricultural land was Rs. 35636. As the contract required payment of a fixed rent, the landowners did not have to worry about weather, pest attacks or any other risks involved in crop production.

Such oppressive tenancy relationships were based on an extremely unequal distribution of land, lack of alternative opportunities of employment and lack of access to credit.

Land hunger was acute in Ananthavaram: 65 per cent of households did not own any

agricultural land, and 65 per cent did not operate any land. The Gini coefficient of ownership holdings of land was 0.89. Only 20 per cent of *Dalit* households owned agricultural land. However, 40 per cent of *Dalit* households reported some operated land. Almost all *Adivasi* households (98 per cent) neither owned nor operated any land.

Table 7 also shows that average earnings from from wage labour, particularly in non-agricultural occupations, were very low. Limited availability of wage employment together with widespread land hunger forced landless *Dalit* households to enter into tenancy contracts that left them rack rented.

Table 8 shows that landless tenants who paid rent in kind did not have access to formal sector credit and were heavily indebted to informal sources. Less than 4 per cent of these households had taken any credit from formal-sector sources and, of their total outstanding credit, formal-sector sources accounted for less than 1 per cent

The cash paid fixed rent tenancy contracts were most commonly used in cases of reverse tenancy on land that was suitable for cultivation of beetle leaves and sugarcane. Beetle leaves were cultivated on *lanke* lands -- small islands in the Krishna river -- plots of which were assigned to *Dalit* households belonging to *Mala* caste in the 1940s. There is a statutory ban on sale of these assigned plots and, as a result, they continued to be owned by households belonging to *Mala* caste. However, not having means to cultivate beetle leaves, these *Dalit* households leased out land to wealthier *Kamma* households on cash-paid fixed rent leases. It is noteworthy, however, that these *Dalit* households owned very small amounts of *lanke* lands and, therefore, their rental earnings from these lands were small. On average, a *Mala* household that rented out its land earned an annual rental income of only Rs. 2915 from it.

An earlier account of tenancy relations in Ananthavaram, from a study by P. Sundarayya in the early 1970s, suggested that the incidence of tenancy was on a decline. Evidence from the PARI surveys in 2005-06 suggests that there has been a resurgence of tenancy in Ananthavaram.

4.2 Harevli

Land ownership was extremely unequal in Harevli. The Gini coefficient of ownership holdings was 0.769 and the Gini coefficient of operational holdings was 0.719. Bottom 50 per cent households owned only 1.70 per cent land while top 10 per cent households owned over 58 per cent land. In particular, there was a very sharp differentiation between dalits and muslims on the one hand and caste hindus on the other (Table 9).

Three main types of tenancy can be identified in Harevli.

A. Non-resident Tyagi households leased out land to resident Tyagi households. These contracts were typically cash paid fixed rent contracts. The lessor was either an absentee landowner or, in a few cases, a resident household that did not have any working-age member to supervise cultivation. Although the contracts were oral, the tenants and the landowner had close caste and family relations, and tended to have a fairly long-term tenancy relationship. The average annual rent on these land was about Rs. 6026 per acre. This was about 26.6 per cent of gross value of output from leased in land.

B. Resident Tyagi households leased out land on seasonal share contracts to dalit households for paddy cultivation. The most central feature of this tenancy was that the tenurial relationship was closely associated with other relations of dependence, through unfree labour relations and indebtedness. Most of these tenants worked for the landlord also either as attached farm servants or as casual-workers-working-mostly-with-a-single-employer. Given that, the terms of tenancy were closely tied to the extent and form of dependence of the worker on the landlord. Landlord would offer land at somewhat lower rents, plough the land with his tractor, or share a part of the costs if the land was given to a farm servant who had worked for several years and provided substantial labour services. On the other hand, if the land was given to a worker who had been associated infrequently as a worker, the landlord might ask for a high rent and not share the costs.

Typically, when land was given for cultivation of paddy, tenants were required to provide a number of labour services for the landlord. Paddy was cultivated in the kharif season primarily using canal irrigation to supplement monsoon. Work in sugarcane fields was relatively light during the months when paddy was cultivated (July to October) and

mainly comprised weeding and irrigation. The farm servants continued to attend to these tasks while they were cultivating paddy on the land they leased. Even when the tenants were not employed as regular farm servants, they were required to perform various types of unpaid labour services for the landlord. Most commonly, the tenants were assigned tasks related to livestock tending like harvesting fodder, feeding livestock, milking them, and cleaning the cattleshed. The tenants were given no remuneration for these services.

The average value of rent, without adjusting for either the cost of inputs provided by the landlord or the value of additional labour services provided by the tenants, was Rs. 8248 per acre for one season. This was about 60 per cent of average gross value of output per acre. In comparison, the net profit of the tenant (over cost A2) was 17 per cent of the gross value of output. Data reported by the landowners suggest that the average net rental income per acre of land leased out was Rs. 6294. This was about 46 per cent of average gross value of output from paddy on leased in land.

It is noteworthy that resident Tyagi households seldom leased out land for cultivation of sugarcane, the most important crop in Harevli, or for cultivation of wheat, the main subsistence crop. Cultivation of sugarcane required mobilisation of financial and human resources at a substantial scale (Table 10). Cost of material inputs (seed, water, fertilisers and others) was high and a large number of workers had to be hired at short notice to harvest cane. On the other hand, wheat was cultivated mainly for their own subsistence and fodder crops for consumption of livestock owned by them. Cultivation of sugarcane and rabi crops usually required irrigation from tubewells since very limited irrigation water was available from the canal in the rabi season. Tubewells were owned only by large land owning households belonging to Tyagi caste.

C. The third type of tenancy was between Chamar and Dheemar households. Land owned by dalits was primarily single cropped because of lack of irrigation water. Some dalit households had been assigned land by the government near the river. These plots of land got flooded during the kharif season in many years. Most of these plots did not have access to irrigation water during the rabi season. If at all, irrigation was available at a high price from tubewells that were owned by large landowning Tyagi households.

Many Chamar households leased out their land to other Chamar or Dheemar households

because they did not have enough capital to cultivate the land themselves. Some of these landowners shared the cost with the tenant though the poorest among them leased out land at very low rents and did not share the costs.. The average net rental income of dalit households that leased out land was only Rs. 2244 per annum (Rs. 5503 per acre per annum).

Table 11 gives data on outstanding credit per household for different castes in Harevli. The data clearly bring out a huge disparity in access to credit between Chamar and Valmik households on the one hand and Tyagi households on the other. A huge difference between Chamar and Dheemar households is also noteworthy and is consistent with our earlier observation about Chamar households leasing out land to Dheemar households because of lack of liquidity.

Tables 13 and 14 show the limited availability of non-agricultural labour in the village. Only about half of the wage labour households participated in non-agricultural income. Income from non-agricultural labour constituted about 19 per cent of income from wage labour and about 11 per cent of all income of these households.

Table 7. Average income by source for households belonging to selected tenurial categories, Ananthavaram

| Source of income | Types of households | | | | |
|----------------------------------------|----------------------------------------------------------------------|-------------------|-------------------------|-------------------------|-------------------------------------|
| | Non cultivating households leasing out land on cash and kind tenancy | Owner cultivators | Landless tenants (cash) | Landless tenants (kind) | Landless non-cultivating households |
| Crop production | 0 | 19331 | 2719 | -3034 | 0 |
| Animal resources | 1201 | 23887 | 12001 | 11932 | 748 |
| Rental income from agricultural land | 21759 | 0 | 0 | 0 | 0 |
| Agricultural labour | 227 | 2955 | 7989 | 8404 | 7964 |
| Casual non-agricultural labour | 105 | 0 | 1449 | 4352 | 1472 |
| Income from other sources ^a | 32589 | 27482 | 995 | 2982 | 13339 |
| Total household income | 55881 | 73654 | 25153 | 24636 | 23524 |

^aThese include all other sources of income like salaried jobs, artisanal activities, remittances and pensions, and non-farm businesses.

Table 8. Share of formal-sector and informal sources in outstanding credit and proportion of households having outstanding credit from formal-sector and informal sources, Ananthavaram

| Households by tenurial category | Share of outstanding credit | | Proportion of households having outstanding credit from | |
|---------------------------------------------|-----------------------------|----------|---------------------------------------------------------|----------|
| | Formal-sector | Informal | Formal-sector | Informal |
| Non cultivating households leasing out land | 51.7 | 48.3 | 45.0 | 32.8 |
| Owner cultivators | 58.4 | 41.6 | 52.9 | 42.8 |
| Landless tenants (cash rent) | 15.3 | 84.7 | 10.3 | 70.3 |
| Landless tenants (kind rent) | 0.7 | 99.3 | 3.8 | 88.6 |
| Landless non-cultivating households | 10.9 | 89.1 | 7.9 | 43.8 |
| All households | 29.9 | 70.1 | 26.5 | 52.7 |

Table 9. Distribution of ownership holdings of land, by caste, Harevli (per cent)

| | Valmik | | Chamar | | Dheemar | | Muslim | | Tyagi | | All | |
|----------------------------------------------------|---------------------|---------------|---------------------|---------------|---------------------|---------------|---------------------|---------------|---------------------|---------------|---------------------|---------------|
| | Prop. of households | Prop. of land | Prop. of households | Prop. of land | Prop. of households | Prop. of land | Prop. of households | Prop. of land | Prop. of households | Prop. of land | Prop. of households | Prop. of land |
| Landless | 75 | 0 | 44 | 0 | 30 | 0 | 54 | 0 | 3 | 0 | 34 | 0 |
| 0-1 acre | 25 | 100 | 54 | 81 | 57 | 32 | 31 | 39 | 13 | 2 | 39 | 10 |
| 1-2.5 acres | 0 | 0 | 3 | 19 | 9 | 27 | 8 | 21 | 13 | 4 | 7 | 8 |
| 2.5-5 acres | 0 | 0 | 0 | 0 | 0 | 0 | 8 | 40 | 42 | 31 | 13 | 27 |
| 5-10 acres | 0 | 0 | 0 | 0 | 4 | 41 | 0 | 0 | 19 | 27 | 6 | 26 |
| >10 acres | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10 | 35 | 3 | 29 |
| All households | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Number of households/ Average holdings in acres | 4 | 0.12 | 39 | 0.46 | 23 | 1.33 | 13 | 1.09 | 31 | 10.12 | 110 | 3.42 |

Note: All households include one Badhai and one Brahmin households

Table 10. Extent, gross value of output per acre, cost per acre and net income per acre, various crops, Harevli.

| Crop | Duration of crop in months | Extent (acres) | Gross value of output (Rs. per acre) | Cost A2 (Rs. per acre) | Net income (Rs. per acre) |
|----------------------------------|----------------------------|----------------|--------------------------------------|------------------------|---------------------------|
| Paddy | 3-4 | 46.60 | 12882 | 9355 | 3527 |
| Wheat | 4 | 88.30 | 9139 | 7215 | 1924 |
| Wheat and rapeseed inter-cropped | 4 | 19.20 | 9061 | 7873 | 1188 |
| Sugarcane (plant crop) | 12-13 | 123.90 | 26666 | 20728 | 5937 |
| Sugarcane (first ratoon) | 10-11* | 106.00 | 20880 | 8927 | 11953 |
| Sugarcane (second ratoon) | 10-11** | 35.80 | 17456 | 9839 | 7617 |
| All sugarcane | | 265.70 | 23117 | 14553 | 8564 |

Note: * From harvest of the plant crop

** From harvest of the first ratoon

Table 11. Extent, gross value of output per acre, cost per acre and net income per acre, paddy, by tenurial status, Harevli.

| Tenurial status | Extent | | Gross value of output per acre | Cost per acre | | Net income per acre |
|-----------------------|--------|---------------------|--------------------------------|------------------|-------|---------------------|
| | Acre | Percentage of total | | Rental payments* | Total | |
| Leased in (kind rent) | 26.6 | 64.9 | 13644 | 8248 | 11297 | 2347 |
| Owned | 14.4 | 35.1 | 13075 | 0 | 6189 | 6886 |

Notes: Two observations where paddy was cultivated on cash rents have been omitted. Estimates for leased land are based on accounts of tenants. The cost covers only the cost to the tenant. Contribution of the landowner is covered in the rental payments.

Table 12. Outstanding debt per household, by formal and informal sources of credit, and by caste, Harevli.

| | Chamar | Valmik | Muslim | Dheemar* | Tyagi |
|----------|--------|--------|--------|----------|-------|
| Formal | 1189 | 0 | 9160 | 17503 | 51936 |
| Informal | 4412 | 100 | 1032 | 8904 | 5332 |
| Total | 5601 | 100 | 9552 | 26407 | 57268 |

* One outlier household, with exceptionally high debt, was excluded.

Table 13. Participation of households and average household income from agricultural and non-agricultural wage labour, wage labour households, Harevli

| Caste | Number of households | | | | Average household earnings* | | | |
|---------|----------------------|-----------|-------------------------|-----------------------|-----------------------------|-----------|-------------------------|-----------------|
| | Agricultural labour | | Non agricultural labour | All labour households | Agricultural labour | | Non agricultural labour | All wage labour |
| | Casual | Long-term | | | Casual | Long-term | | |
| Chamar | 29 | 6 | 12 | 30 | 10009 | 12533 | 4380 | 13934 |
| Valmik | 2 | 0 | 2 | 2 | 1155 | NaN | 3550 | 13320 |
| Muslim | 4 | 1 | 7 | 7 | 6502 | 6650 | 7203 | 11868 |
| Dheemar | 17 | 1 | 9 | 18 | 11147 | 16800 | 3718 | 4705 |
| All | 52 | 8 | 30 | 57 | 9771 | 12331 | 4785 | 13163 |

* Average of earnings of those wage labour households which participated in the particular activity.

Table 14. Income from non-agricultural labour as a proportion of wage income and total household income, wage labour households, Harevli (per cent)

| Caste | Income from non-agricultural labour | |
|---------|-------------------------------------|-------------------------------------------|
| | as a proportion of wage income | as a proportion of total household income |
| Chamar | 12.6 | 9.3 |
| Valmik | 75.5 | 19.1 |
| Muslim | 60.7 | 23.4 |
| Dheemar | 14.0 | 8.0 |
| Harevli | 19.1 | 11.6 |

4.3 Siri System in Birdhana³

Inequality in ownership of land was exceptionally high in Birdhana. The Gini coefficient of ownership holdings in Birdhana was above 0.9. About 77 per cent of the households were landless while the top two per cent of households owned about 42 per cent of the land. The largest landowner owned 100 acres of irrigated land and 13 households had ownership holdings bigger than 40 acres each.

A Siri contract was a peculiar form of tenancy-cum-labour contract. The contract of a *siri* resembled a sharecropping contract in terms of the mode of payment. The *siri* and the landowner shared the material costs of production and the agricultural produce in a pre-decided proportion. The *siri*, in addition, provided all the labour that was required for production. This included any labour that needed to be hired for the work. In our sample, 44 households living in the settlements and 43 households living in the fields worked as *siris*.

Most common forms of tenancy are also, simultaneously, systems of hiring labour. This was, however, a feature of the *siri* system in an unusual sense: although a *siri* provided all labour necessary for cultivation, provided a share in other costs of cultivation, and got a share of the produce, all decision-making powers in respect of the choice of crops to be sown, the amount and types of inputs to be used and farming practices were vested solely in the landlord. The landowner closely supervised work on the field on a daily basis. Most landowners visited the field at least once every day and gave instructions to the *siris*.

It is noteworthy that the terms of *siri* contracts in Birdhana were not standardized. The main terms of the contract, that is, the share of the *siri* in material costs and output, itself varied a great deal. The share of *siris* in material costs and output was one-fifth for about 58 per cent of the *siris* interviewed by us. The share was more than one fifth for only about 11 per cent of the *siris*. The share was one-sixth for about 22 per cent of the *siris*. In a few cases, the share of the *siri* was as low as one twelfth. The *siri* contracts also varied in respect of what costs were covered under the specified proportion. Typically, there were also other subsidiary terms that defined the share of the *siri* and the

3 This section has been extracted from Rawal (2006).

landowner in provision of specific inputs. Usually, the tractor and water were provided by the landowners. The cost of water, however, was shared if the landowner did not own a tubewell. Depending on the relative bargaining capacity of the *siri* and the landowner, the share contract covered costs of wheat and paddy harvesting, cotton picking and various other inputs. Usually, the *siri* paid for harvesting of wheat, irrespective of whether it was done manually or by combine harvesters. On the other hand, the cost of paddy harvesting was often shared. The cost of cotton picking was generally shared by the landowner and the *siri*. In such cases, the landowner paid his share of cost even when some family labour was used in cotton picking. The extent of sharing the cost of these tasks – harvesting of wheat and paddy, picking of cotton – however varied a great deal from *siri* to *siri*.

Although the *siris* had to bear all the cost of labour, they seldom had enough money to foot the wage bill. As a result, while the workers were called for work by the *siri*, the wage payments were usually made by the landowners and credited to the accounts of the *siris*.

The fact that a *siri* had to provide all labour used in cultivation had important implications. First, the *siri* system created a class of workers that were employed by the landowners and that in turn were the employers of casual workers in the village. Secondly, as the *siris* had to bear all the cost of labour to get a small share in the output, their only hope to make a small net income lay in maximising the use of family labour. In general, all able-bodied workers from the *siri* households worked every day from the time land preparation work started till the crop was harvested, threshed and stored. On double cropped land, this meant about nine months of work. During these months most workers from the *siri* households were in the field every day. Even old persons, children and workers who were involved in other occupations contributed as much labour as they could.

Conversely, the *siri* system also ensured that the cost of hiring of casual labour was minimized. The cost of hiring casual workers was reduced by using as much family labour (of the *siri*) as possible and by using labour displacing machines that were cheaper to hire than hiring casual workers (Table 15). In particular, women from *siri* households provided a large part of family labour for tasks like weeding, harvesting of wheat, harvesting and threshing of paddy, winnowing, loading of grain and straw, cotton

picking, picking and harvesting of vegetables, and harvesting of fodder crops. Given the design of the *siri* contract, and the fact that it was cheaper to use machines like combine harvesters than getting the work done using hired labour, the interests of the *siris* and the landowners converged on the use of labour displacing technology. Casual workers were hired only for those operations which could not be done by machines and which required a large number of workers to work at the same time (and therefore could not be done by family labour alone). Even when casual workers were actually hired, the *siri* system helped in cutting wage costs by placing the *siri* between the casual workers and the landlord. The *siris* typically hired workers through their social and caste relations. This helped them hire workers who worked for lower wages and worked longer hours.

Table 15. *Use of family and hired labour on land cultivated under Siri contracts, Birdhana (per cent)*

| Crop | Operation | Households living in the settlements | | | | | Households living in the fields | | | | |
|--------|--------------------------|--------------------------------------|-----|--------------|-----|-----|---------------------------------|-----|--------------|-----|-----|
| | | Family labour | | Hired labour | | All | Family labour | | Hired labour | | All |
| | | Women | Men | Women | Men | | Women | Men | Women | Men | |
| Cotton | Picking | 30 | 20 | 42 | 8 | 100 | 38 | 26 | 37 | 0 | 100 |
| Paddy | Transplanting | 12 | 11 | 43 | 34 | 100 | 12 | 14 | 51 | 23 | 100 |
| | Irrigation related tasks | 2 | 98 | 0 | 0 | 100 | 12 | 88 | 0 | 0 | 100 |
| | Harvesting and threshing | 14 | 18 | 17 | 51 | 100 | 4 | 7 | 17 | 73 | 100 |
| Wheat | Irrigation related tasks | 4 | 94 | 0 | 2 | 100 | 13 | 86 | 0 | 1 | 100 |
| | Harvesting | 19 | 27 | 25 | 29 | 100 | 24 | 28 | 21 | 26 | 100 |
| | Threshing | 12 | 18 | 7 | 63 | 100 | 15 | 19 | 3 | 63 | 100 |
| | Loading straw | 28 | 61 | 0 | 11 | 100 | 22 | 54 | 0 | 24 | 100 |

Severe forms of unfreedom and bondage were characteristic of employment conditions of most *siris*. *Siris* were indebted to the landlords and were normally not allowed to quit working for the landlord until their debts were cleared. In cases of eviction, or when a *siri* quit working for a landlord, the *siri* was required to repay the debt. In the case of *siris* who lived in the fields, landlords often took possession of the assets of the *siri* and did not return them until all outstanding credit was repaid.

The *siri* contract typically involved restrictions on the freedom of the *siri*, and sometimes even on other workers from his family, to work for any other employer. The *siris* were usually not allowed to leave the land unattended and at least one person from the *siri* household was required to be present on land at all times. Some landlords even restricted

the *siris* themselves from leaving the fields except for specific purposes (such as going to the landlord's house, going to the market once in a while and on the occasion of a death in the family).

The *siris* were typically required to perform various kinds of labour services for the landlord. About 55 per cent of the *siris* in the two settlements and about 67 per cent of the *siris* living in the fields performed labour services for the landlords. These services included all kinds of agricultural, non-agricultural and domestic work.

The share of the *siri* in these contracts was extremely low. At the same time, *siris* were required to provide all labour that was needed in cultivation. In addition, landlords charged interest at the rate of about 3 per cent per month on advances taken by the *siri* and on his share of cultivation expenses. The *siri* contract was designed in such a way that the landlords extracted almost all the surplus either in the form of rent or in the form of interest. *Siris* often made losses, incurred debt and were evicted. In such cases, they faced the threat of dispossession of their assets and had to usually find another landlord who would hire them as a *siri* and give them an advance.

Widespread prevalence of the Siri system was based on an extremely unequal distribution of land and a substantial technological advance in agriculture (which, in this village, was labour displacing and evened the pattern of labour demand throughout the agricultural calendar) on the one hand, and low level of availability of casual employment (Table 16) and credit on the other (Table 17).⁴

Table 16. Percentage of workers engaged in agricultural and non-agricultural occupations and average days of employment, workers engaged in only casual manual labour, aged between 16 and 60, Birdhana

| Occupation | Women | | Men | |
|-------------------------|--------------------|------|--------------------|-------|
| | Workers (per cent) | Days | Workers (per cent) | Days |
| Agricultural labour | 99.4 | 43 | 89 | 44.6 |
| Non-agricultural labour | 6.2 | 3.1 | 72.4 | 57.3 |
| Total | 100 | 46.1 | 100 | 101.9 |

⁴ See Rawal (2006) and Rawal and Mukherjee (2005) for further details.

Table 17. Average outstanding credit of indebted landless manual worker households disaggregated by formal and informal sources, Bardhana

| | Households living in the settlements | Households living in the fields |
|---------------|--------------------------------------|---------------------------------|
| Formal-sector | 23.2 | 7.7 |
| Informal | 76.8 | 92.3 |

5. Summing up

Macro-economic policy changes since the 1990s have been associated with a withdrawal of redistributive public interventions as well as public services in rural India. In the 1990s, the state gave up the programme of land reforms and there was a distinct rise in inequality in ownership of land. The programme of financial liberalisation was associated with a sharp decline in provision of formal-sector credit in rural areas. Public investment in agriculture, and public expenditure for agricultural research and extension have all seen a decline since the 1990s. There has been no solution to the problem of low level of availability of employment, in particular, of non-agricultural employment.

This paper presents case studies of tenancy relations in three purposively selected villages. These villages are situated in three different agriculturally advanced regions of India. All the three villages are characterised by a high degree of economic differentiation and relatively high level of development of productive forces in agriculture. These villages were purposively selected for this paper also because of a significant incidence of tenancy.

The extent of incidence and form of tenancy relations varied in these villages depending on the agro-ecological conditions, and social and historical specificities. It is, however, clear that in all these villages, these exploitative tenancy contracts were sustained on the basis of a high degree of landlessness, low levels of availability of wage employment, and lack of access of asset poor households to formal-sector credit. Extent of landlessness varied between 34 per cent and 77 per cent in the three villages. In all the three villages, landlessness was particularly high among Dalit households. In all the three villages, extent of casual employment in terms of days and earnings from casual labour were very low. We have shown that landless dalit households did not have access to formal-sector credit and depended mainly on informal sources. In Ananthavaram and

Harevli, in absence of access to credit and public investment in services like irrigation, poor dalit landowners were often unable to cultivate their land and leased it out at relatively lower rents.

It is also important to note that, at the village level, these tenurial relations were deeply embedded in the system of caste discrimination and specifically depended on the availability of a large pool of landless dalit workers.

Agrarian conditions in India are marked by a huge diversity in the nature of production relations. It is important to study the impact of macro-economic changes and the nature of agrarian transformation in specific contexts and to guard against sweeping generalisations. This paper presents case studies of villages where one response to the distress caused by rising landlessness, lack of access to employment and credit has been through the institutional medium of tenancy. Given their agro-ecological, social and historical specificities, conditions of distress among the working people in these villages contributed to continued existence of exploitative forms of tenancy.

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