

# Agrarian Structure and Agrarian Relations: Illustrations from Village Studies

R. VIJAY

## 1. Introduction

1.1 The recent phase has seen a prolific expansion of literature on agrarian relation/institutions both at the theoretical level as well as the empirical level. At the theoretical level, there are attempts to explain the existence of institutions which look inefficient from the eyes of neo-classical economics. The existence and sustenance of these institutions over time as well as space is seen as puzzle to neo-classical theory. The puzzles analysed in the literature were the presence of unemployment even when the wages are positive and are downwardly rigid, or the multiplicity of interest rates or the rationality for the existence of share tenancy etc. These were some of the puzzles to neo-classical micro-economic theory in their attempt to analyse institutional arrangements in less developed economics like India. This literature analysed these institutions using some of the recent tools generated in theory like 'information asymmetry' and/or the nature of property rights on resources. This literature dominantly explains the *functional* role of these institutional arrangements, i.e., the rationality of the agents for using these institutional arrangements which look inefficient but could be second best option under conditions of asymmetric information and/or nature of property rights on resources. But the literature does not explicitly specify the *causal factor* for the rise of this institutional arrangement. One of the important casual factors generating these relations/institutions could be the agrarian structure. Is there any relation between agrarian structure and agrarian relations or are agrarian relations independent of the agrarian structure? One of the early debates on Indian agriculture, namely the *Modes of Production*

*debate* emphasised the importance of analysis of agrarian structure in an economy. The debates were on the presence and/or absence of rich peasant/capitalist farmers in Indian agriculture or was the agrarian structure dominated with the presence of capitalist or pre-capitalist formations. In this debate agrarian structure was seen as the *causal* factor generating these agrarian relations. But in the recent phase the emphasis is on the functional aspect of these relations but not on the casual factors generating these institutions.

1.2 In addition, the recent empirical literatures on agrarian relations/institutions are identifying 'new' forms of relations/institutions in agriculture. In case of the land lease market, the predominant opinion was the presence of large land owners leasing out land to landless or poor peasants (pure tenants) in dry areas as a process of risk sharing and also the dominance of share tenancy. But the recent empirical literature on lease depicts leasing out of land by small farmers, an increase in land under lease specifically in the irrigated areas, an increase in mixed tenancy and a dominance of fixed form of tenancy (Murty 2004). In case of the credit market, the All India Debt and Investment Survey presented a case of decreasing role to non-institutional credit, specifically the role of moneylenders (Rakesh Mohan 2006). But in the 1990s there is a revival of importance of non-institutional sources in the rural economy. (NSSO 2003)

1.3 It is in this context that this paper makes a preliminary attempt to analyse whether agrarian structure is important when studying agrarian relation. The research question being addressed here are: what does one mean by agrarian structure, what is the relation between agrarian structure and agrarian relations. We illustrate the above using some field observation. This paper is a preliminary attempt to present/define agrarian structure (section II). A section follows this on typology of agrarian structure based one method of classification of agrarian structure namely labour based classification (section III). The fourth section illustrates the above formulation using data from four villages and the last section presents some implication of the above model for development.

## 2. *Agrarian Structure and Agrarian Relations*

2.1 Analysis based on (agrarian) structure assumes that the object of analysis is studied as a system. The object of analysis could be a village, or a state or the nation or agriculture sector or industry sector

etc. This system is differentiated into strata's based on some criteria. In other words, the total population in the system is divided into groups based on a criterion. The criteria could be based on gender differences (male-female), occupational differences (agricultural labour, land owner, worker, capital owner etc), linguistic stratification (Telugu speaking, Urdu speaking, Oriya speaking etc.), religious stratification (Hindu, Muslim, Christian etc.) or caste differences. In this method of analyse the system is reduced into parts and there is an attempt to analysis the interdependence of the parts<sup>1</sup> i.e., there exist a differentiation of the population into parts as well as integration of the parts to form the whole. To quote Dumont (1970) 'we shall speak of structure exclusively...when the interdependence of the element of a system is so great that they disappear without residue if an inventory is made of the relation between them: a system of relations, in short not a system of elements' (quote from 'Structuralism' written by P.E.de Josselin De Jong for Encyclopedia of Social Science). One assumes that the system has at least two parts and there should exist interdependence between the parts. These parts should be internally homogeneous but by implication should be heterogeneous over the parts. These parts could be generated due to natural factors like age, sex, natural boundaries and/or human being created parts like cultural differences, economic differences. To maintain the identity as separate parts there should be restrictions on the mobility between the parts. But both the parts should be essential for the production and/or reproduction of the structure. This necessitates an exchange between parts in the structure. So a structure consists of at least two parts with a corresponding relation between them.

2.2 Given my formal training in economics, I would like to concentrate on 'economic structure' in economies where the *transition to capitalism is not complete*. In economic analysis, one method of analysing economic structures and the behavior of economic agents within them is to classify agents into categories and identify similarities and differences with and over categories. An example of this is the proposition that small farmers are more intensively cultivated when compared to large farmers. Here the system being studied is the 'Village'.<sup>2</sup> To organise material production there is a need to access primary inputs,<sup>3</sup> i.e., land, labour instruments as well as knowledge on the production process and/or marketing process. There are two different methods to define economic structure. One, if a complete set of markets (a hypothetical case) exists for all

resources then ownership does not matter. In such a case structures does not matter. But if market for one of the input does not exist and this input introduces a constraint to the system, here ownership does matter. For a lack of appropriate terminology I call this method the new institutional economics method of analysis. In this set of literature there are attempts to generate classes based on the resources with missing/incomplete market. The allocation of this input over classes defines the structure of the economy and different allocation over classes gives different structures for the economy. The second school of analysis follows the classical political economy framework of analysis. In this analysis centrality is given to the formation of the labour market. In Pre-capitalist formations the labour market is not formed. An indication of the 'inadequately formed labour market is the non-separation of labourer from the means of production. (Bhaduri 1984) Given the 'inadequately' formed labour market, households are classified into classes based on their interaction in the labour market. The distribution of other inputs over classes, specifically land, defines structure of the economy. Different distribution of land over classes defines different structures in the transitional economy.

Give an initial distribution of resource, for example land and labour, there would be some households who own more land than the labour they own and some households who own less land than the labor they own necessitating an exchange between the parts. In other words, exchange between parts reflects re-allocation of resources in the economy. These re-allocating mechanisms are called *agrarian relations/institutions*<sup>4</sup>. This re-allocation of resources can be mediated via a market or may be personal exchange relations. The new institutional economics believed that the agrarian relations are like norms wherein both the agents are better off accepting the norm, while the classical political economy approach believed that agrarian relations are *relational*.

2.3 Here we present the first set of models. Bardhan (1984) and Eswaran and Kotwal (1989) maintain in 'Roemer's (1982) was the first to endogenise the class structure in an economy in which ownership of the means of production is distributed unequally across the population. All agents are identical except in the wealth endowment'. Eswaran and Kotwal (1989) maintain that one of the earlier attempts to model structure was by Marx but these authors maintain that in Marx formulation 'class behavior is exogenously given'. (p. 167) In a recent attempt Platteau and Hayami (1998) explain community differences between Africa and Asia in terms of

differences in the endowment of natural resources relative to population.

One of the dominant methods of analysing agrarian structures is with the consideration that land is a scarce resource and the classification adopted is on the basis of land—land owned and/or operated. The implicit opinion being that the land market is inactive and under conditions of inactivity in the land markets, the land lease market functions as a surrogate to the land market. So households are classified either in terms of land owned or land operated by the household. A five-fold classification of households is generally accepted; the classes being landless labour, marginal farmers, small farmers, medium farmers and large farmers. One of the main proponents of this is Professor V.S. Vyas (2003).

The second method of classification is in terms of labour market transactions and the wealth/capital that they own. In this set of models there is no market for the means of production but there is a market for labour. (Roemer 1982) In this method, one has a five-fold classification of all households in the agrarian economy. First the large capitalists do not work but hire labour in the labour market to use the capital that they own. Second, the small capitalist who use their own labour as well as hired labour to use the capital that they own. In the third class, are the self-cultivators who own even smaller amount of capital than the small capitalist and they provide all the labour needed for the capital. The next class consists of self-cultivators, who after they toil on their capital, find the resultant income inadequate to meet their consumption. The poorest class is of pure labourers who have no capital and so have to sell their labour power. The behaviour of members differs according to the capital they own.

The third method of classification is propounded by Eswaran and Kotwal (1989). He assumes that there is no market for land but there exist a well functioning market for land lease and labour market. But in case of lease market the authors believe that 'hired labor is an imperfect substitute for a farmer's own labor leading to problem of moral hazard and the need for supervision'. In addition, these authors believe that 'unequal access to credit is thus an important determinant of agrarian class structure'. (Eswaran and Kotwal 1989, p. 169) Based on moral hazard problem and differential access to credit, the authors identify four classes (labour cultivators, self cultivators, small cultivators and large cultivators).

2.4 The second set of models follow the tradition of classical

political economy tradition and believes, 'Exchange is a surface phenomenon of economic life, reflecting the underlying economic and social organization of production. Consequently, exchange relations are not general, but specific to each mode of economic organization that shapes them.' (Bhaduri 1983, p. 1). So in this case the specific form of social organisation is important. One of the most important forms of organisation analysed is the capitalist form of organisation. The specific feature of this form of organisation is the separation of the labourer from the means of production and the labourer selling his labour power in the labour market, i.e., the labour market has been formed. Pre-capitalist forms of organisation are identified in terms of an incompletely formed labour market. 'Thus, a majority of small agricultural producers may not even be completely separated from their means of production. They may still enjoy some occupancy or even ownership right to their small plot of land and may also own some of the means of the implements of production.' (Bhaduri 1984, p. 5). Under conditions of *inadequately* formed labour market, households can be divided into classes depending upon their access to land and labour and the level of surplus they produce, on the average. These are the factors, which influences the labour use per households, i.e., the demand for and supply of labour. Bharadwaj identifies four classes, chronically deficit households, households which can barely even out surplus and deficit in good and bad years, households with sizeable enough surplus and households with substantial surplus. In this set of models also the resource position of the households influences the type of exchange system. In addition, resource position of the households also influences the terms of exchange in the economy. An extension of the above logic is that if the labour market is not developed, the terms of exchanges in the other market are not homogeneous leading to lack of formation of these markets also. Krishna Bharadwaj raises three important observations on agrarian relations in an economy where a substantial part of the population subsists on agricultural cultivation as a mean of livelihood and large proportion of the population occupies a small proportion of land. To quote extensively from Bharadwaj,

(i) the exchange process are neither uniform nor equal for all participants so that a competitive market does not exist. Not only do the quantitative terms and conditions vary, depending on the parties to the exchange, but there can be quantitative differences in the type of exchanges and of the involvement of individual households; (ii) the exchange are set not only in terms of prices but there can be

explicit and implicit, non-price factors which mainly rely on personal dominance and power relations; and (iii) the nature of exchange involvement as well as the terms and conditions depend largely upon the position of the participating household within the resource status categories given above. *There is a rough correspondence between production (resource) status as a base and the concomitant exchange relation.* The last proposition is crucial as it generates the differential dynamics for the different classes of peasantry as it also effects the process of accumulation through the structure of such differentiation in the village." (Bharadwaj, p. 41) (italics mine)

### 3. A Typology

Given the contracting formulations on agrarian structures and conceptualisations of agrarian relations/institutions an attempt is made to present a detail typology of agrarian structure following the classical political economy approach. In addition, an attempt is made to map the agrarian relations from the agrarian structure.<sup>5</sup>

3.1 Households are classified into five broad categories based on the nature of their participation in the labour market with respect to the agricultural operations. (R.S. Rao) [This method of classification follows the Lenin-Mao tradition of classification of households.] Unlike the traditional five fold classification wherein one of the classes was defined as the landlord class in the classification adopted by R.S. Rao and B. Bharathi (2003), they have re-defined this group and called them *Non-cultivating households*. Utsa Patnaik (1990) defines as 'The first category contains big landowner of the feudal type and the capitalist, distinguished from the peasants by the fact the family member do not perform manual labour in any major farm operation.' (Patnaik: 1990, p. 200) In the classification adopted by R.S. Rao and Bharathi (2003), they define a non-cultivating household as one who owns land but does not cultivate it. He could own to the land to derive rental income or could buy land as a store of value.

NON-CULTIVATING HOUSEHOLDS: At one end of the spectrum we have households who owned land but do not participate in production. They own land as a source of rental income as well as an asset that has the capacity to give higher rates of return on investment with minimum uncertainty. These households organise production by either leasing out land, employ farm servants to organise production or keep the land fallow. These households are identified as non-cultivating households. These non-cultivating households can be

landlords in the conventional sense, can be a government servant, a school teacher, can also be from non-cultivating caste groups or a household without able bodied persons. The major interest of these households in agriculture is to draw a rental income from land. They do not supply labour and have an indirect demand for labour.

**RICH PEASANTRY:** The second category is the rich peasant group. The distinguishing factor of these groups is that they actively participate in the various agricultural operations on their farm. These households may or may not own land. If they do not own land they may lease land and organise production. By its nature this group operates land not as a rent-yielding asset but as a productive asset. The households may employ permanent farm servants; casual labour and contract labour as the need to arise to supplement the deficiencies in supply of labour. As the households draw on the labour from other households to meet its shortage, logically the household does not supply labour to the other household. These peasants participate in the production process and also employ wage labour with an objective to produce marketable surplus. In other words, these households are demanders of labour and suppliers of produce in the output market. This segment facilitates in the formation of the labour market but is constraint by the existence and continued growth of output market. The essential pre-requisite to change the form of organisation of production from self-consumption to production for market exists with this group. The group is market dependent and also has a capacity to generate markets.

**MIDDLE PEASANTS:** The third category, the middle peasant group, distinguishes itself from rich peasant group by its exclusive dependence on family labour to the exclusion of any dependency on labour market for its own farm production. Further it also, like rich peasants, do not contribute to the supply of labour to the labour market. Given the nature of agriculture operations and its timeliness, it does take labour from other families on the basis of exchange labour and at times may draw on the labour market also. By its nature the group has self-consumption as an objective of production and has least market orientation and market dependency. These are self-employment cultivators with minimum demand on labour markets and minimum supply in output market.

**POOR PEASANT:** The fourth category is the poor peasants' group. These households are simultaneously cultivators and agricultural labourers. They are cultivators of insufficient land compared to their consumption needs and are also agricultural labourers to meet their



subsistence. These are suppliers of labour in the labour market but also operate some land. The land that they operate could be owned or leased in land. The group may either own land or participate in the tenancy market, may opt for non-farm activities may contribute to out migration if the agriculture does not provide sufficient income. The strength of this group is to sustain within the village or reproduce themselves with in the village depends crucially on the strength and operation of its counterpart the 'Rich Peasant Group' and this is dependent on that group's dynamism and activity.

AGRICULTURAL LABOUR HOUSEHOLDS: The fifth category is the group of households who are entirely dependent on sale of labour and is called agriculture labour group. Devoid of any ownership of land, the group derives its sustenance from selling labour either as the permanent farm servant (sometimes as an inter generational bonded labour) or as a casual labour, or migrate out into agriculture works in neighbouring villages or migrate to the urban areas as manual workers in the informal sector. Depending on the structure of the economy in which they operate, these households in the group try to become cultivators by leasing in land. But basically they are the suppliers of labour.

3.2 The structure of a village economy is defined in terms of the dominance of the class/group in the village economy. Dominance could be in terms of political dominance or economic dominance. Here we are considering economic dominance, which is defined in terms of land owned by different groups. One can identify four different types of village structures: non-cultivating household dominated village economy, rich peasant dominated village economy, middle peasant dominated village economy and a poor peasant dominated village economy. Given the four structure we would hypothesise on the nature of agrarian relation that may exist in these four structures. Here we would concentrate on two agrarian relations namely land lease and credit market. Given the emphasis to analyse the system (in this case the village economy), we like to hypothesise on the aggregate relations that may be generated in the four structures in case of land lease and credit market.

### 3.2.1 *The Land Lease Market*

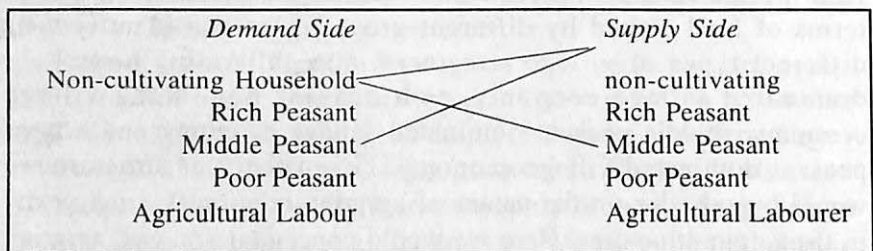
In the new institutional economics literature lease is seen as a process of resource adjustment under conditions of multiple market failure. While in the classical political economy, lease is seen as a survival

strategy under conditions of non-expanding industry, and a large segment of the population is dependent on land for survival.

**SOURCES OF DEMAND OF LAND LEASE:** There could be two main sources for demand of land. One is the rich peasant and the second the poor peasant. The rich peasant is the one who wants to expand the scale of operation but is not able to buy land; he can increase the land operated by leasing in land from the land surplus non-cultivating household or could lease in from poor peasantry. The poor peasant may lease out the land as they are provided a higher return when compared to self-cultivation. This form of lease is called commercial leasing by Patnaik. (1994) Two, the second source of demand for land lease is by the poor peasant who wants to assure himself of food security under conditions of high unemployment uncertainty. This form is called hunger leasing by Patnaik. (1994) There could be households in other classes like middle peasants, who may also lease in but these two segments are the main source of demand for land lease.

**SOURCES OF SUPPLY OF LAND FOR LEASE:** The supply of land can be either by the non-cultivating households who own land but are not interested to organise production or could be by poor peasants who own land but find that the return for cultivation lower than the returns from the labour market.

#### The Dominant Pair-wise Exchange in the Land Lease Market



#### 3.2.2 Credit Relations in the Village

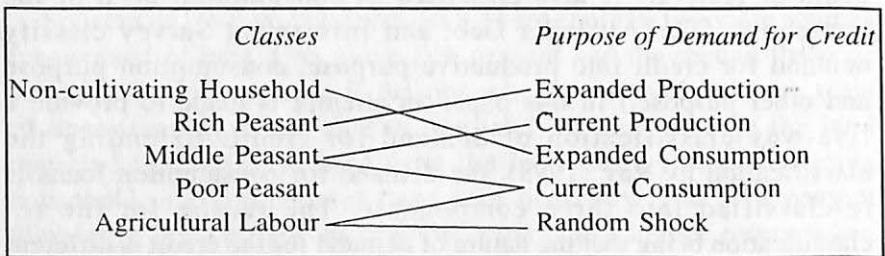
In a non-instantaneous economy wherein the production cycle and consumption cycles are not synchronised advances/credit play an important role.

**SOURCES OF DEMAND FOR CREDIT:** Ray (1998) divides the demand for credit into three parts. One, credit required for new set up called the demand for fixed capital; two, credit required for ongoing production process and their need for advances to meet consumption need of

the households. The need for consumption credit due to illness or death or festivals is also classified as consumption need of the household. (The All India Debt and Investment Survey classify demand for credit into productive purpose, consumption purpose and other purpose.) In this paper an attempt is made to provide a five-way classification of demand for credit. Extending the classification by Ray (1998), the demand for consumption loans is re-classified into three components. The reason for the re-classification being that the nature of demand for the credit is different in the different sources.

One can identify five sources of demand for credit. The consumption needs of the households can be classified into three groups. One, the consumption bundle of the households is historically defined or in other words the arguments in the utility function are given but the household does not have the resources to purchase this consumption bundle. So this household needs advance to meet the consumption (one refers to this as current consumption). Two, the consumption bundle is expanding, i.e., new arguments may be introduced into the utility function. This could be seen in terms of need for 'better health facility', 'convent education', consumer goods like television, motorcycle etc. Households may demand these goods but do not have the resources to purchase the goods (at a single point of time) and so need advances to access these goods (one can refer to this as expanded consumption). Three, the production agent faces a random shock like drought, famine due to which the household is not able to meet its consumption, needing advances to meet credit. On the production side, one has two sources of demand for credit. One, to organise production there is a need to access inputs like labour, instruments, manure etc but households may not own the resources and so need to access these inputs from other households. If the households do not have past saving, there is a need for advances so as to access these inputs (one can refer to this as current production). Two, production units may want to introduce new crops or new methods of organisation or may want to produce for the market. Household needs advances to change the form of organisation provided they do not have past saving need advances to change the production structure (one can refer to this as expanded production). Here we have identified five sources of demand for credit. They are to meet current consumption, expanded consumption, and random shock effecting consumption/expenditure, current production and expanded production.

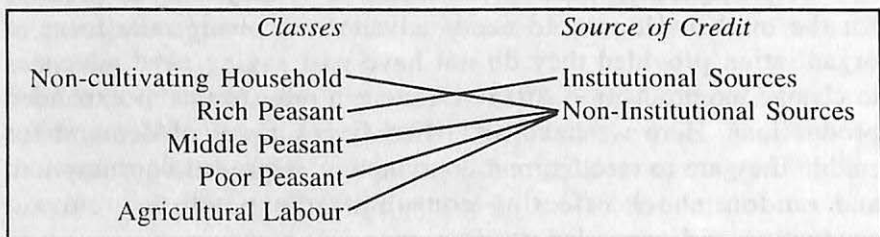
## Mapping of Classes and Purpose for Demand for Credit



In case of non-cultivating households, the purpose of credit would dominantly be for expanded production as these households are not directly interested to increase production and are involved in the production process. In case of rich peasants who are interested to increase production, they might have dominance for expanded production as the most important source of credit. In case of middle ones, the main purpose for credit would be either current production or current consumption. The poor peasants would also have a dominance due to random shock or current aspects in the economy.

**SOURCES OF SUPPLY OF CREDIT:** Supply of credit can be from the traditional sources like moneylender, traders, friends and relatives or from the modern institutions like banks (The literature on credit identifies the traditional institutions as non-institutional credit and modern institution with institutional sources). The All India Debt and Investment Survey reports a decrease in the proportion of credit advanced from non-institutional sources over a period of time. The proportion of advances from non-institutional sources decreased from 68.3 per cent in 1971 to 36.8 per cent in 1981 to 30.6 per cent in the 1991 (All India Debt and Investment Survey 1991). But in cross-sectional studies on rural credit market, non-institutional sources continue to be the dominant source of credit. (Kailas Sarap 1991), (Uma Rani 1997).

## Mapping Classes and Sources of Credit



Excluding the case of rich peasants all the other classes would be depending on the non-institutional sources.

### *3.3 Typologies of Village Structure*

**NON-CULTIVATING CLASS DOMINATED STRUCTURE:** If a large proportion of land is owned by non-cultivating class/group in a village economy, these households have to either lease out the land to cultivators or cultivate land using attached labour system. So a village dominated by non-cultivators will have a large tract of land under lease or have a larger number of attached labour.

In case of credit relation, as these households may not have an interest to increase production, the proportion of loan for production purpose would be small and non-institutional sources would dominate the credit market.

**RICH PEASANT DOMINATED ECONOMY:** An economy dominated by rich peasants has a large number of households which are market oriented. If the operated land is below the potential need of the household, these households would lease-in land from other groups/classes. These households are market oriented, both in terms of purchase of input as well as in the output market. Given that these households depend on markets for inputs but the output is realised. In the end of the production process, these households need advances to access these inputs. So these households can be expected to have a dominance of production loans (for expanded production) when compared to consumption loans. In addition, modern institutions may dominate over traditional institutions.

**MIDDLE PEASANT DOMINATED ECONOMY:** An economy dominated by middle peasant is one where the agents neither sell nor do they purchase labour in the market. In addition, this segment is not market oriented. These households are not net leasing out agents but may marginally lease in land. As these households are not interested to produce to the market and so are not interested in increased production, current consumption, and current consumption loans dominate the credit market. In this case also non-institutional sources would dominate agriculture

**POOR PEASANT DOMINATED ECONOMY:** In a poor peasant economy, households in this group own large tracts of land and if the production process has phases of large demand for labour and phases of slack in demand for labour, these households would demand credit to smoothen consumption. So in this type of economy, proportion

of consumption credit would dominate over the proportion of production credit. As the labour supplying households do not have collaterals acceptable by the modern institutions, these households' access traditional institutions.

#### 4. An Illustration from Four Villages

4.1 I was part of a research team attempting to analyse the changing nature of agriculture in Andhra Pradesh. As part of the exercise, 12 villages were analysed in the state: ten in the non-tribal villages and two tribal villages. All households *residing* in the village were enumerated in the survey. The questionnaire collected information on the resource position of the households (land, labour and instruments) and also collected information on the agrarian relation of the household (lease, credit, etc). Based on these information, households were classified into classes. In turn, villages were classified into non-cultivating household dominated village, rich peasant dominated village, middle peasant dominated village and poor peasant dominated village based on the number of households and land owned by these classes in the village economy. Here we are presenting information related to four villages, one from each class.

Table 1: The Distribution of Households and Land Owned by Different Classes in the Study Villages:

	<i>Mentipudi</i>		<i>Seethampet</i>		<i>Nagaram</i>		<i>Tatiparti</i>	
	No	Area	No	Area	No	Area	No	Area
Agricultural Labourer	26	0.00	91	6.00	37	7.50	29	22.00
Poor Peasantry	22	7.70	21	20.75	77	120.80	154	530.57
Middle Peasantry	21	30.05	28	116.79	39	136.70	29	150.00
Rich Peasantry	13	40.50	19	184.50	13	107.30	3	46
Non-cultivating Households	8	40.00	11	88.10	4	23.00	-	-
Total	90	118.25	170	416.14	170	395.30	215	749.07

#### 4.2 *Mentipudi*

The village *Mentipudi* is located in the Godavari delta region of Andhra Pradesh. This village is a mono-crop village with cultivation of paddy in *Kharif* as well as *Rabi* seasons. Rich peasant owns the maximum amount of land followed by non-cultivating households with the rich peasant owning marginally more land than the non-

cultivating households. A feature of this village is the large difference between the reported land owned by the villages and the operated land (table 2). One of the reasons for the difference is under-reporting of land by owners while the second could be the owners staying outside the village and as the survey was based on residents in the villages, these households are not part of the survey. The non-resident land owners could be owners residing in adjacent villages and cultivating land in the village or could be owners staying outside the village but are not cultivators. In the survey, we did not come across cases wherein cultivators owned land in the adjacent and cultivating, and in that village. In this village we did come across cases where land owners are staying in adjacent town. These land owners are school teachers, or in other government jobs. As non-cultivating households own large segment of the land we identified this village as a non-cultivating households dominated structure.

Table 2: Land Owned and Operated by Farmers in the Surveyed Villages

	<i>Land Owned</i>	<i>Land Operated</i>
Mentipudi	118.25	211.25
Seethampet	416.14	405.34
Nagaram	395.30	422.34
Jonanki	267.57	197.54

### *Seethampet*

The second village is Seethampet, situated in the dry areas of West Godavari district. This village has multiple crops but there is a dominance of cultivation of tobacco. (Table 3) In this case the land owned and operated are nearly equal. As the maximum amount of land is concentrated with the rich peasantries, this village is identified as a rich peasant dominated village.

### *Nagaram*

The third village is Nagaram located in Karimnagar district. This village was influenced by Naxalite movement. In the recent past, the house of the village landlord was blasted by the Naxalites. At the peak of the movement, the landlord had migrated to the nearby town but recently has come back to the village. This village is also a multi-crop village with corn being one of the principal crops. Table 1 shows that land is concentrated in the hands of middle peasantry

in the village and so this village is identified as a middle peasant village.

### *Tatiparthi*

The last village Tatiparthi is situated in Mahaboobnagar district and is rainfall dependent drought affected village. The specific feature of this village is the dominant presence of poor peasantry, which constitute more than 71.62 per cent of the agricultural households in the village and owns 70.76 per cent of the land. Given the dominant presence of poor peasantry in the village, we identify this village as a poor peasant village.

Table 3: Cropping Pattern in the Surveyed Villages

	<i>Paddy</i>	<i>Tobacco</i>	<i>Maize</i>	<i>Cane</i>	<i>Turmeric</i>	<i>Gram</i>	<i>Jowar</i>	<i>Castrol</i>	<i>Mirchi</i>	<i>Total</i>
Menti- pudi	187.5	-	-	-	-	-	-	-	-	187.5
Seetha- mpet	93.7	215.5	17.0	35.0	-	-	-	-	-	361.2
Naga- ram	146.0	-	40.8	-	69.9	18.0	-	-	24.2	295.0
Tati- parthi	55.5	-	6.5	-	-	40.0	296.1	211.0	0.5	609.5

### 4.3 *Lease Relation in the Study Villages*

The villages under study show different percentages of land under lease. Here we are studying the percentage of land leased to the percentage of operated land and also the percentage of cultivators who are leasing in land (Table 4). Mentipudi, the non-cultivating household dominated village has the maximum extent of land under lease (52.60 per cent) and also the highest number of cultivators dependent of lease of land (66.07 per cent). This is followed by Seethampet, the rich peasant dominated village. The middle peasant village and poor peasant village have the same proportion of land under lease. As expected, the non-cultivating dominated village have the largest extent of land under lease, and the poor peasant and middle peasant dominated villages, do not have large extent of land under lease. The rich peasant also has a sizeable presence in the lease market. Who are the agents who are leasing in and leasing out in the surveyed villages?



Table 4: Number and Extent of Land under Tenancy

	<i>No. of Cultivators</i>	<i>No. of Households Leasing in Land</i>	<i>Extent of Land Leased in</i>	<i>Land Operated</i>
Mentipudi	56	37 (66.07)	111.00	211.0 (52.60)
Seethampet	68	28 (41.17)	64.40	364.14 (17.57)
Nagaram	129	20 (15.50)	33.70	335.64 (10.04)
Tatparti	86	15 (17.44)	68.00	727.07 (9.35)

The researcher faces a major problem in the analysis of the nature of leasing in and leasing out agents. There is a major difference between the extent of land leased in and leased out. As was specified earlier, this could be either due to under reporting or due to methodology followed for the survey.

In case of Mentipudi, the major demanders are the rich peasants followed by the poor peasants and the major suppliers are the non-cultivating households. In case of the demand side factors, there looks to be a competition between rich peasant and the poor peasant. If the rich peasants are able to outbid the poor peasants by providing higher rent, there is a possibility that this village may transform to a rich peasant dominated structure. But if the poor peasants pay higher rent, they strengthen the non-cultivating structure of the economy.

In case of Seethampet, the extent of land leased in and out are nearly equal. In this village the leasing out agent is the non-cultivating households while there is a bid by middle and poor peasants to lease in land. In case of Nagaram, the middle peasant dominated structure, the main player in the lease in market is the middle peasant and given the limitation of data, the main leasing out agent is the non-cultivating households. While in case of the poor peasant dominated structure the main leasing in agent continue to be the poor peasant.

Table 5: Leasing in Agent

	<i>Mentipudi</i>		<i>Seetempet</i>		<i>Nagaram</i>		<i>Tatiparthi</i>	
	<i>No</i>	<i>Area</i>	<i>No</i>	<i>Area</i>	<i>No</i>	<i>Area</i>	<i>No</i>	<i>Area</i>
Agricultural Labourer	-	-	2	3.00	1	3.00	1	1.00
Poor Peasants	17	37.50	7	10.50	6	7.00	10	48.00
Middle Peasants Rich Peasants	12	28.00	10	21.50	12	19.70	4	19.00
Peasants	8	45.50	7	20.80	1	4.00	-	-
Non-cultivating Households	-	-	2	8.50	-	-	-	-
Total	37	111.0	28	64.30	20	33.7	15	68.00

Table 6: Leasing Out

	<i>Mentipudi</i>		<i>Seetempet</i>		<i>Nagaram</i>		<i>Tatiparthi</i>	
	<i>No</i>	<i>area</i>	<i>No</i>	<i>Area</i>	<i>No</i>	<i>Area</i>	<i>No</i>	<i>Area</i>
Agricultural Labourer	-	-	4	4.50	-	-	-	-
Poor Peasants	-	-	-	-	1	2.00	1	5.00
Middle Peasants	-	-	2	6.50	-	-	-	-
Rich Peasants	1	5	-	-	-	-	1	7.00
Non-cultivating Households	4	13.00	8	64.10	2	6.00	-	-
Total	5	18	14	75.10	3	8.00	2	12

#### 4.4 Credit Relations in the Study Villages

Seethampet and Tatiparti have the same proportion of households not taking loan in the village. Mentipudi has the highest proportion of households taking loan in the study village. The poor peasant village has the highest proportion of households not taking loan as well as the lowest per household loan taken. While the non-cultivating household dominated village has the highest proportion of loan taken as well as highest per household loan.

Table 7: Credit Requirement per Household and per Acre

(In thousand rupees)

<i>Village</i>	<i>% Households not taking credit</i>	<i>Credit per household</i>	<i>Credit per household reporting taking loan Total</i>	<i>Per acre</i>
Mentipudi	6.59	46.44	35.74	49.71
Seetampet	36.09	31.05	12.61	41.65
Nagaram	11.49	42.42	19.07	47.93
Tatiparthi	37.96	16.35	4.77	26.69

The rich peasant dominated structure has the dominance of institutional sources of credit, i.e., 60.66 per cent of the loans are provided by banks and co-operatives and the major reason for taking credit is for expanded production. The poor peasant dominated structure has a dominance of moneylender followed by friends and relatives while the peasant is taking for nearly all the five identified purposes for credit. But in this village structure, one finds random shot, is also an important reason to access the credit market.

Table 8: Source of Credit: Percentage share of Credit according to SOURCE

Village	Bank	Co-operative	Money lender	Friends & Relatives	Others	Total
Mentipudi	10.55	9.05	73.76	5.39	1.25	100
Sectampet	36.29	15.37	45.29	1.23	1.82	100
Nagaram	17.06	6.65	60.32	14.06	1.91	100
Tatiparthi	19.75	3.91	39.57	36.04	0.73	100

In case of the middle peasant dominated structure, the moneylender is the main source of credit meeting nearly 60 per cent of the needs in the village economy. In this economy the main reason for credit is for expanded production. While for the non-cultivating household dominated village economy, the moneylender is the main source of credit and the reason for accessing credit is for expanded production.

Table 9: Purpose of Credit: Percentage share of Credit according to Purpose

Village	Un-specified	Expanded Production	Production	Expanded Consumption	Consumption	Random Short
Mentipudi	4.07	39.80	28.81	9.33	7.91	10.06
Seatampet	6.30	43.37	15.09	12.60	13.10	9.53
Nagaram	0.70	17.82	23.62	28.65	17.12	11.97
Tatiparthi	4.75	17.23	21.62	19.35	17.67	19.35

#### 4. Agrarian Structure, Agrarian Relations and Development

Development is seen as a process of social transformation from a pre-capitalist economy to a capitalist economy. There are two alternative methods of change. One, to change the structure of the economy and in the process the relations would also change. An example of a policy which changes the structure is the land reform. Two, the relations of the economy are changed without changing the structure of the economy like government providing subsidised credit to small farmers, the state provides extension services, etc.

In pre-capitalist economic formations, Bhaduri believes that the labour market is not *adequately* formed. An indication of the 'inadequately' formed labour market is the non-separation of the labourer from the means of production. Under conditions of inadequately formed labour market the exploitation of the labourer '... in markets other than in the inadequately formed labor market becomes a distinct theoretical possibility to be explored.' (p. 6)

Bhaduri models a specific form of agrarian structure of backward agriculture wherein there is a dominance of small farmer operated units and the land is concentrated with the landlords or the landlords have class monopoly on land. The exploitation of surplus in other markets leads to *forced commerce* wherein the peasant is forced into exchange relation to repay the consumption loan taken by the household. (The small farmers needs consumption loan to subsist from one period to the next period and he also leases in land from the same agents. So there is a coexistence of two forms of surplus extractions of small farmers by large land owner who provides land on rent as well as provides credit.)

According to Krishna Bharadwaj, the low level of accumulation in the economy is the reason for the under formation of the labour market. The industry is not able to absorb the labour and so there is a surplus of labour in the agrarian economy. The lack of alternative employment opportunities lead the deficit income households to cling to their parcels of land and constraining the formation of the labour market. 'Further, the underdevelopment or the muted formation of a capitalist market in one sphere inhibits the formation and growth of a market in another.' (p. 46) In addition, land lease market functioning as a substitute to the land market has two effects. On the one hand, land is temporarily transferred to the labour surplus households and on the other hand it has a tendency to curb the formation of the labour market. Households who are potential suppliers of labour in the labour market, withdraw from the labour market and become tenants. (As the resource position are different between households, exchange relation are also different between the groups/classes leading to under formation of the labour market.)

#### SELECTED REFERENCE

- Bardhan, P.K. (1984), *Land, Labor and Rural Poverty*, New Delhi: Oxford University Press.
- Bhaduri, Amit (1984), *The Economic Structure of Backward Agriculture*, London: Academic Press.
- Bharadwaj, K., *On the Formation of the Labor Market in Rural Asia*, Mimeo, Delhi.
- Eswaran, M. and Askok Kotwal (1989), "Credit and Class Structure" in *The Economic Theory of Agrarian Institutions*, Pranab Bardhan, (ed.), Oxford: Clarendon Press, pp. 166-184.
- Gupta, D. (1991), *Social Stratification*, Delhi: Oxford University Press, (Edited book).

- Hayami, Y. (2004), "Agrarian Communities Across Asia: A Provisional Framework for Comparison" in *India's Economic and Social Development: National and International Perspective*, International Conference in honour of Professor C.H. Hanumantha Rao.
- Lopez, J. and John Scott (2005), *Social Structure*, Delhi: Viva Books.
- Mohan, R. (2006), "Agricultural Credit in India: Status, Issues and Future Agenda" in *Economic and Political Weekly*, March 18, 2006.
- Patnaik, U. (2000), *Agrarian Relations and Accumulation: The Modes of Production Debate*, published for Sameeksha Trust, Delhi: Oxford University Press.
- Platteau, J.P. and Y. Hayami (1998), "Resource Endowment and Agricultural Development: Africa vs Asia" in Y. Hayami and M. Aoki (eds.), *The Institutional Foundations of Economic Development in East Asia*, London: Macmillan.
- Rani, U. (1997), *Agrarian Relations and Rural Credit Market in India*, University of Hyderabad, Unpublished Thesis.
- Rao, R.S. (2004), "Proposing an Alternative Classification Framework" in *Agrarian Transformation in Orissa: Issues and Evidence*, Vol. II, (ed.), K. Sarap, P.K. Tripathy, S.S. Rath, and B. Mishra, Sambalpur University, pp. 1-5.
- Rao, R.S. and M. Bharathi (2003), *Comprehensive Study of Land and Poverty in Andhra Pradesh*, A Preliminary Report.
- Ray, D. (1999), *Development Economics*, Oxford University Press.
- Roy, B. (1996): "Structuralism" in *The Blackwell Companion to Social Theory*, (ed.), Bryan S. Turner, Oxford: Blackwell.
- Sarap, K. (1991), *Interlinked Agrarian Markets in Rural India*, New Delhi: Sage.
- Vijay, R. and N.V. Shyam Sunder (2004), "Rural Credit Market in Andhra Pradesh: A Study on Structural Constituents" in *Agrarian Transformation in Orissa: Issues and Evidence*, Vol. II, *Op.cit.*, pp. 65-83.
- Vyas, V.S. (2003), *Indian Agrarian Structure, Economic Policies and Sustainable Development: Variation on a Theme*, New Delhi: Academic Foundation.

## NOTES

1. In an earlier attempt to describe structure, Spencer (1876) maintains that "the core idea here are integration and differentiation. The former refers to the internal co-operation of the separate parts of a whole. It does not matter whether the whole is a mammal or a society for Spencer, the principal of structural integration would be central. Differentiation refers to the division of labour within the whole, each component part has a different and specific job to do, a function to fulfill". (Boyne 1996: p. 195).
2. A system based approach conceive of the system to be closed. Here we assume the village economy to be closed as the allocation within the sys-

- tem is not influenced dominantly by the external economy. This does not imply that there is no trade between the village and the outside world.
3. By primary inputs one means that a household cannot organise production without access to these inputs.
  4. If one is using the new institutional approach, the re-allocating mechanisms are called agrarian institutions while if the classical political economy approach is followed these mechanisms are called agrarian institutions.
  5. There exist methodological problems here. One, is there an unique causation from agrarian structure to the agrarian relations. Two, can an agrarian relation be generated by more than one structure. Three, if the structure itself is changing, does there exist a lag before the change in relations.