

The Nature of Agricultural Development in India

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That the post-independence period marks a turning point in the history of Indian agriculture is clear from the fact that compared with a rate of growth of less than 0.5 per cent per annum during 1904-5 to 1944-45 the agricultural sector recorded an annual growth rate of 2.7 per cent during 1949-50 to 1983-84. This growth has been achieved as a result of high priority accorded to agriculture. The policy makers adopted a two fold strategy for regenerating agriculture immediately after independence. The first element of this strategy was to implement land reforms in order to remove institutional bottlenecks and the second element was to undertake massive investment in irrigation and other infrastructure in order to update the existing agricultural technology.

The most important event in the social history of India was land reforms enacted and implemented during the mid-fifties. Simultaneously, technological upgradation has also played a crucial role in augmenting agricultural production. It is rather curious that whereas land reforms have been studied in detail, the role of technology and the relations between technology and institutions have, by and large, been ignored by scholars in this country. Whereas land reforms have determined the pattern of land distribution and thereby the distribution of incomes and land relations, technology has determined the production potential within the context of the given institutional framework. Since technology does not exist in a vacuum but operates within a given institutional and social context, it is important to study their interaction. It is true that institutional changes by themselves can also lead to increased output by releasing forces of production. For example, the abolition of intermediaries in India did lead to substantial increases in output during the mid-fifties. But without technological innovations, the potential for higher growth is limited and soon gets exhausted. To maintain a tempo of high growth, huge investments in new technology are essential. It needs to be underlined that without investment in irrigation, roads, electrification and other infrastructure, research and development and extension services, large increments cannot be achieved in agricultural output. It is, therefore, no wonder that the fastest growth has not taken place in states like Kerala and West Bengal where land reforms have been quite radical but in Punjab and Haryana which are not known for any radical land redistribution. The point to be stressed is that whereas investment in new technology determines the frontiers of growth, the nature of growth and sharing of gains of new technology are determined by the institutional structure, in particular the pattern of land ownership. The latter, in turn is a direct consequence of changes brought about through land reforms. It needs to be underlined that technology and institutions are inextricably linked and cannot be easily separated. It appears that a great deal of confusion has been created by scholars who have classified the Indian agricultural development into two periods 1950-51 and 1966-67 and that between 1967-68 and 1983-84 and have characterised these as the land reform strategy adopted during the mid-fifties and the green revolution strategy adopted since the mid-sixties. It is further stated that whereas the first strategy led to equitable distribution, the latter has

resulted in accentuating inter personal and inter regional inequalities. Obviously, this characterisation is unscientific because a clear cut dichotomy is sought to be created between technology and institutions. It is true that land reforms brought about important changes in most of the states in India during the mid-fifties.

The most important contribution of land reforms was abolition of intermediaries and giving land titles to the actual cultivators. This released productive forces and the owner cultivators put in their best to augment production on their holdings. Whereas land reforms were important in increasing agricultural production during the first period, it also needs to be emphasised that during this period major output increases also took place because of large investments in irrigation infra-structure. In short, one could characterise the first period as having irrigation technology. Thus along with institutional changes, irrigation technology was an important instrument of growth. Further, it is absolutely incorrect to say that this period was characterised by equitable pattern of growth. The most important limitation of land reforms in various states was its failure in implementation of land ceilings enactments. Consequently land ownership distribution continued to be highly skewed. Because of this even during the first period, the inter-personal inequalities continued to be very large. There is evidence to suggest that the major gainers of irrigation technology were the upper middle, the rich and large farmers. It is no doubt true that the extent to which land reforms resulted in abolishing the inter-mediaries did release production forces by removing institutional barriers and thereby led to increase in output. But since large inequalities in land ownership were legitimised, the pattern of growth was such where the main agents of growth were the upper middle and rich farmers. Another point to be noted is that although green revolution technology did make a qualitative difference in augmenting yields, in a sense, it represented a continuation of the earlier irrigation technology. Given assured irrigation much higher yields became possible because of genetic break through in seeds. Highly accelerated output when super-imposed on iniquitous institutional framework has had a far reaching impact on agrarian structure and land relations.

For a proper understanding of the changing agrarian structure, the various strategies adopted for augmenting growth should be evaluated bearing in mind the highly skewed distribution of land ownership and land holdings. Soon after independence India found that the domestic production of foodgrains was not adequate to meet the domestic demand. It was justifiably considered humiliating for a country of the size of India to be going around with a begging bowl. Hence increasing foodgrain output and achieving self sufficiency in foodgrains became a matter of high priority for the policy makers. The Grow More Food campaign, the Community Development Programme and the Intensive Area Development Programmes were all attempts at regenerating Indian agriculture that had stagnated during the British period. Having created an institutional structure, it was but obvious that solutions had to be found within that framework. In this context food output could only be increased through programmes like JADP, through investment in infrastructure in already irrigated areas and through increasing dependence on the main

agents of growth namely the upper middle and rich farmers. It was, therefore, inevitable that the growth under such circumstances be concentrated in irrigated regions and in absolute terms a major proportion of incremental income should flow to the rich and very big farmers. Looked at in this context, to blame green revolution technology for distorted pattern of agricultural development is totally mis-conceived and illogical. It could actually be argued that without the introduction of new technology, India could not have recorded high growth in agriculture and could not have achieved near self-sufficiency in foodgrains: Major reasons for unequal pattern of development, it may be repeated was the creation of skewed land structure as a result of half-hearted land reforms.

The nature of distortions that have taken place in the agrarian structure and their implications for our polity may briefly be analysed. The following seem to be the major characteristics of agrarian scene in India:

1. Inter-personal inequality
2. Inter-regional inequality
4. Poverty.

A great deal of empirical research has been undertaken on all the above aspects. Some of the conclusions are summarised below:

1. Coming first to interpersonal inequality, almost all studies bring out there exists very large inequalities in the distribution of both income and assets in rural India. Among the cultivator households although income inequalities are generally highly correlated with land ownership/land holding inequalities, the extent of income inequalities are found to be slightly less than that of land holding inequalities. This happens primarily because the smaller farmers are able to put in more family labour on their holdings and are also able to earn relatively higher income from non-agricultural and allied agricultural occupations. All categories of cultivators seem to have recorded substantial increases in their income as a result of adoption of new technology in areas where new technology has been introduced. It is the middle and small farmers rather than the large farmers, who seem to have derived relatively higher benefits out of the initial thrust of green revolution, mainly because of their ability to augment yields by adopting labour intensive methods by utilising their family labour in an optimum manner. With the intensification of new technology, the capitalist farmers are also tending to become as efficient as the small owners through optimum utilisation of capital assets. The existing studies indicate that the statistical measures do not show unambiguously that increases in income inequality have occurred as a result of the adoption of new technology. In fact if one looks at Ginni coefficients or inter-class concentrations one finds a slight decline in inequality after the advent of green revolution. This notwithstanding, the income inequalities are found to be quite large. I would like to submit that the statistical measures of inequality are quite misleading. For example to suggest that inequalities have not increased is a matter of little consolation and does not capture the real situation. For example, for marginal farmer household more than doubling of income means that the family can now have two square meals a day which probably it

could not afford earlier. For a large and rich farming household only doubling of income means that it can not only construct a new house and get children educated, but also that it can now acquire a political clout and purchase patronage. I would submit that this is what has happened. The political clout of middle and rich farmers has increased tremendously whereas the living conditions of a smaller and marginal farmers have also improved slightly in the regions where new technology has been introduced. Most of the studies also indicate that in slow growing regions where new technology has not spread, the condition of marginal and small farmers as also of landless labour continues to be quite dismal and many of them continue to live below the poverty line.

The story about landless labour is more complex. In general in regions where new technology has been introduced it has led to increases in labour productivity. This, in turn, initially led to higher bargaining power of the landless labour and increased incomes and wages for them. However, this has gradually been counteracted by increased mechanisation on the one hand and large rural to rural migration of landless labour on the other. These two factors have tended to dampen the increases in wage rates in the prime green revolution regions. For example, the largest data indicate that the wage rates in Punjab have recently tended to stagnate or even decline. The other factors that have influenced the wage rates is the extent of non-agricultural employment, and also the food for work programmes.

Regional inequalities are equally notable. For example it is the north western states of Punjab, Haryana and Uttar Pradesh which have recorded consistently high growth rates since mid-sixties. On the other hand the Eastern region comprising of Orissa, Bihar and West Bengal has had a dismal performance. Except for Andhra Pradesh the recent performance of the southern region has not been very satisfactory. Being primarily dependent on rains the central region has demonstrated a high degree of instability in its growth performance.

A disaggregated districtwise analysis gives very startling results. For example 60 per cent of the incremental output achieved in the country during 1962-65 to 1980-83 was accounted for by only 56 districts (having only a quarter of the total cultivated area). At the other extreme 151 districts which claimed nearly half the cultivated area accounted for only 20 per cent of incremental output. Another 25 districts (with 7 per cent of national area) actually made a negative contribution to total output. The 56 highly productive districts are mainly concentrated in the states of Punjab, Haryana and Uttar Pradesh, although quite a few of these are also located in Andhra Pradesh and Gujarat.

Coming now to rural poverty only a few points needs to be made. Firstly it is established that rural poverty is inversely correlated with agricultural growth. Secondly, notwithstanding the recent data, the extent of rural poverty is extremely high. Thirdly, although anti-poverty programmes have tended to somewhat alleviate poverty in some parts, the vast amount of corruption and leakages and the incapacity to create permanent assets have made these programmes exorbitantly expensive. Nevertheless these programmes continue to be attractive for political reasons.

To sum up, the agrarian scene is not too comforting. Very large inter personal inequalities have given rise to deep discontent resulting in serious conflicts in many parts of India -- notably in Bihar and Andhra Pradesh. The regional discontent is equally disquieting. Assam, Gorkha Hills and Punjab are the clear manifestations. It appears that with all these conflicts we are sitting on a powder keg. The emergence in this scenario of rich peasant leaders with strong regional affiliations has made the scene even more murky. The important fact to remember is that basically such peasant leadership is bound to be backward looking, non-secular and tyrannical towards the rural poor. Their increasing clout and elevation from the state to national politics is bound to disrupt the national consensus so assiduously built by the national bourgeoisie.

But it is the national bourgeoisie that is primarily responsible for the emergence of present situation -- in so far as they failed to build an equitable agrarian structure through radical land reforms during the 'fifties. Now it is too late in the day as the political power fortress of landed interests has become almost impregnable.

The problem could have become manageable had there occurred rapid industrialisation and significant shift of labour force from agriculture to non-agricultural occupations. After all classical capitalist development did result in large rural to urban migration in all the western countries.

But in India the pace of industrialisation has been relatively slow and halting. This is because industrialization and modernisation require large amounts of investment. Until recently, the rate of investment has been quite low. The recent increase in investment has been accompanied by sharp increase in capital output ratio. Further, industrialisation in developing countries needs huge investment in research and development for building up their own technologies. Besides capital investment, it requires large outlay on science education. Another important reason for slow industrial growth has been the deficiency of domestic rural demand which in turn has been constrained due to slow growth of agricultural incomes in many parts of the country. One would have expected little diversification of labour force with the type of growth rate in manufacturing in India. But the labour absorption has been lower than expected because of increasing capital intensity. Thus the increasing capital intensity of consumer goods industry has hampered rapid growth in manufacturing employment, despite lip service paid to small scale industries. The recent policy of import liberalisation has on the one hand created serious problem for the domestic capital goods industry, it has simultaneously accelerated the process of capital intensification. It is no wonder therefore, that even with eight per cent annual growth in manufacturing output since 1980-81, there has been virtually no increase in manufacturing employment.

Whereas unemployment is a major problem one cannot forget about the problems posed by increasing inequalities not only within the agricultural sector but also between urban and rural India and between organised and unorganised sectors of the economy. In India for example, the average income of workers in the organised sector was four times that of the unorganised workers. Further, among the unorganised workers, the agricultural

worker had one third the income earned by the non-agricultural workers. This level of inequality has created the rural-urban divide along with great deal of tensions.

It needs to be underlined that equitable distribution cannot be reconciled with the path of capitalist development. It requires a revolution to abolish the feudal inequalities of land ownership. Since these were not abolished, the capitalist development in India has resulted in further aggravating inequalities because of increasing value of land, property, other assets and because of multiplication of money acquisition opportunities. The extent of inequalities can be gauged from the fact that during 1975-76, whereas the 20 per cent richest households accounted for 48.4 per cent of total consumption, the poorest 20 per cent households accounted for only 7 per cent. Equally serious are the dilemmas posed by the type of urbanisation taking place in the country. whereas urbanisation is a necessary concomitant of industrialisation, the pattern of urbanisation taking place in India is full of distortions. this is because despite Government intervention the land for housing has by and large been appropriated by the colonisers, the merchants and traders and affluent professionals and the migrant labourers from rural areas are forced to live in burgeoning slums.

In short, the problems of excessive dependence on agriculture, slow process of agricultural and industrial growth and ensuing inequality, unemployment and poverty are much too serious and demand careful thinking by all the enlightened and progressive sections of people in the country.