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PROBLEM OF THE LOW-INCOME OR SUB-MARGINAL FARMER

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The Problem

It is well-known that the number of farm-families on the uneconomic operational units or in the low-income brackets make a very considerable portion of farm population. Their proportion to the total agricultural population, however, may vary among the various countries or among different regions in a given country. In the U.S.A., the farm rehabilitation programme in the post-war period covered about 2 million low-income family farms. The inferiority of these farms is noticeable from the fact that their aggregate contribution to the over-all value of national agricultural production in 1944 was only 18%, despite the fact that they comprised 42% of total census farms. In India, we may place about 75% under the category of low-income farmers out of whom nearly 50% may be described as sub-marginal. In short, those that work on inadequate farms struggling to get a scanty living as part-time or full-time farmers form the 'general' and not the 'exceptional' in the Asiatic countries characterised by high demographic pressure, low productivity of agriculture and undeveloped industry and commerce. They represent any where, in fact, the most vulnerable group of the peasantry for crisis situations—may be crop failures, floods, cyclone, depression or others. For building up a stable and prosperous agriculture, the problems of the petty farmers are therefore of vital concern to the reformer or the administrator in the interests of both increased agricultural production and the well being of the social structure of agrarian communities.

Definition and classification

The most important factor of production affecting economic efficiency of farm is the size of the land base. From the view point of size, many holdings in India are even ridiculously small. For instance, in 1942-43, about half the holdings in the Bombay province occupying one-sixth of the total arable land were less than 5 acres; and in Madras during 1940-41, holdings (single and joint *pattas* combined) paying land revenue assessment of Rs. 10/- and less numbered 5 million with an area of about 5½ million acres. Tables No. 1 and 2 show the composition of patta holdings according to size and value assessment paid in 1945.*

* *Vide* my "Agrarian Problems of Madras Province", Ch. IX.

TABLE I

Size of holding (acres)	Mandur	Vedangi	Pedakakani	Tadepalle
Less than one acre	238	189	217	148
1 acre & above but less than 2 acres	199	106	170	132
2 acres & above but less than 5 acres	157	103	268	188
5 acres & above but less than 10 acres	23	34	285	109
10 acres & above but less than 15 acres	4	6	36	51
15 acres & above but less than 20 acres	6	5	8	18
20 acres & above but less than 25 acres	—	—	4	14
25 acres & above but less than 30 acres	1	1	5	14
30 acres & above but less than 50 acres	1	1	2	18
50 acres & above but less than 100 acres	—	1	—	7
100 acres & above	—	—	—	—

TABLE 2

Value of assessment paid (Rupees)	Mandur	Vedangi	Pedakakani	Tadepalle
One rupee & less	75	15	41	150
Rs. 10 and less but more than Re. 1	248	187	675	369
Rs. 30 and less but more than Rs. 10	255	157	252	153
Rs. 50 & less but more than Rs. 30	47	40	17	28
Rs. 100 & less but more than Rs. 50	13	36	5	12
Rs. 250 & less but more than Rs. 100	7	8	—	3
Rs. 500 and less but more than Rs. 250	2	2	—	—
Rs. 1000 & less but more than Rs. 500	—	1	—	—
Over Rs. 1000/-	—	—	—	—

(Source-Personal investigation).

The mere physical dimensions of the land space occupied by a farm are not sufficient indication of the ability of a farm to support the farm-family. Due note must also be taken about its productivity, situation and the prices of its produce obtained, even if the size of the farmer's family, his standard of living and expenses of cultivation are not given equal emphasis. Further, the sizes of ownership (*patta* holding) and the farm actually cultivated by a person may not necessarily coincide. A big

landholder may let out his farm, if he finds that his holding is too big for him to cultivate and similarly, a petty landowner or tenant may cultivate considerable areas, if he is able to take farms of others on lease. If a farm has to secure to the peasant family a level of living comparable to that in other occupational groups, it must necessarily be of a size proportionate to the working members of the farmer's family to whom it must provide work and bread and in relation to the kind of farming adopted (e.g., cultivation of garden crops, live stock farming etc.). As a rule, in case of each type of farm, there is a size which at a given time and at a given place is from economic stand-point, the most suitable and useful. Holdings must approach to this size, as closely as possible, so that human labour, and that of draught animals, the immovable capital and the operating equipment may give the best possible return. Farms* which fall short of this size have low economic value and they are unprofitable both to its operator and to the agricultural economy as a whole. In order to determine an economic holding or the size of operational land base in different regions, the need arises for making a careful study of farming and of farmers, particularly costs of cultivation and farm returns, the family budgets, the living and working conditions of the petty farmers. Thus the low income farmers consist of several combinations and permutations of some of the following, viz., landowners, tenants or part-tenants depending entirely on agriculture, petty land-holders, tenants, part-tenants, agricultural labourers, artisans etc. who are partly engaged in farming and partly in other occupations of the same description. Farming may be the main or often supplementary occupation to many of the latter groups. Many of them may be termed as sub-marginal cultivators and as a consequence they are on sub-normal standards of living too. Simply stated, a farmer may be described as a sub-marginal farmer, if the income obtained from the farm is just equal to the costs of production. Here the emphasis is on the farm and not on the farmer. On the other hand, a low-income farmer may be sub-marginal also and the term takes into account the farmer and the farmer's family as a whole. But the low-income or sub-marginal farmer should not be confused with the 'average farmer' come across in some of the Government reports and literature (the Provincial Banking Enquiry reports of some Provinces for example), since an average farmer is merely a statistical entity. In fact, he does not exist.

Economic and Social Characteristics

A comprehensive study of the economic and social conditions of the low-income farm families should include detailed investigations into their

* *Vide* "Small holdings and its Creation," by G. Costanzo; *International Review of Agriculture*, March 1943, No. 3, P. 87. E.

ownership of land and tenure status, occupation and employment opportunities (main and subsidiary occupations and periods of employment in each), size and composition of family, income patterns and savings, if any, indebtedness and credit facilities, operating equipment (work animals and farm implements), family maintenance and housing. To this list may be added some others as their relief needs and benefits derived by direct state aid and from rural institutions and services. Although no supporting data* are presented here, a few observations, however, are made in this connection in the light of the experience and first hand knowledge gained by the writer into the problems of the petty farmers, which has supplied the required background. In the first place, they are the most disadvantaged persons occupying probably the lowest socio-economic status in a village or in the eyes of the prestige classes in the rural communities. Their number will be relatively greater in those regions where the problems of tenancy, existence of excessive labour force, concentration of land and subdivision and fragmentation of land are more acute as also the availability of other equally inadequate part-time job opportunities. Usually, they have large families, insufficient or nominal farm equipment including livestock, and carry on farming considerably with their home labour and through the prevalent practices of *Madat* (exchange of their services for the help received from others as plough, bullocks, cart, etc) among similar farmers, or by virtue of the customary help received from their landlords or from substantial *ryots* in their villages. Advances are given on personal credit and generally at abnormal rates of interest, or interest-free to certain seasonal or permanent labourers. They are the least capable of bearing farming risks, because their savings are meagre and they can hardly build up reserves. Hence, when faced by empowered situations, the cases where they have to mortgage their properties, dispose of their livestock and other belongings or have to furnish sums actually from their earnings of labour are numerous. In view of the many handicaps under which they have to labour, their farming is of low type of efficiency, and if they are tenants, more often than not they are rack-rented. Their contribution to the 'Grow More Food Drive' is perhaps the least. Since they are poor, they are ill-fed and illiterate and needless to state that in spite of the adult franchise, they can scarcely take part in the cultural and community activities of the democratic way of life.

Incidence of high prices

By large they are subsistence farmers rather than surplus producers. They have, therefore, very little for sale in the market or to part with

* See. My work on Reconstruction of Agriculture in India (to be published).

for the Government procurement agency, unless they have grown cash crops or severely restricted their consumption needs. But still they have to make payments for the occasional labour hired or other farm requirements purchased. To that extent, they too are affected by rise in costs of cultivation. If he were a part or full tenant, there is an additional increase of his load owing to rise in rents of land. For the same reason, in respect of a low-income farmer who happens to be a part tenant rather than a part-time labourer or artisan, his position is relatively worse off as compared to that of the latter. There is no startling difference in his debt position or debt repayment, for both opportunities of saving and borrowing are meagre. The small peasants could not add much to the physical assets of their landed property by virtue of high prices, for in a majority of cases it is found that they lost greater extents of land than they could acquire. At best, it may be said that those who are thrifty and industrious are able to keep their heads just above water, while a good many have to resort to borrowing or reduce their standard of living.* It cannot be doubted that in the post-war years the condition of this strata of *Kisans* is tending to deteriorate due to a further rise in production costs and prices of consumer goods.

Causes of their existence and growth

The occupational unbalance and the heavy population pressure on land, the decline of handicrafts in their relation to employment, transfers of large areas from the cultivating to the non-cultivating classes, and the downward trend in the tenure status of the agrarian classes generally noticed during the last 30 or 40 years** may be held answerable to the existence of huge numbers of uneconomic cultivators in India. In this natural process, the significance of the existing laws of inheritance, splitting up and dispersal of land, its unequal distribution and the property rights associated with ryotwari system (with unrestricted rights of sale, mortgage and bequeathal) can by no means be undermined. The process initiated by these factors has been only accelerated subsequently by the evils of tenancy, rack-renting, unprofitability of agriculture, defective credit, and of late high land prices. Extension of cultivation to sub-marginal lands is reported to be another cause in some countries, e.g., the number of families on submarginal lands were estimated in the U.S.A. as half a million or about 14% of total farmers in 1936. These tendencies are in step with the general deterioration of the economic situation of the peasantry in India in recent decades.

* My paper on "Economic consequences of inflation on Agrarian Economy with special reference to financial structure of agriculture," vide Bombay University Journal, Part 4 January, 1949.

** "Sharing and Fixed Tenancy Systems," by V. V. Sayana, ch. i., Madras, 1949.

Governmental responsibility clearly exists in this behalf for adopting deliberately such land and credit policies or in allowing certain trends in the past unchecked which have contributed to the rapid increase of the uneconomic farmers.

Possible lines of approach

Steps have been taken in many countries to strengthen the status of the small farmer and to transform the uneconomic cultivator into a valuable instrument of production through action at a series of different levels. The chief lines of approach appear to be (a) measures to make the uneconomic farmers into economic farmers, (b) measures to remove them from inadequate farms, (c) measures to enlarge opportunities for outside employment which can be combined with farming with advantage and (d) direct State aid with any or all of the above methods. They are briefly outlined below:—

(a) If ownership of land is recognised as a positive social function, it is imperative to alter the existing land system and to make adjustments for organising agriculture according to collective interest. Agrarian reform should be directed for abolition of the estates and compulsory parcelling of land among small holders to enlarge their holdings up to the economic size. It may be made clear, that in view of the heavy demographic pressure and the large number of uneconomic cultivators in the country, the maximum size of holding permitted unlike in other countries, must be pitched at a modest level. Effective tenancy legislation, prevention of subdivision and consolidation of holdings, timely government intervention to regulate land transfers, increase in productivity of land per unit of worker through better methods of cultivation and diversified farming have much to recommend in this connection. The series of laws enacted in England since the Small Holdings and Allotments Act, 1908 to tackle the problems of small holdings are noteworthy.

(b) With a view to attain a balanced occupational distribution it is desirable if employment could be provided on a fifty-fifty per cent basis between agriculture and other occupations. The removal of some low-income farmers from farming with a view to re-locate them in other occupations is, therefore, indispensable. At any rate, persons who may do better in other occupations, should not be allowed to enter or continue ineffective cultivation. It implies development of productive opportunities to a high degree in other spheres like industry, commerce, defence, professional and distributive services. A rapid expansion of social services would not only provide employment for a good number of persons but would also help to liquidate illiteracy, enhance health and sanitary conditions.

(c) From a practical view point, provision of suitable subsidiary occupations to the farmer in the countryside seems to be more attractive than displacement of huge numbers from agriculture in the immediate future. A better redistribution of labour in various regions in relation to employment needs, regulation of wages, encouragement of home undertaking and regional rural industries and, if necessary, through well-directed migration (permanent or seasonal) of labour, mixed farming etc., go a long way to increase the incomes earned outside the farm.

(d) Lastly, state aid may be direct as in the case of the Agricultural Adjustment Administration, or the Federal Emergency Administration in the U.S.A. in the post-depression years which was subsequently augmented with the Federal Works Programme and the Resettlement Administration.* Besides, the state can extend liberal facilities of rural credit, co-operation, technical assistance and vocational instruction to reorganise petty farmers in order to prepare them for the economic and technical needs of agricultural revival. Co-operation, if given flexibility of programme and efficient leadership, can be a dominant economic force to serve the community need.

Finally, improvement lies within the people themselves. Hence the programme must include, among others, efforts to tap and mobilise the qualities of resourcefulness, self-help, educational thinking and restless desire to better one-self in the farm people. Implementation of some of the suggested measures may not be possible in a big way, which the problem would obviously demand, due to a multiplicity of causes including available resources of men, money and effective public opinion. Though the targets may be small at the beginning, in due course, the pace of expansion should be rapid, as the targets set up on the way of realisation of the goal are progressively attained. The rehabilitation of the low-income farmers should be the concern of the State and awareness of some of the issues raised should help Government to do a better job of improving the lot of the farm people in the lower economic brackets.

* Farmers on Relief and Rehabilitation by B. Asch and A. R. Mangus, Washington, 1937.