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**RAPPORTEUR'S REPORT**  
**ON**  
**DISTRIBUTION OF INCOMES IN RURAL SECTOR IN INDIA**

*Rapporteur* : PROF. V. M. DANDEKAR\*

A total of 11 papers were received under the above head. Of these 4 relate to the whole country while the other 7 are regional and hence less ambitious. I propose to describe the latter group of papers first as it is easier to do and then turn attention to the former group.

The 7 regional studies are based naturally on a variety of data. In the following is a list of these studies showing their authors, the regions the studies refer to and also the data on which they are mainly based.

<i>Author</i>	<i>Region</i>	<i>Data</i>
M. Meenakshi Malya	South India	Village Surveys
D. U. Sastry	South India	Agricultural Labour Enquiry
M. A. Oommen	Kerala	Department of Statistics, Kerala State; also Agricultural Income-Tax and Sales Tax Department, Kerala
Dr. C. P. Shastri	Bihar	Village Surveys
Dr. B. Misra	Orissa	Village Surveys
J. K. Pande	Uttar Pradesh	Department of Economics and Statistics, U. P. Government
Dr. Dool Singh	Rajasthan	Village Surveys

Thus from the standpoint of data utilised, the 7 studies may be grouped into two groups: the 4 studies utilising data from village surveys and the 3 studies utilising data from the Agricultural Labour Enquiry or compilations of Statistical Departments of the respective State Governments.

D. U. Sastry bases his paper on the data from the Agricultural Labour Enquiry (1949-50) and uses it to examine the income differences existing between the four States (then existing) in South India, namely, Madras, Mysore, Travancore-Cochin and Coorg. The average family incomes of the agricultural labour families in these States varied from Rs. 364 and Rs. 396 in Madras and Mysore to Rs. 541 and Rs. 645 in Travancore-Cochin and Coorg. Shri Sastry then proceeds to examine, on the basis of available data, the factors influencing the levels of income.

An initial point may be raised whether it is justifiable to make such comparisons on the basis of a group of families so defined that it may mean quite different things in two places. For instance, to quote from the present paper, of the total family incomes of the agricultural labour families, the proportion derived from the cultivation of land varied from 20.8 and 22 per cent in Madras and Mysore to only 5.5 and 6.8 per cent in Travancore-Cochin and Coorg. Obviously, these differences are largely due to the fact that the definition of agricultural labour family did not mean the same thing in all places.

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Another point that may be raised is the nature of conclusions to be drawn from such comparisons. Thus seeing that the differences in average family incomes of agricultural families in the above States do not correspond to the differences in the average size of agricultural holdings in these States, Shri Sastry concludes: "To put it more bluntly, there appears to be no relation between the average size of the agricultural holdings and the level of income of the agricultural labour families in the States of South India." A more accurate statement would be that the variations in the average incomes of agricultural labour families between different States in South India are not related to variations between them as regards the average size of the land holdings of the agricultural labour families in them. In view of the fact that only about 20 per cent of the incomes of these families in Madras and Mysore and only about 6 per cent in Travancore-Cochin and Coorg is derived from cultivation of land, it seems inappropriate to try to relate the differences in average income to differences in average size of land holdings. It is of course absurd to relate them to the average land holdings of all agricultural families (rather than of agricultural labour families) as Shri Sastry seems to do.

It is also inappropriate to try to explain the differences in average incomes in different States as due to differences in average earning strengths of agricultural labour families in those States. It is quite true that earning strength of families is an important variable affecting income of a family. But it is futile to trace this relationship into averages over whole States.

The most relevant factors to explain differences between States as regards average earnings of agricultural labour families seems to be the average daily wages paid in agricultural and non-agricultural employment and the relative and total employment available in these sectors. Shri Sastry has done well to bring this out. However, from this he moves on to seek explanation for the differences in the wage levels existing in different States. Naturally, he examines the levels of unemployment in these States as given by the A.L.E. and finds that "there appears to be no correlation at all between level of unemployment and wages." He observes that Prof. M. L. Dantwala had also earlier noted this lack of correspondence and had "lamented the great difficulty to explain this phenomenon." Shri Sastry feels, however, that Prof. Dantwala's difficulty arose out of his failure to 'go beyond the simple demand and supply analysis' which Shri Sastry does in the following way: "Let us consider the situation of high level of employment and low wages prevailing in Mysore. This could be explained by introducing the concept of disguised unemployment." This may be so. It should be emphasised however that disguised unemployment should not be looked upon as a handmaid to be called in only to resolve difficult situations. The relevant point in the present context is that the lack of correspondence between the level of unemployment and the level of wages means either that the estimates of unemployment as given by A.L.E. are not good enough or refined enough to look for such a correspondence or that we should not expect simple laws of demand and supply to operate across the borders of such regions as States.

Shri J. K. Pande presents in his paper estimates of rural income of Uttar Pradesh computed by the Department of Economics and Statistics of the U. P. Government. The estimates are given for the years from 1948-49 to 1958-59

and are given at constant 1948-49 prices. The relevant aspect of these data for the purposes of the present discussion is the break-up of the rural income into its constituents such as primary and non-primary further sub-divided into agriculture, animal husbandry and cottage industry, house property and rural trade. Shri M. A. Oommen also presents similar estimates for Kerala prepared by the Department of Statistics of the Kerala Government. His estimates however refer to only agricultural income (as different from rural income) and hence cover only agriculture, animal husbandry, forests and fisheries. They are given for the years 1955-56 to 1957-58 and presumably are at current prices. It would be worthwhile comparing the estimates for the two States. That might discourage Shri Pande to attempt certain estimates "by applying to figures of national income of India certain ratios which relate to Uttar Pradesh and which have been assumed to apply at the national level also" as he does towards the end of his brief paper.

In the context of these two papers one might enquire about the status of primary data and procedures employed by Statistical Departments of State Governments in computing such estimates and also the manner and shape in which such computations by the State departments enter into the national income estimates of the Central Statistical Office.

Shri Oommen also gives the regional distribution of the agricultural income within the State and describes the differences between different districts of the State. He also presents some rough estimates of factor-shares in agricultural income.

Shri Oommen also mentions (without presenting data): "A comparison of the study of the consumption pattern of the agricultural labourers of Travancore-Cochin in 1950-51 conducted by the Agricultural Labour Enquiry Committee with that of a study conducted by the Director of Statistics, Kerala State for 1957-58 shows no significant difference. That means, over the last seven years real income of agricultural labourers has not improved." He presents consumer expenditure data (1958) to show that "compared with the other agricultural and non-agricultural population, the position of the agricultural labourers is deplorable."

Of greater relevance to the present subject is the data Shri Oommen presents on income distribution derived from the returns of agricultural income-tax in the State. In Kerala, agricultural incomes above Rs. 3,000 are assessed for agricultural income-tax and hence in the income distribution given by Shri Oommen the lowest class interval is upto Rs. 3,000 and covers as much as 99.44 per cent of the agricultural families. The utility of these data is therefore naturally limited. Nevertheless, he observes that judging by the coefficient of concentration, the income distribution is less unequal (concentration ratio 0.21) than the distribution of land holdings (concentration ratio 0.66).

It may be worthwhile enquiring the nature of agricultural income-tax returns in other States where such tax exists.

The four papers utilising village survey data are those by: M. Meenakshi Malya (South India), Dr. C. P. Shastri (Bihar), Dr. B. Misra (Orissa) and Dr. Dool Singh (Rajasthan). The relevant part of Dr. Dool Singh's paper contains

some data for Rajasthan "based on an intensive study of 7 villages for 1953-54 by the author and a door-to-door survey of 16 villages done by Prof. D. S. Yadav for 1958-59." The number of families investigated is not mentioned and the data presented show the annual average family income distributed by source of income such as cultivation of land, animal husbandry, agricultural labour, etc. The paper also gives the per capita incomes for Sikar and Jhunjhunu districts (Rs. 127) and for Churu district (Rs. 197) and points out that these are lower than the all-India average of Rs. 293.6.

Dr. C. P. Shastri's study is based on the survey of a single village, Diawan in Bihar, comprising a total of 213 families. The survey was conducted by the Bihar Unemployment Committee in 1956-57. Dr. B. Misra's study is based on a survey of 50 villages in Puri district conducted by the Department of Rural Economics and Sociology of the Utkal University in 1958. The study is based on a sample of only 240 families from these villages. Dr. Misra states that "the income figures refer to net incomes" and clearly defines what is included and what is excluded. Dr. Shastri does not define 'income' but refers to it as 'gross income.' Presumably therefore the two sets of data are not comparable. It would be worthwhile discussing the concept of income in the context of the present subject.

Dr. Shastri presents the distribution of the gross income of the village by source such as from agricultural produce, agricultural labour, industry, etc. The meaning of such a distribution of gross income is not clear. For instance, if the gross value of agricultural produce is considered as gross income of the village from agricultural produce, how do we attribute some income to agricultural labour which may be added to the above. Apparently, very considerable double or multiple counting is involved and it is misleading to call such total figure even gross income of the village. Next he gives the distribution of the same total by occupations of the persons to whom the income accrues. He also computes per family and per capita incomes of families in different occupations and compares them. For instance, the per family income of owner-cultivators, tenant-cultivators and agricultural labour are given as Rs. 848.6, Rs. 337.5 and Rs. 324.5 respectively. However, if these incomes are gross, then much of the income of the agricultural labour families is derived from and hence comes out of the gross income of the owner-cultivators and to some extent of the tenant-cultivators. Therefore, comparing the groups of families on the basis of such income figures does not appear appropriate. He has also worked out earnings per man-day by different income sources and in different occupations. Such comparisons are also liable to the same criticism. His distribution of families by size of incomes also loses much of its utility and meaning because of the same objection. In short, Dr. Shastri's study, if it is in fact based on gross incomes, is of doubtful utility. It is to be hoped that the incomes mentioned in it are not quite so gross.

Dr. Misra's paper represents a useful contribution to the subject. As mentioned, he has defined the concept of income carefully and because he uses the concept of net income, his paper does not suffer from the grave defect from which Dr. Shastri's study seems to suffer. While collecting the data on family incomes, Dr. Misra has also used a probably very useful investigational device. He collects two sets of income figures: one reported to be normal and the other reported to be actual during the year preceding the investigation. Both sets of data are given

and it seems that the 'actual' figures are generally lower than the 'normal' figures. As Dr. Misra observes : "The general inclination was to show that though normally the family gets more, in the year concerned, the income was less." In view of the widely observed fact of under-statement of incomes, the above observation deserves careful attention from the stand-point of investigational techniques.

Dr. Misra also gives the distribution of the families by per capita incomes which as he says "indicates the level of living more precisely." He also gives the distribution of the families by the size of their landholdings, by wealth and by debt. His discussion, however, tends to be a description of the tract rather than an analysis of the distribution of the incomes. For instance, size of family, size of landholdings and size of wealth of the family do all affect the family income and it would have been worthwhile examining to what extent the inequality in incomes is due to or may be explained as due to the inequalities in these factors. Dr. Misra does not apply himself to this question quite so directly.

From this stand-point M. Meenakshi Malya's paper represents a careful and systematic analytical study. As the author states at the outset, the objectives of the paper are three-fold.

- (i) An empirical study of the pattern of distribution of incomes in the rural sector;
- (ii) Measurement of inequalities or concentration of incomes; and
- (iii) An analysis of the factors associated with concentration.

The empirical study is based on information available for 9 South Indian villages surveyed by the Agricultural Economics Research Centre of Madras University. They include two villages each from Mysore, Andhra and Kerala and three villages from Madras State. Unfortunately, the number of families investigated cannot be ascertained from the study. Incomes refer to net incomes of the households.

Beginning with percentage distributions of households and corresponding incomes in different size groups for the 9 villages, the study attempts to compare the degrees of inequality of incomes in different villages and seeks underlying causes. Analytically, the study makes use mainly of Gini's coefficient of concentration. It seems that there is a positive correlation (value of the correlation coefficient is not given) between the value of the concentration ratio and the average per capita income in the villages. From this a hypothesis is put forward that there is an association between the level of development (presumably represented by the per capita income) and degree of inequality. In the context of the villages under study an important developmental factor is irrigation and in explanation how irrigation may enhance inequalities the following points are suggested: Firstly, the benefits of irrigation are not spread out uniformly or even in proportion to the existing landholdings ; secondly, with irrigation, land becomes more valuable and more transfers take place which may be from the poor to the rich ; thirdly, with irrigation there is usually a considerable influx of labour into the area which leads to greater disparities.

The first and the third of these points seem plausible. However, the second would need more positive evidence. Even in respect of the first and the third points the following observations may be made. That the difference between irrigated and dry land is usually large and the fact that the benefits of irrigation are not distributed either equally or even proportionately to the landholdings, in fact mean that irrigation usually creates an altogether new structure of incomes. That the resulting structure is necessarily more unequal is not quite obvious and may have to be supported by concrete evidence. As to the influx of labour into the area, it does apparently create greater disparities in the area. But what in fact happens is that poverty lying around over a wider area is brought together and put in close proximity of the new riches. •

It may also be useful to clarify the hypothesis of an association of development with inequality and in particular to distinguish two different development processes : In one, though inequality as measured by a certain coefficient might increase, every one is in fact better off than before. In the other process a large majority is either left where it was or may even be made poorer while the average is increased largely by lifting up only the top.

In the context of development in agriculture which mainly takes place following introduction of irrigation and commercial crops and the new class of wealthy farmers which it gives rise to, it may be useful to examine the question of agricultural income-tax and pool the experience of this tax in those States where it is in operation.

It may also be relevant to raise the larger question of whether in order to reduce or curb the inequalities in agricultural incomes, ceiling on landholdings or agricultural income-tax will be the more appropriate.

In a discussion of income inequalities, poverty and destitution need special attention. Miss Meenakshi Malya does well to bring this out. The analysis of destitution in the present study does not however go beyond a comparative statement of its existence and its broad features in the different villages. A closer analysis of destitution is necessary to bring out the underlying family and social circumstances and to emphasise that awaiting wider economic development, this class needs immediate assistance by social welfare measures.

We may now turn attention to the other four papers which address themselves to the all-India situation. They are by : M. B. Ghorpade, P. G. K. Panikar, H. Laxminarayan and P. C. Bansil. Shri Ghorpade's paper is too dilatory to promote systematic discussion of any single aspect of the subject. Shri Panikar's paper also, though more to the point and well supported by data, touches too many points superficially. Thus he quotes data from the N.S.S. First Round (Poona Schedules) to show the "substantial inequality of income between agricultural and other families in the villages." He quotes data from the Agricultural Labour Enquiry (1950-51) to "reveal that the incomes of agricultural labour families were substantially lower than that of cultivating families." He quotes data from the All-India Rural Credit Survey (1951-52) to demonstrate the large degree of concentration in land holdings and holdings of assets. He quotes data from the N.S.S. Second Round (1950-51) as also from the Census of Land Holdings (1954)



to exhibit the inequalities in the distribution of land. Finally, he quotes R.C.S. data on gross produce of cultivators and N.S.S. data on consumer expenditure to indicate inequalities in the distribution of income and expenditure.

Shri Laxminarayan in his paper on "Distribution of Rural Income" examines several data with a view to studying recent changes in income and related distributions. He approaches the problem "both from consumer expenditure angle and the production angle." The consumer expenditure data approach relies mainly on the consumer expenditure data from the N. S. S. 2nd to 7th Rounds. On the basis of these data, he observes : "During the first two and half years of the First Five-Year Plan the consumer expenditure of rural households seems to have undergone a sharp reduction. . . . These trends are largely in conformity with the trends in prices. . . . However, there is every reason to believe that the standard of living of the rural population declined as the consumer expenditure declined by a larger proportion than the decline in the general price level." Before pursuing this point further, he points out what he calls "a serious limitation" of the N.S.S. data, namely, that in them "the aggregates show a trend which is different and contradictory to the trends reflected in its component parts." He demonstrates this by showing that "while the average expenditure for all families declined sharply in the 6th and 7th Rounds as compared to the 2nd Round, average expenditure in the case of each one of the per capita expenditure groups has increased by a considerable proportion." This is obviously a misreading of data. What Shri Laxminarayan is in fact doing is to compare the average per capita monthly expenditure of groups of families whose monthly expenditure during the successive periods was within a certain range such as between Rs. 8 and Rs. 11. Notice that it is not the same group that is being compared over a period but different groups defined by their monthly expenditures in the successive periods. Changes in their average monthly expenditures are therefore largely random variations and hence irrelevant to a discussion of trends in the standard of living. It is a mistake to attribute this apparent contradiction to "the main weakness of the N.S.S. consumer expenditure data. . . . that since the data is being collected for purposes of estimation of India's National Income its utility is of a limited nature for a detailed analysis of consumer expenditure on the basis of the different categories of expenditure groups." This is no more than a fashionable and in the present case actually a wrong criticism of data collected on an all-India basis.

Shri Laxminarayan's subsequent discussion is based on this error in understanding the nature of the data. He compares the average expenditures of three expenditure groups, *viz.*, Rs. 0-21, Rs. 21-55 and Rs. 55 and above and concludes : "It may be broadly said that during the first 2½ years of the First Five-Year Plan period the standard of living of the upper strata of the rural society increased by a larger proportion than in the case of the other categories. The rural middle class seems to have benefited the least."

He next proceeds to analyse "the proportion that expenditure on non-food items bears to the proportion of expenditure on food." In doing this he seems to be on slightly better grounds. It may nevertheless be asked whether it is appropriate to make such comparisons over a period in which prices have greatly varied and in particular where variations in prices of food and non-food items have been very different. The error of the previous analysis is also carried into this one for

he continues to compare, over period, groups defined by levels of consumer expenditure. It is obvious that over a period in which prices have fallen, in comparing groups with a given expenditure level such as Rs. 0-21, we are in fact comparing one group with another with a better living standard in real terms and that it does not follow from this that a given income group such as low income or high income has improved its standard of living. Also, it should be emphasised that by comparing 'proportions' of total expenditure spent on food and non-food items, such conclusions as the following are unwarranted. "This indicates that the middle and upper strata of rural population transferred a part of the purchasing power released from decline in food prices towards consumption of other items."

Finally, Shri Laxminarayan compares the relative proportions of families in different expenditure groups over the period. As he points out "As compared to the N.S.S. Second Round, during the 7th Round, the proportion of households in the lower income group seems to have increased, etc." It should be noted that this is the only relevant point of the data and is only another aspect of the point noted earlier that during this period, 'the consumer expenditure of rural households seems to have undergone a sharp reduction.' However, from this it does not immediately follow that "Developments which took place during the first half of the First Five-Year Plan seem to have led to increasing pauperisation in the rural sector;" or that "This indicates that considerable degree of concentration of wealth has taken place in the rural sector." These are popular conclusions rather hastily drawn.

Shri Laxminarayan's production approach consists first in comparing the A.L.E. data on landholdings (1950-51) with the N.S.S. data on landholdings (1954-55). The comparison shows that proportion of households with landholdings upto 2.5 acres is much larger in the N.S.S. data (54.8 per cent) than in the A.L.E. data (38.1 per cent). From this Shri Laxminarayan concludes: "During the First Five-Year Plan the pattern of land ownership went against small cultivators with gradual transfer of land from their hands to larger cultivators." It would be advisable to examine the two sets of data more critically for their comparability before reaching such a conclusion.

Finally, Shri Laxminarayan compares certain data from the Rural Credit Survey (April 1952) with similar data from the Agro-Economic Research Centre, Delhi. The comparison is confined to Agra district only. This analysis also "gives an impression that the economic condition of small cultivators in the rural sector has deteriorated as contrasted to that of the large cultivators." This part of Shri Laxminarayan's paper deserves greater attention.

The remaining paper to describe is by Dr. Bansil on Rural Incomes in India. Dr. Bansil demonstrates by hypothetical projections of the population and national income that the ratio of urban/rural per capita incomes will be 1.42 in 1980-81 as compared to 1.64 in 1960-61 and concludes that thus even after six Five-Year Plans "the average rural resident would in no way be better than or even equal to his urban counterpart." One wonders whether Dr. Bansil would have the rural incomes higher or at least on par with the urban incomes. It would be interesting in that case to examine his model for economic development under those conditions.

Coming to the distribution of income in rural areas, he proposes to make use of the N.S.S. consumer expenditure data from the 2nd to the 7th Rounds. In the first instance, he compares the per capita consumer expenditure given by the N.S.S. with the per capita incomes estimated on the basis of national income estimates of the CSO and Dr. Raj's formula for rural/urban break-up. On the basis of such figures for the three years 1951-52, 1952-53 and 1953-54, he observes that 'the expenditure in rural India is invariably higher than income.' "It does not, however, mean that expenditure is more than or say equal to income in all the income groups even in rural India." He therefore proceeds to obtain "some rough estimate about this dividing line" above which "income may be more than expenditure." His procedure is as follows:

Beginning with the N.S.S. 8th Round (1953-54) data on distribution of households by size of holding, he proposes to estimate the per capita incomes (both from agriculture and non-agriculture) of the households in each size group of landholdings. The income from agriculture of each group of households is obtained apparently by distributing total agricultural income between them on a per acre basis. Their non-agricultural income is calculated in the ratio of 520 : 221 which is the ratio of agricultural/non-agricultural income of the rural sector. There can be nothing simpler.

On this basis, the monthly per capita income of a household owning 7.5 to 10 acres works out to about Rs. 38 while 87 per cent of the households own upto 10 acres. Hence we might say that about 87 per cent of the population have monthly per capita incomes of upto Rs. 38. On the other hand, the N.S.S. data on consumer expenditure shows that about 84 per cent of the population is in the monthly per capita expenditure group of Rs. 0-34. From this, as Dr. Bansil says, "it can be safely concluded that the pattern of income distribution for the lower 84 per cent of rural population is the same as in the corresponding expenditure group." What happens to the earlier evidence that their expenditures are higher than their incomes ?

This piece of statistical analysis is followed by miscellaneous observations on the conditions prevailing in different regions of the country, mainly based on the N.S.S. consumer expenditure data by the regions. These observations appear all unrelated to the previous analysis and one fails to gather the purpose of either the earlier analysis or the later discussion or in fact of the whole paper.

In the light of these papers it might be worthwhile raising the question of the status, content and the mutual relation and comparability existing in the available all-India data and the extent and the manner in which these data may be utilised for a better understanding of the distribution of incomes in the rural sector of the country.

## SUMMARY OF GROUP DISCUSSION

*Chairman :* PROF. V. M. DANDEKAR

There were in all 11 papers submitted on the above subject. They were all based on available statistical data, some on national data while others on regional or even village survey data. The Group, therefore, devoted considerable time to a discussion of the nature of the data available on the subject and of the conclusions that may be drawn from them.

In one of the papers an attempt was made to derive the distribution of personal incomes in the rural sector on the basis of the distribution of the households by size of landholdings given by the N.S.S. 8th Round (1953-54). Here the author had distributed an estimated total income — both agricultural and non-agricultural — of the rural sector, among the rural households on the basis of the size of their landholdings. It was generally agreed that this could not be done. The distribution of the non-agricultural income on the basis of the size of landholdings was obviously improper. But even in respect of the agricultural income, it was felt that its distribution among the households on the basis of their landholdings would not be appropriate as there was evidence that the inequalities in the distribution of income were in general smaller than the inequalities in the distribution of landholdings either owned or cultivated. The procedure also left out completely the rural households with no landholdings.

In another paper an attempt was made to trace the changes in the income distribution in rural area over a period of years on the basis of the consumer expenditure data given by the National Sample Survey Second to Seventh Rounds. It was generally agreed that the author was making an analytical error in comparing the average expenditure of sets of families whose consumer expenditure during the successive periods lay within a given range such as between Rs. 8 and Rs. 11. It was felt that this was an inappropriate procedure for the kind of conclusions that the author drew. It was pointed out that for this purpose it would be necessary to compare the average expenditures of the entire samples of families or any given fraction of them such as, say, the best 10 per cent or the lowest 10 per cent. The discussion brought into sharp focus the dangers of drawing wrong and misleading conclusions through a misunderstanding of the nature of the published data.

In a third paper, an attempt was made to seek explanation for the difference in the average family incomes (of the agricultural labour families) in different States as given by the Agricultural Labour Enquiry (1949-50). For instance, such differences were sought to be explained by the differences in the average size of landholdings, or the differences in the average earning strengths of the agricultural labour families in those States. The Group felt that such comparisons were not likely to be very fruitful.

There were two papers presenting the rural income data for two States. In both the papers the data were given for a period of years and were broken up by sectors. The Group felt that more information was needed on the procedures by which such State compilations were undertaken and the manner and the

extent to which they entered the national compilations done at the Central Statistical Office.

One of the papers also presented certain data derived from the returns of agricultural income-tax in a State. It was suggested that a consolidated statement based on the returns of agricultural income-tax from all the States where such a tax at present exists would be useful.

Two papers based on data from village surveys differed in the manner in which the concept of income was defined. Broadly speaking, one paper defined it to be the gross income while the other paper defined it to be the net income of the families. It was agreed that for the purposes of discussing the distribution of income, the net income of a family was the relevant concept.

One of the papers based on the data from village surveys gave evidence that the inequalities in income were greater in an irrigated area than in a dry area and hence put forward the hypothesis that development is associated with increased inequalities. In this connection it was pointed out that the apparently larger inequalities in an irrigated area were in large part due to the large influx of labour which such area attracts. To that extent, it would not be quite correct to say that irrigation creates greater inequalities — it only brings together the poverty lying around over a wider area and puts it in close proximity with the new riches. It was also pointed out that in the context of such a hypothesis, it was necessary to distinguish two different development processes. In one, though inequality might increase, every one is in fact better off than before ; in the other, a large majority is either left where it was or might even be made poorer while the average is increased largely by lifting up only the top. It was emphasised that it was the possibility of a process of the second type setting itself which must be watched more carefully.

There was some discussion regarding ceiling on landholdings and agricultural income-tax as possible instruments of curbing growing inequalities. It was generally agreed that while inequalities must be held in check and if possible even be reduced, the instruments to use must not be such as would hamper or retard the development process.