

Some Aspects of Agricultural Investment in India II

This is the second and concluding part of the article examining development of agrarian capitalism through the lens of capital accumulation. First part discussed changing pattern of agrarian investment in India from a macroeconomic viewpoint (<http://sanhati.com/excerpted/2905/>). We found that investment in agriculture has not been significant. This probably has its roots in the plummeting levels of public investment. The effect has been the preponderance of small and marginal plots which can seldom be called capitalist farm. In this second part of the article, survey of some villages in Bihar has been discussed.

III. Village Survey

Our villages come from two distinct geographical regions. The first cluster of villages is located in East Champaran district. The villages are about 30 kilometres from the district headquarters Motihari. East Champaran is in North Bihar, arguably the backward part of the state (Chakravarti, 2001). The district is near the Nepal border. Being close to the Himalayan mountain range, farm fields of the villages often get flooded by monsoon-swelled rivers. The villages we visited are Gorigaon, Melhaiya, Bemuniya; all three come under the same panchayat. River *Buri Gandak* meanders by them. Monsoon flood, which has become more frequent of late according to old timers, has serious bearing upon living conditions of farmers and farm labourers. The monsoon crop, called the kharif crop, is uncertain because of it. It is the winter crop, the rabi crop, they have to depend on.

The second cluster of villages are right in the middle of the Gangetic plains. They are within 10 to 20 kilometres of the river, on the south bank. These villages are Londhila, Sindaur¹. They are in Buxar district, which is close to the border with Uttar Pradesh. This region is the relatively more prosperous part of the state. According to a World Bank report, ranks of East Champaran and Buxar are 28 and 15 (out of 30 districts) in terms of health indicators. It has seen also been a site of more intense peasant militancy than districts to the north. Unlike the first cluster the second cluster grows two crops a year. Indeed it is the monsoon crop, paddy, denied to first cluster, that peasants of the second cluster bank on for major part of their annual income.

In each village we have tried to gather information on, (1) distribution of land, main crops, (2) state of agricultural labourers, (3) extent of land tenancy and usury, (4) profit per acre, (5) caste composition, (6) performance of government schemes. We present profile of villages comprising of these characteristics as follows.

Gorigaon:

There are about 150 households in the village. Nearly 70% to 80% of them own land plots of size 2 to 3 acres. The biggest landholder owns 8 to 10 acres². Around 10 households are landless. Only four men have regular jobs outside farming. Due to small landholdings, most of households depend on labour income. Members from about 140 families migrate seasonally to Punjab, Haryana etc. They go twice a year. One, when kharif sowing season starts there, in the month of May usually. After two months they return to work on their own farms. They go back once more when the crop is harvested in Punjab.

1 Names of the villages have been changed.

2 1 hectare is roughly equal to 2.47 acre. It is pertinent to remember that the average landholding in India in 2003 was 1.06 hectare, that is, 2.62 acre.

Brick kilns which have come up in the last few years are also a source of employment. There are five such kilns in the neighbourhood. The head of the panchayat owns a few kilns. Kilns employ about 150 labourers each. Operating from December to April, kilns stop production as monsoon rains start.



This community centre-cum-godown was meant to be an Integrated Child Development Scheme creche

Besides lack of jobs, another reason driving labourers from the village is low wage. It's in the range of 50 to 80 rupees plus a meal. Among big farmers on the other hand, resentment brews over migration. One such farmer owns 10-15 acres in the vicinity of the village. Following are his grouses about labour market. One, rising flow of migration. Flows have swelled after broad gauge railway lines were laid. Labourers can take the 7 AM train from Sugauli (a nearby town) to the district town Motihari, where the daily wage rate is higher. There are direct trains to Punjab now. Earlier one had to change trains at Gorakhpur and Lucknow to catch the Punjab train. Two, the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). Previously the wage norm was five to six kilogram of grain plus a meal. Or equivalent amount of money, which works out to 50-60 rupees. As the government is giving out 102 rupees under the employment scheme, wage in open market has jumped. He complains that government wage can be obtained by simply putting a thumb impression on the roster, without actually working. Families with more working hands are gaining due to tight labour market, he feels.

Main crops of the village are paddy (kharif), which is uncertain; and wheat, masur, maize, sugar cane (rabi). Sugar cane farming has declined of late. There were many government-owned sugar mills in this region, most of which have closed down. Winter crops, other than wheat, are grown for self-consumption.

Caste-wise the village has a majority of middle castes, officially called 'other backward castes'. About 40% are Yadavs, 40% are Mallahs (boatmen, included in 'other backwards castes' like Yadavs, but are more backward within this category), rest are mostly Kumbhars (potters).

Taking the market price, average yield of crop, various costs into account, profit per acre is about 7000 rupees per acre³. Once we combine this data with land distribution: 70%-80% of households own lands in the range of 2 to 3 acres, lack of dynamics of agrarian economy becomes clear. A family with 5 consumption units (children can be taken as half a unit) with 3 acres of land earns 21 thousand rupees from land which is equivalent to 11.5 rupees per day per person. If households are dependent only on farm income, going by the official poverty benchmark 70% to 80% are counted as poor.⁴

7000 rupees an acre can be seen in the following way as well. If we take 500 gram as the minimum daily cereal requirement (Harris et al, 2010, takes 400 grams in a Tamil village) and 12 rupees as the price of grain per kilogram (villagers have to buy rice from market) total family expense for cereal comes to 11000 rupees. There are other consumption requirements such as non-cereal food, transport, clothes, footwear, education, medicines etc. All this are to be met from 10 thousand rupees (assuming the family owns 3 acres), which is 167 rupees per head per month. To put this in perspective: price of a movie ticket in a reasonably furnished theatre in Indian metros is 150 rupees.

With such high deficit from farming, households are not left with surplus to invest. Could they not borrow to invest? There is a credit scheme of Bihar government called Kisan Credit Card (KCC). It is however widely reported that borrower has to pay 20% of sanctioned amount in bribes to get the loan sanctioned. Farmers are scared of government machinery. Even the more well-heeled are suspicious that government, or its personnel, would exact money from them on some pretext or other.

An alternative route to credits could be informal channels. We did not find high degree of informal credit transactions. Not many people have surplus to lend we were told. The little transaction that takes place is in emergency or social occasions. At 5% per month the rate is prohibitive for investment in production. There are some credit transactions among relatives and friends which are without interest payment.

With low earning from land, pressure on farmers to migrate is enormous. Villagers do not have many complaints about the working conditions in places they migrate to. Wages are higher there, no delay in payment. In brick kilns the rate is around 300 rupees per 1000 bricks. Each brick goes through four stages of processing, it is a back-breaking work.

What do the households do in case they manage to earn more than they consume? The paltry savings are mostly spent in lending to others in need. With many in vulnerable conditions there are no dearth of takers. Do they contemplate migrating permanently? The answer is invariably no. In fact, marginal farmers want to buy more land. According to large farmers it is not they who are expanding holding. The 'labour class' (this exact English phrase was used, implying those mainly dependent on labour

3 7000 rupees is not profit in the strict sense as we have not deducted payments on account of labour – manual or supervisory – performed by the household. The figure can be interpreted as the earning of the household from land.

4 Official poverty line is 11.6 rupees per capita per day (2004-05 prices), which is arguably a gross underestimate of poverty: Report on Conditions of Work and Promotion of Livelihoods in the Unorganised Sector, Government of India, 2007.

income; marginal farmers and the landless presumably⁵) is buying land courtesy their higher income. We found no evidence however that labour class has been able to accomplish this significantly. Apart from low purchasing power, dearth of land is perhaps a reason.

Key to aversion to permanent migration lies in social factors such as attachment to ancestral land, kinship ties, economic benefits associated with them, identity which comes with owning land etc. An additional economic factor could be: at present only males of working age migrate. Housing for the migrant is mostly arranged by the employer. Migrating permanently would involve relocating the entire family and finding a dwelling place in alien environment. This is a tall task. We have explored the issue of permanent migration further in other villages.

Despite high land demand we did not find many incidences of tenancy. About 10 households have leased in land. Terms of contract are *mani* and sharecropping. *Mani* is fixed rent payment, in kind. The rate is 15 kilo per katha per year (in this region one katha is about 7% of an acre). In sharecropping landowner gets one-third of the crop.

Do big farmers contemplate investment? Here criticality of public investment comes forth. Main reason for low profit is monsoon floods. No amount of private investment is sufficient to rein in flood. Reason for flood is poor upkeep of river embankments. With continuing floods, profitability of farming and hence investment remain low. Another route to boost up profitability can be electrification (this cluster of villages does not have power). From April to June the fields remain fallow. This period could be utilised to grow the *garma* (summer) crop. For summer crop irrigation is indispensable. But no canal irrigation is available to the village. With diesel pump set based irrigation, cost is prohibitive. Electricity-aided irrigation could have reduced the cost and made summer crop viable. Villagers also feel if industries are set up living conditions would improve.

Regarding government schemes the feedback is not rosy. Scepticism of big farmers over MGNREGS is shared by small farmers, but for different reasons. Jobs under the scheme are scarce. Even when jobs are there, payment gets delayed, or paid partially. The panchayat head, district magistrate, dealing clerks all are sharing the MGNREGS loot. Farmers wish its success, for they would not have to migrate to far off places if it does. Irregularities are reported in public distribution system: 5 thousand rupees is the going rate to enlist in the BPL. Getting into BPL list is a passport to other government benefits such as Indira Awas Yojna (IAY), under which 45 thousand rupees are granted to build houses. The bribe rate to get IAY sanctioned is about 10 thousand rupees.

The village has no health centre. People go to private clinics in Sugauli if they fall ill. For medicines they depend on open market shops. The state of education is marginally better than health. There is a middle school (up to class 8) in the village, recently upgraded from primary school. There are about 6 teachers, employed on contract, they are called Shiksha Mitras. Villagers are not very sure about their eligibility. There is suspicion that they have got jobs because of proximity to panchayat head.

Despite crisis of farm income and jobs we did not hear many demands for hike of wage or land distribution. This may seem surprising since about 96% of agricultural labourers in Bihar were not paid

5 As the size of landholding goes down share of labour income goes up. So the big farmers are not off the mark if one ignores the implicit disdain associated with 'labour'. For marginal farmers, that is, with landholding less than 2.5 acres, about 50% of income comes from wages (NSSO data quoted in Report on Conditions of Work and Promotion of Livelihoods in the Unorganised Sector, 2007, table 7.14).

the national minimum wage rate of 66 rupees in 2004-05⁶. Reasons could be as follows. One, farm jobs are anyway scarce. Only a few big farmers employ labourers (it was reported that big farms tend to have larger households, hence number of working hands would be proportionately more). Others would do with family labour. Second, there might be some truth in the allegation that wages have gone up due to MGNREGS, kilns and migration. First two of these have taken place after 2004, after the 96% data was collected that is. Regarding demand for land distribution, ceiling surplus land is not available in large quantities. Ceiling limit for irrigated land in Bihar is 15-18 acre (irrigated, two crops), 25 acre (irrigated, one crop). None in the village owns a plot bigger than 15 acres.

Melhaiya:

Melhaiya is poorer than Gorigaon. There are 125 households, all of whom own land below one acre. None has occupations outside farming. Incidence of landlessness is however few, 4-5 households are completely landless. Crops are similar to the Gorigaon village: kharif crop is paddy but is uncertain; in winter wheat and masuri are grown. Castewise the entire village is from the Mallah caste, barring a few houses of upper caste Rajputs, other backward caste Lohars (ironsmith) and Telis (oil makers).

Due to tiny plots villagers are more dependent on labour income. Wage is similar to Gorigaon, 50-60 rupees plus a meal. People from all households migrate seasonally. Many of them work in sugarcane fields of Punjab, or brick kilns there. Some had gone to more remote places like Kashmir and Assam. Nepal, which is nearby, had been a destination. But political disturbances have snapped the link lately. About 10 people migrate to informal sector factories of Delhi. They are hired through labour contractors. This is a recent development, earlier most of them would be directly hired by factory owner. Are there payment difficulties? With labour contractors there are. If the worker is late, part of wage is docked. In agricultural jobs there is not much regimentation. The shop owners of the village keep an eye though. If a labourer sells goods to the shop he is reported to the respective employer.

⁶ NSSO data quoted in *Report on Conditions of Work and Promotion of Livelihoods in the Unorganised Sector*, 2007, fig. 8.1.



This concrete building – school turned into community centre – seemed to be the only such strong structure in the village

Migration may have succeeded in lowering caste barriers. Villagers from upper or backward castes migrate as a team. But this might be idiosyncratic of this village where economic state of those high in the hierarchy is not significantly different from others.

All males from 15 to 50 years of age spend 10 months a year out of the village. They are informed of available jobs through mobile phones. Villagers rue that the MGNREGS is not delivering results. Some of them have wage pending for a year. Jobs under the scheme are rarely available, some have worked for only 14 to 15 days a year. Wages are paid in cash instead of the mandatory post office account route.

Other government schemes are in a similar state. There are 40 households which have BPL card (red card), only 3 have antodaya card (AAY, antodaya anna yojana, is for the very poor, they are given a yellow card). Those who are BPL but not under AAY do not get PDS provisions. This is the general trend in all villages we surveyed. At most the non-AAY BPLs get provisions two months a year. This is the case in Melhaiya too.

Villagers do not value education highly. There are no graduates from this village. In its entire history only three villagers have completed matriculation. The village does not have a school, most villagers are illiterate. Others drop out before they reach class 6 or 7. A primary school was built few years ago. But there was another school in a nearby village, Bemuniya, which is populated by many Bhumihaar (upper caste) families. On the pretext that two schools are unnecessary in a radius of 3 kilometres the school in Melhaiya was closed and transformed into a community hall. There are no health centres here.

With below-subsistence farming, none produces crops to sell. For most, the crop they grow lasts for barely six months.

There are allegations of rampant corruption in government schemes: from job guarantee programme to IAY to PDS. Although the local panchayat head is from Mallah caste, the village did not benefit from his office. Aside from a corruption-ridden job guarantee scheme other demands of villagers include cheap fertilisers, local employment opportunity, electrification, flood control.

Bemuniya:

Bemuniya is perhaps the most well to do of three villages. Around 110 households are there, around 5 of which own more than 12 acre of land, in the range 5 to 10 acre there are 5 households. At the bottom of pyramid are 20 households owning less than 2 acres. There are 3 tractors in the village. Reflecting the prosperity there is hardly any tenancy. Number of households from which people migrate to Punjab and other places is also relatively low at 35. The village has a high percentage of Bhumihars.



Indigenous granary, mud-made

Higher capacity to spend perhaps led to higher yield. A large farmer owning 12 acres grows 16 quintal wheat per acre (profit is 8000 rupees an acre). This is higher than the average yield in Gorigaon (12-14 quintal). Farmers here have the similar complaints over high diesel price. Their other big trouble is flood. This is understandable: if they had depended on migration-earned labour income, perhaps loss of crop due to floods would not have figure at the top of priorities. Their grouse over government inaction often found expression in caste hatred as the panchayat head is of backward caste. Those who migrate to Punjab – the labour class – have flourished of late we were told. They are the ones who are buying lands in the village.



This too was meant to be a creche

Not many have worked under the MGNREGS in the village. About 15-20 households have worked, and only a single person has so far been paid. To get payments of MGNREGS released, 20% would go in bribes we were told. Regarding PDS people are not hopeful. Non-AAY BPLs get 3 litres of kerosene once in two months. And that's about it. There is sugar once in a blue moon. Government officials do not enlist poor people of Bhumihar caste in the BPL, AAY. There is however quite a substantial number of BPL and AAY families, 50 and 10 respectively.

Informal money lending is scant due to dearth of funds. In economic distress they sell their land, organised credit market seemed to intimidate villagers. There is the familiar complaint that palms are to be greased to get bank credits. Going rate varies between 15% to 20%. In brick kilns the owner advances credits to workers which get adjusted with the subsequent wage payment. This is a well known mechanism to ensure supply of labour.

Marketing of crop poses a problem. Though the minimum support price is 1125 rupees a quintal for wheat (it was in fact a little less at 1080 rupees when we conducted the survey, but this is what the farmers reported), it is so troublesome to sell crops to government that farmers sell at 900-950 rupees to private traders. There are no FCI godowns or agents in Sugauli we were told.

There are no health centres in Bemuniya, a source villagers' ire. There is one primary school. Well-off farmers send their children to study to places like Chennai for higher studies in private colleges. Without government assistance they do not see bright future in farming.

Londhila:

Londhila is within 10-15 kilometres of Buxar town, the district headquarters. Villages in this part of the state are larger compared to Nepal border. Londhila has 250 to 300 households. About 50 of them are landless, there are 6 to 7 households owning land more than 6.2 acres, and 20 in the range of 3 to 6.2 acres. Rest (70%) has landholdings less than 3 acres.

In terms of caste composition, middle caste farmers form the majority. Koeris are about 35%, other middle castes 15%, upper castes 20%, dalits 30%.



Lock of the canal as it enters Buxar town; like the rest of the canal, it's dilapidated

There are two main crops. Paddy is grown in kharif season; wheat, gram, masur, vegetables, onion are grown in rabi. As a result income from an acre is substantially high, 20000 to 24000 rupees a year. Variation is caused by size of holding. Smaller farmers perform higher proportion of farming activities, thus saving on wage cost. For a large farmer owning 10 acres, profit from wheat is about 4000 an acre. From paddy it is much higher at 16000. Yield of wheat is lower here compared to North Bihar, possibly because in North Bihar land gets more rest.

If we take the higher figure of 24000 rupees, for 70% farmers income from land is less than 72000 rupees. Or 6000 a month. With 5 consumption units per household, income per head is less than 40 rupees a day. This is higher than 30.16, the cutoff mark below which consumption groups are 'vulnerable'⁷. But not enough perhaps for comfortable living and accumulation.

Consequently around half of all households, 150 out of 300, have members engaged in casual labour. As the village is close to Buxar, most commute there for work. Some, especially those from low castes, have migrated to Delhi, Gujarat. Migration to far off places is a new trend. Those in the age group of 15 to 30, are more mobile than their fathers. Migration by service castes such as barbers, who are required in social or religious ceremonies, was customarily discouraged earlier. But the new generation does not abide by old norms.

During transplantation however even landless households who have leased in small pieces of land engage labourers. These labourers are a team of migrants from other districts who travel across

⁷ 30.16 is calculated by adjusting the vulnerable cutoff 23.2 rupees quoted in Report on Conditions of Work and Promotion of Livelihoods in the Unorganised Sector, 2007, with the consumer price inflation of last 6 year.

villages. They have a superior technique of planting paddy seedlings which cuts seed cost 15 times. During harvest marginal and small farmers employ workers to save time. The wage rate is 100 rupees plus a meal. For women the wage rate is half ('fifty percent for females' seems to be the norm).

There is high incidence of tenancy, 25% to 30% of village land is cultivated on contract. An important reason is absenteeism. A considerable number of well to do households has migrated permanently to Buxar or other cities. Lands of these families are leased out. Rent is mostly paid in fixed cash. 10000 rupees per acre seemed to be the average. With the rise in crop price in recent times (due to minimum support price hike, farmers say), rent has gone up. Earlier rent would rise at the rate 500 rupees a year for a bigha. But in the last two years it has jumped from 5000 to 7000 a bigha (one bigha is 62% of an acre in this part of the state). Rent is paid in advance.

In 2009 drought damaged the crops, and rent money already paid in advance added to loss. A marginal farmer we met supplements family land by renting land, and yet the combined land is so small that the three brothers cannot simultaneously cultivate it. So they farm it in turn. Income he earns from manual jobs is falling short of drought losses of last year. He was planning to borrow from relatives. Another near-landless tenant farmer would ask the landlord not to raise rent this year. This was in May, before cultivation commenced. With 2010 turning out to be another drought year there would be more hardship. Compounding the misery, they would be ineligible for drought relief of the government, for tenancy contracts are mostly informal.

There is some sharecropping in the village. Both crop and cost are shared equally between landlord and tenant. We found instances of attached labour, a vanishing institution.

Demand for land tenure is particularly strong among the landless and those owning tiny parcels. Why are they so desperate when jobs are available in nearby town at 100 rupees a day plus a meal? One, land, whether owner or leased, is an insurance against fluctuating grain price. Tiny farmers try to meet grain requirement from land, labour income supports other consumption expenses. Two, there are times when a man cannot travel to towns, but can work in the farm. Extreme cold, rain, illness for instance. Three, many marginal farmers rear domestic animals as subsidiary occupation. As a farmer in Sindaur theorises, raising a cow or a buffalo is like having a saving scheme in bank. You save 5 to 10 rupees on daily basis. After 3 years the scheme matures: the full grown buffalo would be sold for 20000 rupees⁸. Land is crucial in this connection as it supplies feed to domestic animals.

MGNREGS works did not seem very popular. Works under MGNREGS usually involve mud and dirt. Labourers who prefer cleaner work go to town instead. But as expected there are supply side anomalies: allegations of theft and irregularities, payment delays. Deserving poor have not been registered in BPL; no provisions are available for non-AAY BPLs. Londhila is by an irrigation canal built in colonial times, which connects Dehri on Son to Ganga. Earlier farmers used to depend on canal water for kharif irrigation. Presently, it's in a state of neglect. With flow dwindling to a trickle they are increasingly banking on private irrigation. When no canal water is there diesel pumps are used, cost per acre goes up by 1000 rupees⁹.

8 Indeed for the dirt poor there seems to be a ladder of occupations. One starts with animal husbandry (the price of a calf is not much, one can raise it on lease contract without owning too). With capital obtained from sale of the animal, land is leased in. With savings from tenancy he can aspire of buying his own piece of land.

9 An acre has to be watered twice. It takes 7 hours to irrigate an acre, the rental rate of pump for an hour is 70 rupees.

Health centre of the village is useless. Nurses, doctors do not visit except when immunisation drives are on. There is a middle school, whose quality has deteriorated over time. Shiksha Mitras are alleged to have got their jobs courtesy the panchayat chief. Asked if caste compatibility with the panchayat head matters in getting services most of respondents have answered in the negative. What seems to be crucial is whether the beneficiary is able to garner votes for the head, or if he is close to the head.

Procurement operation by the government is not helping matters. Farmers have to carry the crop to the collection centre in town. Small farmers with 5 to 7 quintals find the fixed transportation cost a barrier. It would be worthwhile to transport collectively, which rarely happens. There are additional impediments in procurement centre such as waiting in a queue, protecting the crop from the elements, bribes. Farmers mostly sell to middlemen at lower price.

Sindaur:

Sindaur is a large village with 400 households. It's away from any major town. The land distribution is as follows. There are around 10 households owning more than 12.4 acres (20 bigha), 11 in 6.2 to 12.4 range, around 50 in 3 to 6.2, 95 in 2 to 3, 110 households have land less than 2 acres, around 125 households are landless.

Castewise, Koeris form the major chunk with 125 households. Other backwards castes are Yadavs (15-20), Baniyas (25-30), Noniyas (25-30), Kamkars (35-40) etc. Among the 'forward castes': Rajputs (30-35), Brahmans (25), Kayasthas (15). Dalits include Dusads (20-25), Chamars (90-100), Methars (7-8), Doms (2) etc. There are no landless households among Rajputs or Kayasthas. Very few among Brahmans, Koeris. About 90% of Chamar households are landless. There are large incidences of landlessness among most backward castes and dalits.

Like Londhila, chief crops are paddy and wheat, paddy earning more than wheat. Income per acre is around 24000 rupees a year. With the abovesaid land distribution 60% of the village has income less than 26 rupees per capita per day (with 5 member household size). There are 250 'labour class' families, of which 150 have members migrating seasonally to Gujarat, Maharashtra, Punjab, Rajasthan. Many of them do cotton loading jobs in Maharashtra. Some work in garment, plywood factories through labour contractors. We visited a dalit locality where members from half the households migrate. They don't have many complaints over wages there, it's prompt and high. By working two months 8000 rupees can be made. Here wage rate is 80 rupees plus a meal. In need people take loans at 5%-8% per month interest.

The landless and marginals crave for land. If they manage to save from labour income they lease land. Rents are fixed cash usually, 12000 rupees an acre. Savings from tiny leased lands does not amount to a fortune, just enough to rent land the year next. Yet it saves them from food price capriciousness. In spite of such misery people do not want to migrate permanently. We got similar answers we received earlier. Cost associated with complete family migration, uncertainty.

Works under MGNREGS have been scant. There are allegations of corruption, although there have been no delay in wage payment. There is corruption in Indira Awas Yojna scheme. In BPL provisions have been distributed twice a year. In BPL or AAY it is alleged the dealer steals 2 kilogram of grain per beneficiary. The landless are upset over distribution of ceiling surplus land. *Parcha* (official record, receipt) was distributed to dalits for such land. But land remains occupied by powerful people. The

government has done nothing to ensure actual transfer the land.



Dalit locality: Cham-toli

From large farmers we heard the usual complaints of rising labour cost due to migration, MGNREGS. Price of diesel, fertilisers have gone up more than in proportion to crop price (for fertilisers everywhere farmers pay 20% - 25% more than government determined rate). Income from land has dwindled as a consequence. Rising family size has divided holdings. A large farmer recommended that government should acquire land and hire farmers as employee.

Nevertheless big farmers' income from land is substantial. There are a number of landholders whose holdings exceed ceiling limit. Surplus is not reinvested on land, despite the fact that yield of many crops in Bihar is lower than potential yield or national average (see figure 4). Surplus is siphoned off to educate young generation so that they can move to other professions and to the town. Thus, paradoxically it is from big farmer families – not from marginal farmers – that people migrate permanently.

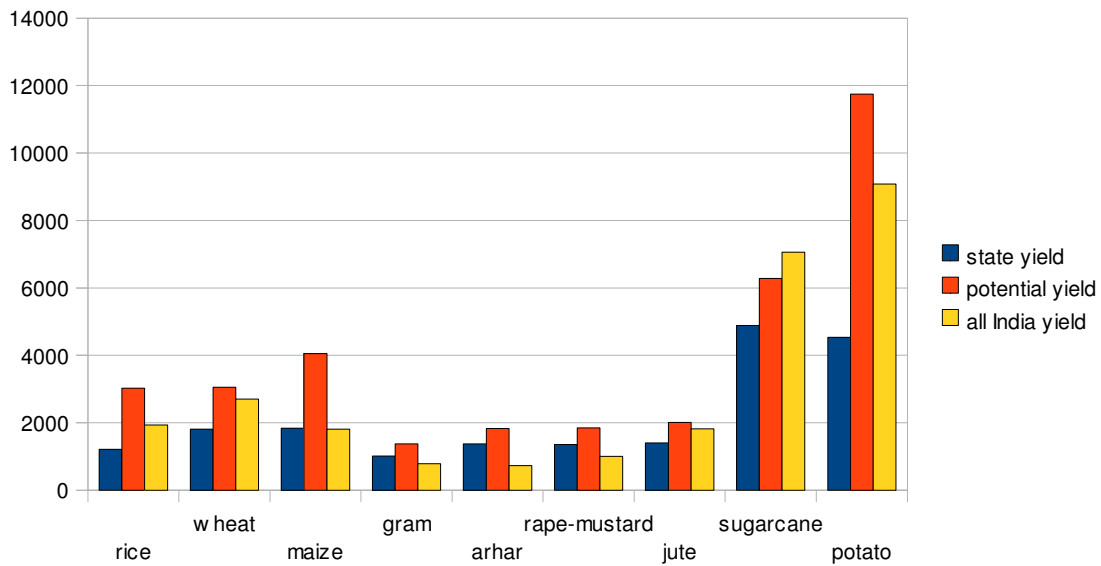


Figure 4: Comparison of yield of various crops (source: World Bank Report, 2005)

There is a Primary Agricultural Cooperative Society (PAX) in the village. It was directed to procure grain and deposit in the FCI godown. After 5 months the PAX is yet to receive payment for 5000 quintals of rice procured from farmers. A marginal farmer whose earning is stuck in the 10 quintals surplus he has managed to produce can not afford to wait for such a long time, this drives him to distress sale at lower price. The PAX was planning to expand its banking operations so that immediate payment to farmers could be financed. PAX also distributes fertilizers at the government rate, but supply invariably falls short of requirement.

There is a canal by the village. Of late the government has handed over its maintenance to private parties in return of fixed percentage of collection of water tax. Maintenance of the canal has deteriorated ever since. There is an overseeing committee, which is defunct.



List of households and points on the wall; APL/BPL status is decided on the basis of points

The health centre of the village is dysfunctional. The high school is reported to be good, although it is hamstrung by lack of teachers. On the top of it, teachers are often sent on government duties.

IV. Conclusion and Comments:

Following observations seem tenable. One, for an overwhelming majority of farmers land size is inadequate to meet consumption requirements. Therefore no surplus is created for investment. Two, for those who generate surplus or have access to organised credit market profitability of farming is too low to investment. Three, potential avenues for public investment exist which could raise farm profits: electricity, flood control, irrigation, procurement. However, with extremely fragmented landholding, benefits from this should not be overemphasised¹⁰. Four, rising input price without commensurate rise in crop price is a major reason for lack of surplus generation and destitution. Five, tenancy or usury are not widespread, they can not be dominant forms of surplus expropriation. Search for food security seems to be a major factor behind demand for tenure. Six, there is demand for land among the landless and marginal farmers. But potential of land redistribution does not seem immense. Fragmentation within large farms has meant not much ceiling surplus land is there¹¹. Hunger for land among the poor

10 Massive job opportunities outside agriculture might release land to ease the process of accumulation. In its absence, collectivisation through cooperative farming may be an appropriate tactic. There are benefits of large scale operation which a large capitalist farmer obtains. These 'economies of scale' could be harnessed by a cooperative. Another alternative could be coordinated public investment in farming. Piecemeal investments are likely to be unprofitable due to the existing unemployment and resulting desperation for land. A big-push, planned investment strategy by raising job opportunities could break the deadlock. We have explored this possibility elsewhere (Das, 2007).

11 "According to a government estimate, in the mid- 1990s for instance, in Jehanabad and Arwal districts there were only 6,000 acres of land above the ceiling (including lands procured under 'bhoodan' and those under litigation) that could be theoretically distributed among the poor and the dalits once the legislation is resolved favourably. Even if we accept that

has economic roots in unemployment, uncertainty over open market grain price, faulty public distribution of food. If these are addressed, craving for land is not likely to assume major importance.

This brings us to the main contention: what are the root causes of unemployment-ridden, stagnant agrarian economy? The petty peasant-dominated agrarian economy is reproduced with support of State policies. Through a repressive indirect tax regime, which is by definition regressive, peasant accumulation is thwarted. Outside agriculture, industries and services run on capital intensive techniques and high skilled labour, incapable of absorbing rural surplus labour. Lack of seriousness in running grain procurement or PDS, closure of rural banks are informed by fiscal fundamentalism. Oil prices are deregulated by dictates of big capital – rising irrigation bill hits farmers hard. In brief, land fragmentation and lack of momentum of agrarian economy are generated by policies of a neoliberal State on which the hold of the landlords is slipping, for as land has subdivided to such a high degree, economic foundation of feudal power has not stayed untouched. Rising tide of peasant movements under various communist parties have contributed to the erosion. This is not to say that landlords or their progenies *have been* emasculated. Many have diversified into trade, commerce, transport and government services¹², thereby economic hold on rural economy has been rescued to an extent. But this just underscores their relative powerlessness vis-a-vis the big bourgeoisie, for the latter run industries and services. Perhaps not unrelatedly, social domination of landlords has been constantly eroded by caste movements.

Rising prowess of monopoly capital has its own contradictions however. Capital, however moribund, must yield returns to the capitalist. Surplus can not sit idle. It must flow like blood does. Having established a firm grip on the State, capital seeks to encroach upon resources outside its traditional domain to reproduce itself. Therein lies the rub. State-assisted land acquisitions are being fiercely resisted by peasants. This is understandable. The neoliberal economy does not have development narratives for the uprooted and unskilled – save for trickle down homilies.

While eruption of mass revolts against resource grab is encouraging, from communist movement's point of view fragmentation of land poses a dilemma. With fragmentation demand for land redistribution loses its edge. Furthermore, as the rural economy is not producing many jobs – family farms supply their own labour mostly – demand for minimum wage may fail to materialise as a major rallying point. This is not to claim that traditional slogans have already lost their appeal because wages are being paid as per law and there is no ceiling surplus land left to be redistributed. There is bound to be high degree of under-reporting of large farms in official statistics¹³. Our survey might be giving only a partial view of the complex dynamics underway nationwide¹⁴. Nevertheless, when the NSSO reports that large farms (10 hectare+) occupy zero or negligible percentage of land in many states (West Bengal, Kerala, Assam, UP, Orissa, Tamil Nadu etc) it might be pointing an urgent evolving development¹⁵.

this could well be a conservative account and increase the figure by 50 per cent; 9,000 acres of land could barely support 9,000 families. Are there only 9,000 families that need such support in Jehanabad and Arwal?" (Kumar, 2003).

12 A staggering 83% of Bihar bureaucracy was upper caste in 1970s (Kumar, 2003), perhaps a reason for lack of progress of land reform.

13 Same is true for official record of tenancy, informal credits, unemployment. See Bardhan (1970) for an early discussion on tenancy.

14 It would be naïve to expect that the present survey yields a conclusive judgment. This might be one of the many endeavours that are needed to understand India's political economy.

15 In 2003 there were about 1.18 million large farms, with 14.05 hectares average size. If 10 hectares is taken as the average ceiling, $4.05 \times 1.18 = 4.78$ million hectares surplus land could be theoretically redistributed. This is evidently a

This may have led some to reformulate the immediate course of struggle. CPI (ML)-Party Unity and Maoist Communist Centre – both merged into CPI (Maoist) later – had identified 'bureaucratic feudalism' as a major obstacle to be confronted¹⁶. It would be useful to appreciate the tight stranglehold of officialdom from this episode, without going into the merits of such formulation.

When capital is touching all corners of agrarian life it would be Don Quixotic to direct energies against crumbling feudalism. The age of finance capital can not be hoped to revolutionise agrarian economy either. Finding the right people to man bureaucracy misses the whole point of nature of State¹⁷. This is a political economic space crowded with innumerable links with capital and instruments of a repressive State. Only by blocking the very arteries of capital, hence the State, perhaps explorations for alternative models of development could begin¹⁸. Severing links with capital should not however mean isolating the movement. On the contrary, there is an urgent need to coordinate and consolidate the numerous mutinies. For, variables which are shaping the seemingly disparate local depredations are similar; they are pan-economic and – looking from a higher vantage point – global in character. It is a common adversary, deserving a united resistance.

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minuscule compared to the 14.8 million landless households, or the 117.6 million marginal households who are barely above landless with 0.21 hectare average landsize. It is to be noted that just 17 years ago, in 1985-86, the surplus land figure was three times higher at about 14 million hectares (Rao, 1992).

16 “In the year 1995, the CPI (ML)-Party Unity, and soon after, the MCC, took up the question of 'bureaucratic feudalism', by which both meant mass mobilisation for the issues of development, stopping corruption in the bureaucracy for smooth implementation of government schemes and punishing corrupt contractors. Such mobilisation, as per a Party-Unity pamphlet, entailed filling-up the bureaucracy with people who really believed in distributive justice and carrying out a mass awareness campaign to expose corruption in the bureaucracy.” (Kumar, 2003). Also see Sinha (1996), Chaitanya (1997), Louise (1998).

17 “According to Marx, the state is an organ of class rule, an organ for the oppression of one class by another; it is the creation of “order”, which legalizes and perpetuates this oppression by moderating the conflict between classes.” (Lenin, 1917)

18 Is this a coincidence that the first steps that resistance against resource encroachment has been taking include digging roads, throwing out government officials and police, building a veritable fortress and declaring the State out of bounds?

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