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The Evolution of Poverty and Inequality in Indian Villages

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Continued agricultural growth and diversification into nonagricultural activities are essential if India is to continue reducing rural poverty. But policymakers hoping to alleviate rural poverty must also be aware of the causes and implications of the persisting, if not increasing, inequality within villages.

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Summary findings

Jayaraman and Lanjouw review longitudinal village studies from a variety of disciplinary perspectives to identify changes in living standards in rural India in recent decades.

They scrutinize the main forces of economic change — agricultural intensification, changes in land relations, and occupational diversification — to explain changes in level and distribution of living standards in rural communities.

These forces of economic change appear to have offset or at least mitigated the pressure that growing populations can place on existing resources. But the decline in rural poverty has been slow and irregular at best. Nor is poverty reduction only a matter of economic development. For instance, the rural poor often attribute much of the improvement in their living conditions to reduced dependence on patrons.

There are few reports in village studies of particularly effective government policies aimed at reducing poverty. The long-term poor still tend to be from the disadvantaged castes and to live in households that rely on income from agricultural labor.

There is little evidence that inequalities within village communities have declined. In some cases improved material well-being of rural households has led to greater social stratification rather than less, with women and members of the lower castes suffering the consequences.

Such inequalities could limit how policy interventions or continued growth can reduce poverty further. Policymakers must ensure accountability to keep abuses — for example, the privileged classes directing all benefits to themselves — to a minimum.

This paper — a product of Poverty and Human Resources, Development Research Group — is part of a larger effort in the group to study the dynamics of poverty in the South Asia region. Copies of the paper are available free from the World Bank, 1818 H Street NW, Washington, DC 20433. Please contact Peter Lanjouw, room MC3-555, telephone 202-473-4529, fax 202-522-1153, Internet address planjouw@worldbank.org. January 1998. (58 pages)

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The Evolution of Poverty and Inequality in Indian Villages

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1. Introduction

The rural economy of India is currently the subject of much discussion. Since the early 1990s, India has been engaged in an ambitious programme of economic reforms designed to stimulate the economy and accelerate growth. There is growing recognition however, that this programme has yet to make a strong mark on the rural economy.¹ Given that a majority of India's population resides in rural areas and that poverty in India remains to a large extent rural, there is much value attached towards a better grasp of living conditions in rural areas, and towards an appreciation of how rural living standards have evolved over time.

The Approach of this Paper

Compared to many countries at similar levels of per capita income, India possesses an extensive statistical foundation upon which to base investigations of the type described above. There exists a wealth of data, derived from sample surveys as well as various census rounds. These sources can be scrutinized to trace the evolution over time of consumption levels and poverty rates, demographic and occupational trends, education levels, health and nutritional status, etc., at the state, regional and occasionally even district level.²

There has also been a rich tradition of village studies in India, undertaken by investigators from a wide range of disciplinary backgrounds and some dating back to before India's independence.³ Many of these studies enter into considerable detail; assembling a combination of both qualitative and quantitative information, collected on the basis of a whole range of methodologies, including formal questionnaires, informal interviews, group discussions, personal observation, archival searches, and so on. These studies typically offer a rounded, contextualized, perspective on the life of rural households; highlighting relationships between households and their surrounding community and illustrating the role of village institutions. Such information cannot always be easily distilled from larger-scale purposive surveys.

Survey and census data have been widely analyzed to inform the debate on what has been happening to living conditions in rural India. However, to date there have been few similar attempts to bring together the findings from the many villages studies which have been conducted across the country, over time. In this paper

¹ While the 1991 reforms are thought to have created a favorable incentive environment for agriculture, there was no explicit agricultural component. And, as has been pointed out in World Bank (1995), the actual implementation of economic reforms in rural areas so far has been partial and uneven.

² See Datt and Ravallion (1996b), Drèze and Srinivasan (1996), Drèze and Sen (1995), Sen (1996) for recent analyses.

³ In addition to the anthropologists who might be expected to specialize in such studies, villages have come under close scrutiny from agronomists, demographers, economists, geographers, historians, political scientists and sociologists.

we attempt such a review, focussing on the subset of Indian village studies which have been concerned with the analysis of change over time.⁴ Such an exercise is worthwhile for at least four reasons. First, it could indicate whether the findings from large-scale surveys accord with the observations and experiences at the village level. Where they do not, it is clearly warranted to investigate possible reasons. Second, although village studies across a country as large and heterogeneous as India would be expected to display a wide variety of experiences, there may also exist some commonalities. Both differences and commonalities could shed useful light on the institutions and processes which govern change-- aspects which large surveys may be less well equipped to investigate. Third, where there are common findings across village studies, one may be able to develop indicators which could be usefully added to future large-scale survey questionnaires. Fourth, a review of village study findings may raise new questions for further investigation.

The studies included in this survey typically comprise at least one re-visit to the village, although in some cases we include reports from single visits where either the investigator was in the field for a very long time, or where there was a specific effort to report on aspects of change over time.⁵ We also draw on some studies which take a slightly broader, regional or *meso*-level perspective. The more focussed approach taken in this paper enables one not only to study the various dimensions of rural livelihoods, but also to understand better the processes which govern rising or falling living standards.

While the study of an individual village by definition concentrates on a very specific location, this review attempts to comment on developments in rural India more broadly. There is clearly no statistical basis for generalizing beyond the village studies which are being examined. Although we have taken care to examine a number of studies, covering a wide range of locations, we do not have a random sample of villages. Nor are the data collected in the villages of an identical form, permitting ready comparisons. In fact, one of the challenges in undertaking this review has been in the interpretation of findings from the different village studies, undertaken by investigators with dissimilar disciplinary backgrounds, varying methodological frameworks, and differently tinted spectacles.

⁴ Barbara Harriss-White (1992) provides a comprehensive survey of micro-level evidence on rural poverty in India. This study is quite complementary to the present effort, and differs largely in that the present paper is more explicitly concerned with changes over time. Lipton and Longhurst (1989) also draw heavily on village study research in their study of the impact of technological change in agriculture on poverty. For an interesting exposition of the methodological distinctions between village studies and large-scale survey-based studies, see the contributions in Bardhan (1989) and also Harriss-White (1996).

⁵ This reduces the population of applicable village studies considerably (the library of the Agricultural Economics Research Centre of Delhi University, for example, is stacked from floor to ceiling with reports of village studies by its investigators; most of these are single visits however). This list is inevitably incomplete.

How comfortably one can extrapolate findings from these village studies to rural areas at large is thus ultimately a question of judgement and personal inclination. Caution is clearly warranted. Without independent support from representative data, generalizations based on clear patterns across village studies remain, in fact, conjectures. Of course, we are also interested to identify and understand possible differences across areas. In such cases it is hoped that this review might help to delineate where findings from larger-scale surveys are likely to be relevant.

Table 1 lists the thirty-odd longitudinal village studies which comprise the primary source of information for this review. The studies from which we have drawn are referenced in the bibliography. The list is inevitably incomplete. From Table 1 we see that regional coverage is fairly broad although it is clear that Tamil Nadu, and to a lesser extent Uttar Pradesh, have been most heavily studied. Important omissions include Kashmir, Himachal Pradesh, the northeastern states, Haryana and Madhya Pradesh. Table 1 also illustrates that the reference periods for the various studies vary widely. It should be noted that in addition to the omitted states listed above, the available information on Orissa, Karnataka and Kerala is relatively old, and coverage in these states is therefore also less complete than might be desired.

In this paper we are broadly concerned with the evolution of material living standards in rural India. We are interested to trace not only the path of outcomes in terms of poverty or wealth, but also the forces which may have governed these changes. We therefore begin, in the next section, with a brief account of the agricultural intensification in rural India which provides the background against which any assessment of evolving living standards should proceed. We then turn to an examination of two key factors in determining rural incomes, land and labor, to ask how the links between these and rural living standards have evolved over time. In Section 2.2 we focus on evolving landownership and tenancy relations while in section 2.3 we examine the process of occupational change.

In Section 3 we look at changes in poverty and living standards. We briefly summarize in 3.1 general trends in rural poverty obtained from secondary data and compare these with the trends which we observe in the village studies. In 3.2 we focus on some examples of where there has been clear impoverishment over time and to try to understand the possible factors involved. Section 3.3 turns to villagers' perceptions of poverty, to attempt to gauge how the poor themselves judge their living standards.

In Section 4 we turn to several dimensions of inequality and ask how these have changed over time. We consider in 4.1 the evolution of the distribution of land before examining, in 4.2, the distribution of income and wealth. In 4.3 we turn to the question of inequality between castes, and in 4.4 we examine the evolution of gender inequality. In Section 5 we summarize the broad conclusions from the review and discuss their policy implications.

2. The Sources of Income

2.1 Agricultural Intensification

In most of India's half million or so villages, agriculture remains central to the local economy. The intensification of agriculture which began during the 1960s--the introduction of new inputs (such as fertilizers and seeds) and expanded application of existing inputs (such as irrigation and labor), per unit of land--has exercised an unmistakable and profound impact in many parts of the country.⁶ The degree to which agricultural practices were affected by the introduction of new seeds and fertilizers, increased mechanization, the spread of irrigation, and so on, has varied markedly by region and agro-climatic zone in the country.⁷ It seems fair to say, however, that few areas of rural India have not seen some intensification of agriculture take place.

During the early years of the Green Revolution there was much debate regarding the impact on the distribution of income in rural areas. To many observers, this process carried within it forces which could lead to rising inequality of rural incomes. It was thought, for example, that lower risk aversion and better access to credit would allow large farmers to adopt new technologies more rapidly. This, and the possibility of economies of scale, would result in higher returns per unit of land for large farmers than small farmers and a resultant widening of incomes.

Alongside the production advantages to the large and affluent farmers, it was believed that intensification would unleash a process of rising landlessness and concentration of land ownership, as the earlier beneficiaries capitalized on their advantages by adding to their landholdings through purchases. Thus a vicious cycle could set in, resulting in a rural society considerably more polarized than before.

Village studies provide many valuable insights into the Green Revolution's impact. In this sub-section we indicate, first of all, that, although the new seeds and fertilizers which were introduced during the 1960s and 1970s were not suited for cultivation in all parts of the country, some expansion of production has been observed since the late 1950s in virtually all of the village studies surveyed. Of the Green Revolution package of new technologies and inputs, it seems that expanded and improved irrigation has comprised possibly the most important element. Second, alongside the production expansion there is evidence from a number of studies that

⁶ The Green Revolution in developing countries has received much attention in the literature. Lipton and Longhurst(1989) provide a valuable review of the literature. See also Griffin (1974), Hazell and Ramasamy (1991), Singh (1990).

⁷ The term "Green Revolution" implies a sudden and dramatic shift in agricultural practices. This is a somewhat unfortunate image, as the process of agricultural intensification has been an ongoing one, extending over the past twenty five years or so.

the new technologies appear to have been broadly scale-neutral (i.e. the technologies did not benefit the largest farmers disproportionately). We will examine further the second set of concerns, namely the impact over time of the Green Revolution on the distribution of land, in section 2.2 (and again in section 4.1).

In Palanpur, Uttar Pradesh, there were significant improvements in agricultural productivity over the survey period between 1957/58 and 1993, particularly after the mid-1960s (Bliss, Lanjouw and Stern, forthcoming). Output per acre of the main food crop, wheat, increased by about four times between 1957/58 and 1993. These increases translate into an annualized per-capita growth rate of output of around 2 percent. Agricultural technology underwent a number of highly visible changes. There was a substantial rise in irrigation, new varieties of high-yielding seeds became commonplace, the use of chemical fertilizers expanded sharply. Cropping patterns shifted towards wheat, rice and sugarcane, with a decline in the cultivation of coarser cereals and in mixed cropping. Output per hectare in Palanpur was unrelated to farm size throughout the period, indicating that there was no clear advantage (or disadvantage) to large farmers from the new technologies.

While agricultural productivity did improve significantly, Drèze, Lanjouw and Sharma (forthcoming; referred to henceforth as DLS), suggest that agriculture in Palanpur in 1993, was still far from the frontier in terms of productive potential: farmers still sow late; the seeds they use are often adulterated; they are casual about sowing-related details such as timing, depth and spacing; they neglect weeding; and so on. DLS suggest that much of this can be explained by the combination of risk aversion, inadequate insurance, expensive credit and a lack of basic education which has slowed the adoption of new technologies.

In another village of western Uttar Pradesh, called Parhil, Saith and Tankha indicate that gross agricultural output per capita grew at a rate of about 0.64 per cent per year between 1970 and 1987--somewhat more slowly than Palanpur (Saith and Tankha, 1992). This slower growth rate might be due to the fact that Parhil is located in a district which had been selected in the early 1960s for intensive agricultural development, and thus much of the initial boost to agricultural production associated with the introduction of high-yielding seeds and fertilizers, canal irrigation and electrification had already arrived before the first survey in 1970. Nevertheless, between 1970 and 1987, Saith and Tankha also observe a shift in cultivation patterns toward high value crops such as vegetables sold for the market, away from mixed cropping and from wheat (the relative price of which had been declining for some time). Irrigation had expanded further by 1987 and many Parhil farmers had begun harvesting three crops per year. Leaf, (1983) paints a fairly similar picture of increasing intensification between 1965 and 1978 in a village in Punjab.

In a detailed study of the impact of the Green Revolution in North Arcot district, Tamil Nadu, and drawing heavily on the evidence from longitudinal village studies in the district, Hazell and Ramasamy (1991) indicate that while the growth in agricultural productivity was not as great as in northern states such as Punjab and Haryana, significant growth in paddy output was achieved between the early 1960s and late 1970s. The yields

increased as a result of the introduction of high-yielding varieties and increased irrigated areas. There was also some shifting of cropping patterns towards higher value crops. Hazell and Ramasamy (1991) also indicate that the new technology was broadly "scale-neutral" in that large-scale farmers did not achieve significantly higher yields than small-scale farmers. These findings are supported by a large number of village studies elsewhere in Tamil Nadu (Arthreya, Djurfeldt and Lindberg, 1990, Ramachandran, 1990, Harriss, 1986, and Gough, 1981). Guhan and Mencher (1983) also observe a dramatic increase in the intensity of agricultural land use in the South Arcot village of Iruvelpattu, Tamil Nadu, between 1968 and 1981. Yields nearly doubled, and in 1981, three crops per year were being harvested, including two paddy crops. However, unlike is the case with most other village studies, Guhan and Mencher maintain that in the highly polarized community of Iruvelpattu the spread of new technology has benefited the more affluent landowners disproportionately.⁸

In the ICRISAT study of six villages in the semi-arid regions of Mahbubnagar (Andhra Pradesh), Sholapur (Maharashtra), and Akola (Maharashtra), Walker and Ryan (1990) also describe increasing agricultural intensification between 1975/76 and 1983/84. This process has been less rapid and far-reaching than in states such as Punjab or Haryana, however. For example, although groundwater irrigation did increase gradually in all the villages, cropping intensity has not yet changed appreciably because few wells are perennially wet. Even so, farmers in the ICRISAT villages have responded to new incentives offered by a changing economic environment: in the Akola villages of Kanzara and Khinkeda, a rise in the farmgate price of mung bean led to a ten-fold increase in mung-bean production; in the Sholapur village of Kalman farmers started cultivating grapes and sunflower during the 1980s. High-yielding seeds, fertilizers and pesticides have been introduced and adopted, to varying degrees, by farmers in the ICRISAT villages - with generally lower adoption in drought-prone regions and on unirrigated fields.⁹

2.2 Land Ownership and Tenancy Relations

2.2.1 Incidence of landlessness

⁸ The greater benefit of large farmers from the expansion of irrigation is also reported in Beck (1994) for a village in West Bengal.

⁹ The six ICRISAT villages have received a remarkable amount of attention from economists. Detailed and high-quality quantitative data were collected in these villages on a continuous basis over the period 1975/76 to 1983/84. These panel data have permitted rigorous analysis of an enormous range of issues pertinent to rural economic development. Rather than refer to all of these studies in turn, we draw here on the review by Walker and Ryan (1990) for the main results of this research program. References to individual studies can be found in Walker and Ryan (1990).

Landlessness in rural areas is often taken as a sign of vulnerability and poverty. Land is obviously a major factor of production in agriculture, and households without access to land are thus thought to be at a high risk of poverty. Trends in landlessness are therefore often scrutinized to indicate whether poverty is increasing or decreasing. And as was mentioned in the previous section, a commonly voiced fear has been that the Green Revolution would set off a process of land sales leading to a widening disparity in the distribution of land and an increased incidence of landlessness.

There is relatively little evidence from secondary data on trends of landlessness in rural India. Those studies which have been undertaken have often come to conflicting conclusions regarding this issue¹⁰. Village studies are similar in that they provide mixed reviews on the trends in landlessness over the past few decades; rising in some areas, and declining in others. However, the number of studies which provide evidence of the latter (i.e. a declining incidence of landlessness) is quite surprising in light of the popular perception that the big changes in agriculture which have taken place in rural India are associated with an increase in the incidence of landlessness.

There are two important lessons to be learned from village study findings on landlessness. First, the extent of, and change in, landlessness at the village level has a whole range of causes, and impoverishment is only one of these. Other causes include changes in household structure, population growth, migration, and occupational change. Second, given that the causes of landlessness are numerous and varied, it is misleading to equate all increases in the incidence of landlessness with worsening economic conditions.

In a sample of 46 small and marginal farming households in the Kosi area of north-east Bihar, which is technologically and economically backward even relative to the rest of that state, Rodgers (1984) reports net losses in land owned and share-cropped among small-holders between 1971 and 1981. However, neither landholdings nor local wages appeared to play much of a role in determining household incomes --which over this period actually *rose* slightly. An important explanation for this was the better employment opportunities in, and consequent migration to, Assam, by various household members. The study is admittedly selective because the sample in question included only small holders, and it is perhaps unsurprising that landholdings should contribute little to changes in income of such households. Nevertheless, it does suggest that households with only small landholdings were attempting, with some success, to diversify away from a reliance only on cultivation. As Srinivas writes in The Remembered Village (1976): "It gradually dawned on me that a monthly salary appeared as a way out of the hazards and difficulties of agriculture to many villagers, and every village youth who graduated from high school was eager to exchange the back-breaking shovel and plough for the clerical pen." This preference for the stability of off-farm wage employment to the vagaries of agricultural employment is a recurrent

¹⁰ See for example, Raj (1976) and Vyas (1979).

observation in many of village studies, and one which deserves consideration when interpreting trends in landlessness.¹¹

Based on retrospective data for a village in the famine tract of Maharashtra, Attwood (1979) also finds that the proportion of landless households increased between 1920 and 1970. However, he indicates that this increase was due mainly to in-migration, and not the downward mobility of village cultivators. The availability of non-farm employment in the local cooperative sugar factory made it possible for these landless immigrants to enjoy living standards that were comparable to the landed population.

DLS show that landlessness in Palanpur remained relatively stable at around 14 per cent between 1957/58 and 1974/75, but rose to 23 per cent by 1993. However, they observed a good deal of movement in and out of landlessness over time. Only a small minority of households became landless due to the sale of land. More commonly households became landless when sons chose to separate from their father's household before his death, and hence before they inherited their share of the household's land. It follows that much of the movement *out* of landlessness in Palanpur then occurred when these sons subsequently acquired their inheritance upon the death of their father.

In the ICRISAT villages described in Walker and Ryan (1990), the general trend from 1950 to 1982 has been towards (1) decreasing landlessness; (2) increasing equality of landholdings, and (3) declining average farm size. Declining landlessness was most noticeable in the Akola villages of the Vidarbha region of Maharashtra, which has reliable rainfall. Gadre, et al.(1987) convey the same picture for another village in the same region. In the drought-prone village of Shirapur, where the distribution of land was less unequal to begin with and dryland cultivation is often less profitable than off-farm employment, Walker and Ryan (1990) indicate that landlessness remained relatively stable over time.

Athreya, Djurfeldt and Lindberg (1990) note that in Thiruchirapalli district, Tamil Nadu: "there seems to have been a case of *peasantization*" (an increased incidence of small-holder cultivation and a decline in landlessness) over the last generation, with an accompanying decline in inequality in landholdings. In irrigated areas, the incidence of landlessness decreased from 64 to 55 percent, and the land area occupied by landholdings of 25 acres and above decreased from 50 percent to one-third of the total land area. In the dry areas, 50 percent of those who started out as landless acquired some land.

In Karimpur, Uttar Pradesh, Wadley and Derr (1989) observe a decrease in the proportion of landless families from 1925 to 1975, with a further sharp fall between 1975 and 1984, and in North Arcot, Tamil Nadu,

¹¹ In fact, the final "decline" into landlessness of such households might indicate that they can *afford* to withdraw from agriculture altogether, and could therefore just as well indicate an improvement in living standards.

Hazell and Ramasamy (1991) find no evidence of any general increase in loss of land by small landholders over time.

2.2.2. Land Transactions

Srinivas (1976) reports that in Mysore, "parting with ancestral land was a serious matter under any circumstances, and selling or mortgaging it to indulge in one's taste for women, gambling and liquor was regarded as a heinous offense against those closest to the wrong-doer." If this attitude to land ownership can be generalised to rural India more broadly, it is not surprising that few village studies observe high levels of activity in the land market in rural India. This is in conformance with the general perception of low turnover in land markets in developing countries (see Binswanger and Rosenzweig, 1986a).

In Palanpur, Dreze, Lanjouw and Sharma (forthcoming) find that "the land market is quite 'inactive'...in the sense that sales and purchases of land are infrequent events." Over the period 1957-93, the average amount of land transacted in Palanpur was found to be barely half of one per cent per annum. Similar results are presented by Saith and Tankha (1992) for Parhil, another village in Uttar Pradesh. They report the land market to be "inert and sluggish" with a low frequency of sales and small areas of transaction (a turnover of 0.5 per cent per annum). The turnover rates reported by Walker and Ryan (1990) for the ICRISAT villages (0.7 per cent per annum) and by Beck (1994) for Fonogram village in West Bengal (less than 1 per cent) also conform with the observed inactivity in the rural land market.¹²

The *inactivity* of the land market provides some counter-evidence to the notion of rapid land polarization in rural areas. Moreover, it is obvious that *activity* in the land market does not, in itself, imply increased polarization in landholdings either. Harriss (1986) finds, for instance, that in 4 villages in North Arcot district, Tamil Nadu, small holders frequently added to their holdings while the large holders more often than not sold land. In Palanpur, half of the relatively modest quantity of land sold between 1957 and 1993 was sold by Thakurs, the dominant landowning caste in the village, but one whose traditional occupation did not involve cultivation (DLS). This observation, that land sales involve transfers from landed but traditionally non-cultivating castes, to traditionally cultivating castes, has also been noted in Jha (1994).

¹² Bliss, Lanjouw and Stern (forthcoming) suggest that typical motives for land transactions, such as life-cycle changes, moving jobs, adjustments to desired capital holdings as a result of changing wealth, and changes in perceived returns to different forms of assets, while not absent in a village such as Palanpur, are much more muted in a rural Indian village than one might expect to find in a developed country context. In addition, the "thinness" of the land market in Palanpur can be linked to a number of different types of transactions costs, and these may also be present in other villages.

Some village studies do offer interesting exceptions to the general pattern of relatively low levels of activity. These suggest that although there may be important transaction costs in the rural land market, they are not insurmountable.

The arrival of canal irrigation is one factor which appears to stimulate increased levels of activity in the land market. Epstein (1973) reports that the conversion of dry land to wet in rural Karnataka led to an "overnight" increase in land prices, presumably because canal irrigation arrived at once over a large area, leading to a sudden change in land productivity and expected returns to land ownership. Epstein describes how early land sales proved to be economically disadvantageous for the sellers, and that those who had better access to credit and were less risk-averse were able to buy this land and profit in the longer-term. She suggests that between 1954-56 and 1970, the poor in two Karnataka villages have become poorer in both relative and absolute terms. The increased polarization is due in part to the profits the jaggery boom procured for those farmers who owned two or more acres of wet land. Canal irrigation is often accompanied by the extension of cash crop cultivation which, although potentially lucrative and perhaps also less exposed to harvest fluctuations than non-irrigated crops, is vulnerable to the vagaries of the market. In a village in the famine tract of Maharashtra, booms and busts in the market for sugar are reported by Attwood (1979) as having been a driving force behind distress sales which were an important source of *downward* mobility among the *largest* cane growers and their creditors, many of whom were overextended. This is an instance in which distress sales, though largely responsible for the high level of transactions, had an equalizing effect on the distribution of land ownership.

2.2.3 Land Legislation

Village studies report mixed effects from land legislation focussed on limiting the size of landholdings or of strengthening the security of tenure of sharecroppers. A few find a progressive distributional effect and some find increased concentration. Most find that the ultimate changes induced by land legislation were not those originally intended by the architects of the legislation. Thus well-intentioned land reform can often be counter-productive.

Athreya, Djurfeldt and Lindberg (1990) conclude that some deconcentration of land holdings in Tiruchirapalli had taken place over the preceding generation and could be attributed largely to land reform legislation which compelled large landlords to sell their land. They argue that the success of land legislation in this instance could be accounted for by the success of the particularly active Tenant's Movement in the area combined with a high incidence of absentee landlords. Similar legislation elsewhere in Tamil Nadu did not, however, achieve the same degree of success. For Tanjavur district Gough (1987) concludes that land reform was far from successful in achieving its stated objectives of: raising wages for agricultural labourers; abolishing intermediary non-cultivating tenures; providing security of tenure to cultivating tenants; establishing fair rents for

tenants; limiting the size of landholdings; and allotting confiscated land to the landless. There was widespread evasion of land ceilings, and many tenants were evicted. Kapadia (1992) reports a similar pattern among the Pallars of Poovloor in Tamil Nadu, where misguided legislation resulted, perversely, in the eviction of tenants.

For two villages in the neighboring state of Kerala, Mencher (1980) finds that land legislation passed in the early 1970s, giving permanence of tenure and also ownership rights to former tenants, had two divergent effects depending whether landlords had tenants or not. Those who still had tenants in the 1970s (among these, many Brahman landlords) were able to retain only that portion of their land which they had kept to cultivate with hired labour or which they had left uncultivated. Consequently, many of these families were, in 1980, quite poor. On the other hand, those landlords who had rid themselves of tenants in the late 1950s and early 1960s, did not suffer any substantial adverse effects from the legislation. Mencher further finds that the only benefit most agricultural labourers derived from the legislation was the acquisition of permanent rights to their house sites, and a tiny piece of land immediately around their houses. Mencher pointed out that since in Tamil Nadu, the *cheri* (*harijan* quarter) was always *harijan* property, from which evictions could not take place, landless agricultural labourers in Kerala only just acquired what the landless in Tamil Nadu had always possessed.

In the semi-arid ICRISAT villages, Walker and Ryan (1990) indicate that little land changed hands directly because of the land ceiling and tenancy legislation. Most of the redistribution effects were indirect results of the land reforms. Since the threat of confiscation was perceived as being real by large farmers, the risk of land accumulation increased. This increased risk, coupled with the advent of irrigation resulted in a shift in emphasis to irrigation investment away from rainfed land acquisition. While land reform in Gough's villages appears to have resulted in the eviction of tenants, large farmers in the ICRISAT villages are reported to have developed instead an aversion to long-term tenancy – a development which Walker and Ryan claim has led to more equitable access to land among prospective tenants.

In Karimpur, a village east of Agra, Uttar Pradesh, two developments took place which changed the pattern of land distribution, with varying degrees of success (Wadley and Derr (1989)). The first, the Uttar Pradesh Zamindari Abolition and Land Reforms Act of 1950, in conjunction with land ceilings meant that (i) absentee *zamindars* (land agents) were eliminated and tillers acquired land ownership and (ii) there was a redistribution of land to non-Brahmins. The results were by and large progressive in this case. On the other hand, land consolidation during 1967-70, though meant to regroup the holdings of smallholders, seems to have benefited richer farmers disproportionately. DLS note that in Palanpur, an attempt at very modest land redistribution in 1976 (six households were allotted one acre of government-owned Palanpur land), involved a considerable amount of corruption and did not benefit the poor, although these were the intended beneficiaries. Similarly, they judge that while a land consolidation exercise carried out in Palanpur in 1985-86 was broadly

successful in reducing land fragmentation, influential farmers exploited their connections with the headman to use consolidation as an opportunity to obtain an improved holding in quality terms.

In West Bengal, Chattopadhyay (1992) claims that ceiling laws had no direct impact on the village of Rajoor, because no land was declared as surplus and vested with the Government for redistribution. There were, however, two important indirect effects. The first was that large joint families, in an attempt to evade the land ceilings, separated into smaller proprietary units, and although this did not initially change the pattern of land management among these families it did sow what Chattopadhyay terms as the "seeds of fragmentation (among large, wealthy joint families, and their dominance of village politics)". Second, as observed elsewhere, it led to the large-scale eviction of tenants by landowners. Beck (1994) indicates that in Fonogram, a muslim village in an agro-climatically favourable part of Midnapore district, West Bengal, the program of sharecropper registration called Operation Barga had had no effect whatsoever, nor was there any redistribution of land. However, another program of land redistribution did have an impact in the two relatively poorly endowed villages of Bithigram and Keshipur, in the same district. Although the quality of land redistributed was generally low (and occasionally uncultivable), scheduled caste and tribal households did receive a sizeable proportion of the land.

2.2.4 Tenancy arrangements

The volume of evidence from village studies on the incidence of tenancy is testimony to the resilience of tenancy as an institution. Village studies point to four broad developments over time in the operation of this institution. First, there has been a movement from sharecropping towards fixed rent contracts (including those where the payment is in-kind, and which might be misconstrued as sharecropping). Second, landlords have generally become more involved in cost-sharing and supervision of day to day operations. Third, there has been a shift away from permanent labor towards tenancy in areas where permanent labour used to be common. Finally, there has been emergence of what is commonly referred to as "reverse tenancy", i.e., the leasing of land by larger landholders from smaller landholders.

Drèze and Sharma (forthcoming) indicate that in Palanpur the tenancy market is very active, with several features of tenancy contracts worth noting. First, tenants and landlords in Palanpur are widely distributed in the scales of per-capita income, land ownership, caste status, etc. Contrary to "the cliché that pitches the helpless tenant against an oppressive landlord, the average characteristics of the two groups are remarkably similar" (Drèze and Sharma, forthcoming). Second they point out that each year there is considerable turnover, with landlords and tenants re-sorting themselves. This process includes some tenants becoming landlords and vice-versa.

Drèze and Sharma describe how the evolution of tenancy contracts in Palanpur is closely associated with the intensification and increased market orientation of agriculture. In the past, non-labor inputs in cultivation were relatively unimportant. Tenants were generally small, poor, farmers with little or no land. Landlords were

wealthy and less risk-averse, with better access to credit, but with a traditional reluctance to engage directly in cultivation themselves. Sharecropping contracts thus involved an implicit and secured loan from landlord to tenant (with rent being postponed until after the harvest). Sharecropping contracts also shifted some of the risks of cultivation from cultivators to landlords. With agricultural intensification, there has been an expansion of cost-sharing of inputs (irrigation, fertilizers, seeds and so on). This has led to a reduction in economic differentiation between landlords and tenants, as poor households lose the ability to contribute their share of cultivation costs, and as ownership of indivisible productive assets such as pumping sets or tractors creates an incentive for some of the larger landowners to lease-in land. This has resulted in some cases of large farmers leasing-in land from small landowners (the phenomenon of reverse tenancy). The emergence of tenants who are less risk averse and credit constrained than in the past also provides an explanation for the shift away from share-cropping contracts towards fixed-rent tenancy contracts in Palanpur. In interpreting these developments Drèze and Sharma make the important point that while tenancy contracts have evolved in such a way that there is now less differentiation between landlords and tenants (which might be interpreted in a positive light), there are reasons to expect that the poor are now more excluded from participation in the tenancy market than they were in the past.

Athreya, Djurfeldt and Lindberg (1990) find for their villages in Tiruchirapalli district, Tamil Nadu, that fixed rents almost completely dominate, accounting for 97% of leased-in land. Although the rising incidence of fixed-rent leases does appear to be something of a general trend, to have such a high proportion of fixed rents is certainly unusual. In this particular case, the authors suggest that it is due primarily to the high incidence of absentee landlords (60 per cent of the area under registered leaseholds). The authors regard the movement from sharecropping to fixed rents in their Thiruchipalli villages as evidence of the disappearance of most "exploitative forms of tenancy".

Ramachandran (1990) finds that in Gokilapuram (a village in the Cumbum valley in Tamil Nadu) the input share and supervision by landlords in share cropping arrangements have increased. Ramachandran points out that the reduced involvement of the tenant in cost-sharing under the sharecropping arrangement has made it increasingly difficult to draw a distinction between tenant and agricultural laborer. This finding and its accompanying assertion are echoed by Ravi Srivastava who notes that in Alipurjeeta, a village in Uttar Pradesh, "landlord supervision over tenants' holdings has increased and leasing contracts in which landlords provide a greater proportion of the cost share and receive a proportionately greater share of output are also no longer unknown" (Srivastava, 1995). He concludes that leasing contracts, which are now issued seasonally for labour-intensive crops, make it increasingly difficult to distinguish tenants from piece rated workers, except that the former continue to share the risks.

An increased incidence of "reverse tenancy" (smallholders leasing land to largeholders) is a phenomenon observed in village studies other than Palanpur. Walker and Ryan (1990) observe that the decline in the median

size of operational holdings in the ICRISAT villages has been more gradual than that of owned holdings because of the phenomenon of reverse tenancy. This is particularly true in dryland areas since off-farm employment in these regions tends to be more lucrative than own farm cultivation on small plots of land; in rainfall-assured Kanzara, by contrast, operational area is approximately equal to owned area. Janakarajan, in his re-study of a Tamil Nadu village, finds a new form of tenancy: multiple year reverse tenancy, or *Kazippukuthagai* (Janakarajan, 1996). In this example, traders of *korai* (a commercial crop) enter into multiple-year contracts leasing in land from small landholders.

2.3. Occupational Change

2.3.1 Decline of Traditional Labour services

The decline of traditional caste occupations has received much attention from village studies. But though the broad trend seems to hold fairly widely, there do also seem to be some exceptions. In addition, the village studies suggest that the trend, by itself, does not suffice to imply that the households previously occupied in such activities have slipped into greater poverty.

Wiser and Wiser (1971) describe in some detail the services offered by *kamins*, or the "service castes", a group to which traditional artisans belonged. Despite being an essential part of Karimpur's life in 1925, the "Hindu jajmani system" (whereby customary payments are received in return for the performance of regular services for a patron) was virtually extinct in the Uttar Pradesh village by 1984, as described in a subsequent resurvey of Karimpur by Wadley and Derr (1989). They attribute the extinction of demand for the services offered by *kamins* to three main factors: (i) behavioral change; (ii) technological change and mechanization; and (iii) greater market integration. Where ritual services continue to be both demanded and provided, Wadley and Derr (1989) indicate that *kamins* are now paid "by event" (i.e. as and when services are provided) rather than in fixed annuities for year-round services -- a development which points to the casualization of those services which have not disappeared altogether.

Athreya, Djurfeldt and Lindberg (1990) comment on the casualization of certain services and the extinction of yet others in their Tamil Nadu villages. They report that even those traditional artisans (such as blacksmiths, carpenters, and cobblers) who continue to be regulated by the old *jajmani* system, supplement their income by working against cash payment for other customers, or as agricultural wage labourers. Leaf (1983) reports that over half the *harijans* in a Ludhiana (Punjab) village who were formerly weavers are now predominantly engaged in full-time agricultural work, and some sweeper families who previously played at weddings no longer do so.

While the caste-based nature of the traditional artisan system incorporated rigid, often insurmountable barriers to entry, Ramachandran (1990) points out that barriers to obtaining employment in manual labour are negligible. In Gokilapuram, a village in the Cumbum valley in Tamil Nadu, he describes how two-thirds of those in the artisan or service castes have moved out of their traditional activities, mainly into manual labour. In fact, the low barriers to entry in manual labour has meant that agricultural labour is the most caste-heterogeneous activity in the village.

DLS also comment on the virtual disappearance of several traditional village-based caste occupations in Palanpur, but note that some other occupations for which there is a high income elasticity of demand, such as carpentry, continue to be in strong demand. Nor does a shift out of traditional occupations necessarily imply a decline in absolute living standards. In Palanpur the decline of traditional labor occupations has preceded rising real wages in the economy (including rising agricultural wage rates).

2.3.2. The Casualization of Labour Contracts

Parallel to the decline in traditional labor services, village studies have also noted a decline in traditional farm labor arrangements. There has, first, been a noticeable decline in long-term patron-client relationships between employer and laborer in favor of more casual, non-personalized, contracts. Second, in some parts of the country, there has been an increase in the sub-contracting of specific cultivation tasks to labor "gangs" (often comprising migrants).

In general, it seems to be the case that villages which continue to have a predominantly agrarian base tend to be more reliant on traditional labour relationships than those which have experienced more occupational diversification, and greater market integration. But it is difficult to single out a specific cause for observed changes in labor relationships. In addition, it is important to realize that "decline" is not the same as "demise". In some cases, the traditional farm servant arrangement has been replaced by the so-called "right of first call", whereby the workers first check in at their patron's house to see if there is any work available, before seeking employment elsewhere. Thus village studies indicate that "traditional" labour relationships need not be either rigid or static. Indeed, as Breman (1993) indicates, even in villages where the use of permanent farm servants was common in the past, cultivators often "permitted" these servants to seek work elsewhere during the slack season.

Do casualized contracts imply greater poverty? One point of view is that those agricultural labourers who have gone from being permanent farm servants to being casual labourers have in some sense acquired a greater freedom of choice in employment as a result. For Ramachandran (1990), for instance, even the "right of first call" remains a manifestation of "unfreedom" in agricultural labourers' choice of employer. On the other hand Breman (1993) contends that although bondage was in large part imposed, it was advantageous for the permanent servant to have year-round employment, and that therefore, "servitude was preferred to free labour by

landowners and agricultural labourers alike, and paradoxically, for the same reason: the unequal distribution of the work on the land over different seasons". Epstein (1973) echoes this sentiment when she recounts the expression of envy on the part of casual agricultural labourers in unirrigated Dalena at the continuation of the permanent farm servant institution, however "unfree", in Wangala.

As another manifestation of the "depatronization" of labor relations, Gough (1987) observes a movement away over time from in-kind payments in rural Tanjavur, Tamil Nadu. More specifically, attached labourers received more income in cash, were less likely to be given clothing and life cycle rites goods, and were not given a plot of land in the 1980s, whereas they tended to be provided with all of the above in the 1950s. Walker and Ryan (1990) observe a similar decline of in-kind payments to farm servants in several of the ICRISAT study villages. They attribute this to the diminishing importance of the "survival motive". They justify this claim with the observation that in Sholapur, which is drought-prone and is characterized by high income variability, payment in kind continues to be important.

One implication of the expansion in casualized labor contracts and the rise of cash payments is that trends in wage rates can be monitored to track the economic position of a well-defined segment of the village population. Agricultural daily wage rates have been observed to be remarkably uniform across laborers (of the same gender) within a village.¹³ As a result, the prevailing wage rate in a given village can be monitored to check whether laborers' earnings are rising over time (assuming no offsetting changes in days of employment).¹⁴

In addition to the "casualization" or "depatronization" discussed above, two additional trends have been widely observed in village studies. First, permanent servants are being replaced by "gang" (often migrant) labour, and second, there has been an expansion of piece-rate contracts over time.

Breman (1993) claims that the movement from cane cultivation (which is highly labour intensive) to fruit tree cultivation (which only requires hired labour during picking season) after World War II was the primary cause of the widely observed expansion of gang labor in Gujarat. He notes that things might have been different if more labour intensive crops had been cultivated. However, Athreya, Djurfeldt and Lindberg (1990) observe that in their Thiruchirapalli villages, contract gang labour has been spreading and gradually replacing wage labour

¹³ Drèze and Mukherjee (1989) survey the structure and functioning of rural labor markets, as seen from the village-study perspective, more generally. See also Datt (1996).

¹⁴ Drèze and Sharma (forthcoming) observe that standardized contract terms are not uncommon in a number of other village markets. They suggest that such standardized contracts may be preferred over personalized contracts for a number of reasons. For example, personalized contracts may be considered as a form of "discrimination" which may generate resentment within the village community. Standardized contracts may give expression of group solidarity. There may also be efficiency gains from a reduction in the economic and social costs of repeated haggling and a reduction in uncertainty.

and displacing permanent farm servants, even for labor-intensive crops. Gang labour is a collective piece-rate system; payment is for the whole operation and is generally shared equally between member of the gangs. While the system originated with large-scale banana cultivation at the turn of the century, it expanded further under cane, and with the expansion of irrigation. These new cash crops demanded more labour per unit than traditional paddy cultivation. Nevertheless, Athreya *et al* (1990) claim that the use of gang labor has now become common even for paddy cultivation. A similar picture obtains in a village in Ludhiana, Punjab, as described by Leaf (1983). He notes that the advent of the Green Revolution has led to a marked increase in "periodic labour needs" which is met by an increase in the hiring of gang labor.

Desai (1983) reports that "time wages have been replaced by piece wages for all major operations without much resistance". Bhalla (1976) echoes this finding noting a movement from long-term to piece-rate work in Haryana. Saith and Tankha (1992) suggest that the shift is not only from long-term to piece-rate work, but also from casual, daily-wage labor toward piece-rate labor. Drèze and Sharma (forthcoming) suggest that in Palanpur, farmers have a clear view of the respective merits of piece-rate and daily wage contracts. Piece-rate contracts dispense with the need for close supervision and tasks are often achieved at greater speed, but such contracts are less suitable where there are important quality-control considerations. Drèze and Sharma suggest therefore that the choice of one contract over the other will depend crucially on the particular tasks for which labor is being hired. Harvesting activities, for example, seem to be particularly well suited to piece-rate contracts.¹⁵

2.3.3 Expansion of non-agricultural employment

Discussions of occupational change in village India tend to centre around the decline of traditional labor services. This trend is often perceived in a negative light and becomes associated with involuntary occupational displacement or even unemployment. A topic which has received relatively little attention, however, and which is clearly relevant to the debate on the decline of traditional occupations, is the expansion and diversification of non-agricultural employment.

Many village studies comment on the expansion of non-agricultural employment, although few pursue this important development in detail. Wisner and Wisner (1971), for instance, notice the emergence of a tea stall by the bus stand, and new bicycle and tractor repair shops. Epstein (1973) reports on the movement of entrepreneurs to the tertiary sector; in 1970, cafes, shops, and cattle trading posts, cane crushers, and rice mills emerged where

¹⁵ Baland, Drèze and Leruth (1996) suggest that piece-rate contracts are attractive to highly productive workers, who can raise their earnings above the village daily wage rate with such contracts, but also to the least productive workers who might otherwise be rationed from employment in the daily wage labor market.

they had not existed in 1955. Srinivas (1976) notes investment in bus lines, while Saith and Tankha (1992) comment on bandplaying as a local speciality of growing importance to the residents of Parhil, Uttar Pradesh.¹⁶

Observations of this kind, though somewhat superficial, are informative in that they are indicative of an *expansion* of employment opportunities which have, in many cases, accompanied *contractions* such as the decreasing viability of many traditional services. While several authors point out that barriers to entry remain strict for those traditional services which continue to be viable, few take note of the opportunities offered by greater market integration and technological advances. When Bailey (1957) and Srinivas (1976) say that traditional servitude *fell into disfavor* with the rise of the market economy, they could just as well have remarked upon the increased alternative employment opportunities which were becoming available as a result of greater market integration. Moreover, the new labour market and self-employment opportunities tend to be rather caste heterogeneous, thus compensating at least in part, for the contraction in the market for traditional labour services.

Village study evidence suggests that off-farm labour market opportunities are an important means of offsetting declines or high variances in income. In North Arcot, Tamil Nadu, Hazell and Ramasamy (1991) indicate that although new agricultural machinery was displacing hired labor in paddy cultivation, real wage rates in agriculture actually rose (at least for some activities) as a result of increased off-farm employment and the consequent tightening of village labor markets. Epstein (1973) notes that when the advent of irrigation in Wangala (in Karnataka) made farming less viable in the neighboring, unirrigated, village of Dalena, most of the landless and marginal farmers found employment as laborers for contractors, or for the Public Works Department directly, in construction and maintenance of the irrigation canal.

Walker and Ryan (1990) find that in the ICRISAT villages, non-agricultural self-employment and labour market earnings have become increasingly important sources of income, increasing mean and dampening household income variability in the 1980s. The latter effect seems, in fact, to be the main source of improvement in living standards for rural households in this sample of 6 villages located in the semi-arid region of India.

In Palanpur, the expansion of non-agricultural wage employment has taken the form of both regular and casual employment outside the village (DLS, and Bliss, Lanjouw and Stern, forthcoming). In this village, located on the densely populated Gangetic plain, wage employment outside the village generally involves commuting to some nearby town within the district. Commuters have found employment in a wide range of establishments, both public and private, but the jobs in question rarely involve advanced skills or education levels. In Palanpur there is evidence of excess demand for employment in the non-agricultural sector (wage rates are relatively high,

¹⁶ Most of these anecdotes describe instances of self-employment outside of agriculture. In fact, evidence from village studies suggests that non-farm wage employment has expanded more rapidly than non-farm self-employment. This is also supported by secondary data (Visaria and Basant, 1993).

and work conditions are generally perceived to be less arduous than agricultural work), and as result the question of how these jobs are allocated is of considerable interest. DLS indicate that the process may be governed in part by an ability to pay a bribe, but also seems to involve personal connections. They illustrate that regular non-agricultural jobs tend to "cluster" around a small number of establishments where some village resident initially succeeded in making an entry, and then helping others to follow him later. Those who follow frequently belong to the same caste as the initial entrant, or have some other bond with those who preceded them.

This role of personal contacts and influences in job search, if more widely applicable, could have wide ranging implications. It could, for example, explain the large gap between rural and urban wages; the low turnover of regular jobs; and the fact that persons with low social status seem to be at a disadvantage in the competition for regular jobs, even for given skills and endowments.¹⁷ These features of the labor market can obviously have an important bearing on the distributional consequences of the expansion of non-agricultural wage employment.

This distribution of non-agricultural employment and earnings is likely to reflect two distinct influences.

First, some (usually the better educated, or otherwise privileged) have more opportunities for non-agricultural employment. Second, the poor with lower "reservation" wages might make greater use of available opportunities.

In Palanpur there has been a clear pattern over time of the relatively better-off in the village acquiring an increasing share of non-agricultural employment and earnings. By 1993, the end of the survey period, the high-ranked Thakurs had a disproportionate share of non-agricultural employment. This pattern of a gradual reduction in the share of non-agricultural employment and earnings for disadvantaged groups has also been observed by Wadley and Derr (1989) in Karimpur, also in western Uttar Pradesh, and Leaf (1983) for a village in Punjab.¹⁸

2.3.4 Agricultural Wages

One of the more important distributional impacts of the Green Revolution and the expansion of the non-farm economy has been felt through their influence on agricultural wages. Until recently it was widely believed that real wages in rural India showed no significant upward trend. This conclusion was based on evidence from secondary data (such as Kurien, 1980) and also supported in some village-studies (Walker and Ryan, 1990). However, more recent analyses suggest that an upward trend did, in fact, emerge in the 1970s and 1980s in most

¹⁷ Probit models estimated by Bliss, Lanjouw and Stern (forthcoming) indicate that Jatabs, the lowest caste in the Palanpur hierarchy of castes, were significantly less likely to be employed in regular wage employment outside the village, controlling for education and wealth characteristics. (See also Unni, 1997).

¹⁸ The recent expansion of non-agricultural employment in rural Uttar Pradesh as a whole has been widely documented, see for example Ranjan (1994) and Sharma and Poleman (1993).

regions of India (Acharya, 1989).¹⁹ The rise over time of agricultural wages is also remarked on in numerous village studies (for example, Leaf, 1983, Ramachandran, 1990, Harriss, 1989, Guhan and Mencher, 1983).

DLS indicate that in Palanpur real wages since 1974/75 have displayed a rising (if not monotonic) trend, and have consistently remained well above the levels that prevailed in either 1957/58 or 1962/63. This improvement appears more dramatic when wage rates are expressed in terms of the wheat that they can purchase. Because the relative price of wheat declined in Palanpur, reflecting a large increase in the all-India production of wheat over time, one day of casual labor in 1993 fetched more than 8kgs of wheat, compared to less than 3kgs in 1957/58. Similarly, Hazell and Ramasamy (1991) show that because of a withdrawal from agricultural labor by large farmers and the expansion of competing employment opportunities in dairying and non-farm activities, agricultural employment earnings doubled between 1974/75 and 1983/84 for landless labor, small paddy farm, and non-agricultural households.

2.3.5. Labor migration

The increasing importance of labour migration in income earnings opportunities is a well documented phenomenon. Drawing from numerous large-scale surveys (such as the NSS and Government of Tamil Nadu surveys), Kurien (1980) finds that in rural Tamil Nadu, there seems to have developed a willingness of the poorer sections of the population to give up not only their traditional occupations, but also their places of work. Village studies have also noted a rising incidence of migration. Walker and Ryan (1990) observed a tightening of the labour market from 1974-85 which resulted in a 60 percent increase in male and female real wages in Aurepalle. During this period, there was decreasing participation in daily wage-labour for a number of reasons, among which, they claim the most important to be temporary migration due to off-farm employment opportunities in Hyderabad. Saith and Tankha (1992) observe that in the village of Parhil, Uttar Pradesh, the incidence of out-migration virtually doubled.

To study changes in the role of labour migration has obvious logistical difficulties in the context of a closed village study, even one which takes the form of an initial visit to the village followed by one or more re-visits.²⁰ Nevertheless, the village studies do take note of an important feature concerning changes in rural-urban migration -- namely, that there appears to be a movement from low-caste, low-skilled, to high-caste, high skilled migration. In Karimpur, Wadley and Derr (1989) observe both an expansion in number and type of extra-village

¹⁹ There is no clear indication of a trend during the 1990s (Unni, 1996).

²⁰ Breman (1985) presents an exhaustive analysis for rural Gujarat within a framework which extends beyond a single village to encompass a wider region. The ICRISAT study of Walker and Ryan (1990) and the study of North Arcot district, Tamil Nadu by Hazell and Ramasamy (1991) take a broader, regional, perspective as well.

service jobs available to both high and low-skilled migrants, with the balance shifting in favor of the former. Previously, extra-village service jobs had been held solely by the poor (who migrated to Calcutta to work as sweepers). By 1984, services jobs had become the "desired occupation" of wealthier, *jati* families. The poor continue, however, to shift from agricultural employment to low-skilled, casual employment in urban centers (as rickshaw drivers, porters, construction workers, and so on). Leaf (1983) finds that, in a village in Punjab, high caste *jats* have participated more actively in out-migration than *harijans* since the Green Revolution, which has generally been accompanied by out-migration of wealthier, better-educated groups rather than poorer, unskilled agricultural labour.

2.3.6. Proletarianization?

Evidence from secondary sources, such as the census, points to an increasing proportion of wage labor employment in the rural population. This has been sometimes been interpreted to indicate a trend towards "proletarianization" of the labor force. This term can be interpreted to mean at least two different things. First, proletarianization may simply describe the shift away from self-employment (mainly in agriculture) towards wage labor. Second, it can be given the more normative interpretation which assumes that smallholder cultivators are "pushed" out of agriculture and into wage labor (in contrast to the alternative possibility that they are "pulled" out of agriculture due to the attraction of better earnings or employment conditions). How one judges this phenomenon depends on how one defines it. The process of "proletarianization" is a theme which has received particularly close attention in both village studies and analyses of secondary data for Tamil Nadu. However, it resonates also for village studies elsewhere in the country.

It is not terribly surprising that Tamil Nadu should have received close attention in this context, given what Kapadia (1992) describes as "misguided" land legislation in that State which seems to have led to large-scale eviction of tenants. An analysis by Kurien (1980), based on large-scale surveys, finds that in Tamil Nadu there has been a "tendency of small farmers to leave land and farming to join the ranks of the rural proletariat". Kurien claims that this process has been characterized by peasants moving into poorly remunerated activities with increasing impoverishment and insecurity²¹. His analysis has, however, been vigorously questioned by Harriss (1986) who claims that although some "proletarianization" has indeed taken place it is mainly a process of farming households supplementing their cultivation incomes with wage employment in both agriculture and non-

²¹ This increase in the proportion of agricultural labourers in the rural workforce over the last few decades in Tamil Nadu is also observed by Subramanian and Ramachandran (1982).

agricultural sources.²² He concludes that there has been a process of "proletarianization without depeasantization".²³

Ramachandran (1990) also demonstrates that a rise in agricultural labour employment does not necessarily imply a withdrawal from cultivation. In his study of Gokilapuram in the Cumbum valley of Tamil Nadu, he finds that despite increased polarization in landholdings and a burgeoning number of agricultural labourers, there continues to be a high incidence of small-scale production among the lower peasantry. He further observes that in Gokilapuram, small-holders resorted to supplementing their cultivation activities with agricultural labor rather than selling their own land. Ramachandran therefore regards the expansion of the market for hired labour as having served to preserve the institution of small-scale production.

The degree to which the expansion of agricultural labor employment is associated with a withdrawal from cultivation seems to be closely linked to the incidence of tenant-evictions accompanying "Land to the Tiller" legislation. In Tanjavur, Tamil Nadu, Gough (1987) finds that there has been a dramatic increase in the category of male landless agricultural labourers from the 1950s to the 1980s, both in absolute terms, and as a proportion of the male agricultural labour force. The number of landless agricultural labourers shot up between 1960 and 1970 because of tenant eviction, and through the 1970s and 1980s as more tenants were evicted and more peasants forced into land sales.

The factors "pushing" the labor force out of self-employment in agriculture to wage labor in Tamil Nadu are mainly linked to tenant evictions and population pressure on the land (a gradual decline in average farm size).

"Pull" factors have also been present, however. Most important among these has been the expansion of non-agricultural activities. Whether "push" or "pull" effects dominate across rural India, varies with the experience of land legislation, population pressure on the land, and the expansion of non-agricultural opportunities. The fact that proletarianization often takes place against a background of rising real agricultural wages suggests that the influence of "pull" factors might in general be more pronounced than the "push" factors.

2.3.7. Social implications of occupational change

Occupational change is likely to be accompanied by changes in the prevailing social order. Breman (1993) for instance, regards the disintegration of the *jajmani* system largely as a product of changes in the scale

²² Harriss (1989) notes a sharp increase in the number of occupations outside of cultivation or agricultural labour between 1973 and 1984 in the villages he studied in North Arcot.

²³ Arthreya, Djurfeldt and Lindberg (1990) suggest that in fact the process has been one of "peasantization rather than proletarianization" from their analysis of villages in Thiruchipelli District in Tamil Nadu, but they point out that in their study area, the eviction of tenants was not a widespread phenomenon.

and type of agriculture pursued, migration, reduced provision of marriage loans, socio-political developments, and new aspirations among agricultural labourers. He writes "...the relationships lost their local flavor in the process of enlargement of scale. Commercialization of agriculture and continuously increasing government intervention diminished the importance of local autarky and autonomy. The drift of members of the artisan and serving castes to the urban centres, from which they began to serve the surrounding countryside, contributed to the rise of an ever-increasing number of different contacts which went beyond the village. Depending on the accessibility of the region, this development began early or late." (p. 21).

The degree of integration with the market economy can have an important influence on the occupational and social order in the village. In her analysis of rural societal change in Tanjavur, Tamil Nadu, between 1852 and 1952, Gough (1981) remarks that coastal regions, which have been more "disturbed" by external change, tend to break more easily with the age-old caste-based occupational structure. Where an area's comparative advantage lies in agriculture, the traditional social order (and associated occupational structure) tends to be relatively more resilient to change. Breman (1993) believes that differences in soil fertility are largely accountable for differences in agrarian employment. In Gujarat, the village of Chikhlingam is characterized by poor soil quality and indifferent use of irrigation, so year-round labour was not required. This reinforced the urban orientation of both the cultivating castes (the *Anavils*) and the agricultural labour castes (the *Dublas*), leading to high seasonal migration among the *Dublas*. In Gandevigam, where the soil is much more fertile, most *Dublas* are engaged as farm laborers.

Epstein (1973) describes a similar process of social change in the two Karnataka villages she studied, one of which was served by a recently constructed irrigation canal and another neighbouring village which remained unserved. The advent of irrigation in Wangala enabled farmers to grow cash crops. However, since Wangala's economy remained almost wholly agricultural, the new cash economy co-existed with the traditional system of hereditary relationships between Wangala Peasants and their "functionaries". The latter was reinforced by the introduction of labour-intensive cash crops, and this, in turn, rendered virtually impotent the All-India anti-Untouchability policies in Wangala. Economic diversification in neighboring Dalena (which remained unirrigated) led to increased factionalism as the glue of agriculture no longer bound the villagers together. The radical economic change which Dalena underwent at the advent of irrigation into the region undermined the hereditary principles on which the society had been formed. Greater integration into the rural economy led Dalena commuters into contact with the wider world, where the principles of differentiation along caste lines and other social institutions were diluted. Ramachandran's (1990) evidence from Gokilapuram is much the same. He notes that the structure of control over labor relations has been rigid in areas of surplus paddy production (which are irrigated areas) and more lax in unirrigated areas. In the former, the traditional occupations of *harijans* (sweepers, watchmen, and cleaners in particular) have tended to be maintained.

3. Poverty and Living Standards

3.1 General Trends

Aggregate economic statistics on the evolution of poverty in India point fairly unambiguously towards steady, albeit slow, progress in the reduction of poverty. The poverty headcount (based on various rounds of the National Sample Survey Organization's household surveys of consumption) declined from 53% in 1970 to 36% in 1991 (Datt, 1995, and Datt and Ravallion, 1996a). This decline was driven principally by the fall in poverty in rural areas (from 55% to 37%), where the bulk of the population still lives and where the incidence of poverty has always been highest. Poverty measures which give greater weight to the poorest of the poor declined more rapidly: the poverty gap in rural areas declined at 1.77% per year between 1951-92 (compared to a fall of 0.82% per year for the rural headcount over this period); and in rural areas the squared poverty gap declined at 2.55% per annum (Datt, 1995). These measures suggest that the poorest of the poor, in per capita consumption terms, have seen the more pronounced improvements.

Other indicators of well-being generally lend support to the notion that living standards have been rising in India over time. Female literacy rates, for example, rose from below 10% in 1950 to 39% by 1990; male literacy rates expanded from 27% to 64% over the same period; life expectancy in India in 1950 was only 32.1 years, by 1990 rising to 59.2 years (Drèze and Sen, 1995). The complementary relationship between consumption-based poverty calculations and these other dimensions of living standards is borne out by the observation of Datt and Ravallion (1996a) that poverty reduction, measured in terms of consumption levels, has been most rapid over time in Kerala, the state which has achieved the most dramatic improvements in social indicators since independence.

The analysis based on national or state-level data are also supported by more disaggregated statistical studies. Drèze and Srinivasan (1996), for example, examine National Sample Survey data for 61 constituent regions (loosely defined in terms of agroclimatic characteristics) in India in 1972/73 and 1987/88. They find little evidence of regional "pockets" where the incidence of poverty has risen. Nor has inequality widened markedly within these regions over time.

The picture from secondary data, in terms of direction of change, is thus fairly positive. What is equally clear however, is that the absolute levels of deprivation are still very high. This is true in terms of consumption-based poverty (where the poverty threshold defined in absolute terms is conservative by any yardstick), and also in terms of social indicators. India in the 1990s is still far from its goal of universal primary education, and freedom from hunger and preventable illness.

To enquire into the question of how poverty has evolved over time from a village study perspective requires caution because relatively few village studies track absolute poverty, measured in terms of consumption or income, over time. Rather, they tend to scrutinize the position of households relative to each other and these changes in relative poverty can occur alongside improvements in living standards for all. Beck (1994), for example, argues that poverty rose in three West Bengal villages during the late 1980s, even though he documents an increase in incomes of the poorest households. His judgement, reflecting the perception of villagers themselves, is based on the observation that the rich in these villages enjoyed significantly larger increases in income than the poor during this same period. Of course, this combining of aspects of poverty and inequality is, in itself, quite illuminating and deserves close examination (it will also be discussed further in Section 4).

In Palanpur, Uttar Pradesh, the proportion of the population below any reasonable poverty line clearly declined between 1957-8 and 1983-84 (DLS). However, the authors show that poverty rates can fluctuate markedly on a year to year basis as a result of variation in the quality of harvest and in the movement of prices. Moreover, in the income space there is much movement by households in and out of poverty. This is due not only to factors related to quality of the harvest, but is also associated with demographic factors such as household partitioning. Nonetheless Lanjouw and Stern (forthcoming) indicate that households of the low-ranked Jatab caste and households which are reliant on casual agricultural labor as a main source of household income, tend to be highly represented among the poor in any particular year, irrespective of its level. The relatively high and constant risk of poverty among agricultural labor and low-caste households is stressed in many village studies (see also Jha, 1994, Mencher, 1980, Ramachandran, 1990, Rodgers, 1984).²⁴

Walker and Ryan (1990) also observe a high degree of movement in and out of poverty in their study villages. They found that two-thirds of the people moved in or out of poverty in at least 1 of the 9 consecutive years between 1975/6 - 1983/4. Higher income households had more diversified income streams, and also had access to a regular source of income (mostly government jobs). The non-poor (those who never crossed the poverty line in the 9 year period) were more educated, did not actively participate in the casual labour market, and owned more land. Those who kept moving in and out of poverty were middle-size cultivators, and the consistently poor were predominantly landless harijans with high dependency ratios. Overall, Walker and Ryan (1990) measure an increase in real per capita income between 1975/6 to 1983/4 of 3-5% per annum. In Kinkheda and Kanzara, this was due to improved technology, and, in Shirapur, it was due to public sector food for work

²⁴ Drèze, Lanjouw and Stern (forthcoming) argue that agricultural labor is perceived as a "last-resort" option by Palanpur villagers, one which is turned to only when all other alternatives have been exhausted, and is therefore a reliable indicator of poverty in any year.

programs and the depletion/replenishment cycle following the 1971-73 drought. This finding largely conforms with all-India survey results, i.e. increasing prosperity albeit from a low base.

Hazell and Ramasamy (1991) indicate that in North Arcot, Tamil Nadu, small paddy farmers and landless laborers gained the largest proportional increases in family income between 1973/74 and 1983/84, 90 and 125 per cent respectively. They conclude that there were sizeable gains for all groups over this period and that absolute poverty declined.

Village studies which observe income levels in multiple years are quite rare. Comparisons of income across the more common two-period structure, associated with an initial study and a revisit, are vulnerable to the effect that harvest fluctuations might have. Even where comparisons of income are handicapped in this way, there are other indicators which can be scrutinized to assess changes in longer-term living standards. Jodha (1989) finds that in 2 Rajasthan villages, by the more "conventional" per capita income measure, 20% of the households were poorer in 1982-84 compared to 20 years earlier.²⁵ At a poverty line of per capita income of Rs. 180 in 1963-64 prices, the proportion of households below the poverty line increased from 18% in 1964-66 to 23% during 1982-84, with both upward and downward mobility across the poverty line. Households which became poorer according to the income measure did, however, seem to be better off when seen through other, qualitative, indicators of their economic well-being. Jodha (1989) pointed to: (i) expanding opportunity sets or increasing number of choices of employment, borrowing, etc.; (ii) an increase in consumption activities with high income elasticities (travel, slack season purchases, etc.); and (iii) investment in lumpy consumer durables ("pucca" houses and structures, etc.).

A reduced reliance on patrons among those who had become poorer is interpreted by Jodha as "the surest indicator of their improved economic status". This group also relied less on "inferior jobs" such as food gathering. Jodha observed that households in 1982-84 had greater liquidity, as indicated by their ability to make purchases of provisions in bulk, cash purchases during summer season festivals, and the keeping of significant amounts of cash in hand during the slack season. A higher proportion of the now-poor were able to consume better quality food items, and offer better maternity diets to women for a longer period. Women and children wore shoes more regularly, and a higher proportion of the population possessed consumer durables. Notably, the proportion of households showing qualitative improvement in economic conditions as per these indicators were not very different in the case of sub-groups of high and low income households which suffered a decline in their per capita annual income.

²⁵ Although he notes that his comparisons of per capita income may be influenced by the fact that the period of 1964-65 had better crops on average than the period 1982-84.

The increased ownership of consumer durables has been widely observed among village studies. Leaf (1983), for example, finds that in a village in rural Punjab, the Green Revolution has been accompanied by a substantial improvement in housing and shelter, and Battacharya (1987c) notices a considerable increase in ownership of some non-traditional items such as radios, torch lights, wrist watches, bicycles, in a series of villages in rural West Bengal between 1972-74 and 1985-86, although absolute levels remained very low.

The increase, over time, in the ownership of consumer durables in rural areas has been widely interpreted to indicate an improvement in living standards. It is important to note however, that the expanded ownership of "modern" consumer durables (which is the increase most often remarked upon) is in part a relative-price effect. In Palanpur, for example, modern consumer durables have become cheaper relative to livestock and there has been a clear substitution away from the latter towards the former over time (DLS). In an analogous example, Leaf (1989) interprets the increased consumption of goatmeat in his Punjab village as being indicative of an improvement in general welfare. However, this increase in meat consumption was also a product of the pumpset revolution, which led to a shift from owning draught animals to maintaining livestock for food and marketing purposes. While ownership of durables has no doubt increased, this is probably only an imperfect index of change in living standards over time.

Village studies in many areas have also witnessed improvements in social indicators over time. However, as has been observed with reference to secondary data, there are very strong regional patterns.²⁶ Villages in South India have tended to do better than those in the northern parts of the country. Although Mencher (1980) argues that poverty in the late 1970s was still widespread amongst agricultural laborers in two villages in rural Kerala, there is no question that their life expectancy and education levels were already markedly higher than in other states of the Union. In contrast, literacy rates for females aged 5 and above in the Uttar Pradesh village of Palanpur had only increased from 0.5% to 9% between 1957-58 and 1993 (Drèze and Sharma, forthcoming).²⁷

Much of the impetus behind the decline, albeit slow, of rural poverty over time can be found in the process of agricultural intensification which has taken place, at a varying pace, across rural India. As we saw in Sections 2.1 and 2.2, the "Green Revolution" in agriculture, which ushered in new technologies, expanded access to irrigation and increased mechanization (both land-augmenting and labor-displacing) was broadly scale-neutral across landholdings. Small farmers were not excluded from participating in the new opportunities. The increased intensity of cultivation, associated with heightened attention to land preparation, multiple applications of

²⁶ See Drèze and Sen, 1995.

²⁷ The comparable rates for males are not much more impressive: from 18 percent in 1957/58 to 37% in 1993.

fertilizers, greater attention to weeding, and so on, led to greater employment of labor. Moreover, agricultural intensification does not appear to have coincided with a sharp rise in landlessness.

In many areas there has been an expansion of occupations into various non-farm activities (section 2.3). The expansion of non-farm employment has had important feedback effects on poverty, even if the recipients of the more attractive jobs have tended to be the non-poor. It has permitted increased agricultural specialization by relieving pressure on the land due to population growth and by supporting intensified agriculture through agro-processing and the expanded supply of inputs. And by offering a crucial source of alternative employment, this process has tightened labor markets, resulting in higher real wages for agricultural laborers and helping to "pull" households out of low-productivity activities.

3.2. Instances of impoverishment

Although both large-scale studies and village studies find a general, albeit modest, trend of declining poverty since the 1960s, there are also pockets where these trends did not emerge. Such instances of impoverishment are worth scrutinizing for general lessons.

Rapid population growth represents one factor which can result in increased impoverishment. Village studies have noted this as a force which can offset rising productivity, and occasionally result in a decline in per capita incomes. They note that population growth in the agricultural labour force may be a function of land-augmenting technological change, particularly when the latter induces in-migration of landless laboring households. Ramachandran (1990) observes stagnation and some decline in wage rates in Gokilapuram between 1948 and 1975. This despite the fact that the region is relatively advanced, and has faced a steep increase in the demand for labor over the same period. Ramachandran shows that the Cumbum valley experienced a sharp growth in the relative and absolute size of the agricultural labor force. In the ICRISAT village of Kanzara, Walker and Ryan (1990) find that despite the increased demand for agricultural labour, there has been an insignificant increase in wages, due largely to an influx of landless laboring households from neighboring areas.

Where there are factors "pushing" smallholders into landlessness and agricultural labor, such as tenant evictions or population growth (as in the example above), the need for offsetting "pull" factors becomes paramount. Jha (1994) observed increasing poverty in two villages in Kosi district, North Bihar, between 1971-89. Although the region is agriculturally well-endowed, a number of factors combined to result in stagnant real agricultural wages for agricultural laborers over this period. Against a background of population growth, there were numerous instances of tenant-eviction with a concomitant rise in landlessness, growth in the agricultural labor force, and a decline in employment days per worker. Jha (1994) observed that the incidence of indebtedness among agricultural laborers had grown over time--most loans were consumption loans taken out from large landowners and moneylenders. While the incidence of attached labor in Kosi district was in decline, as elsewhere

in India, it remained fairly high, and Jha (1994) reports that earnings for attached laborers tended to be lower even than those for daily wage laborers. Unlike various other parts of the country, the non-agricultural sector in Kosi district remained very underdeveloped, and migration opportunities (to Punjab and other states) had been in decline.

Many parts of rural India are vulnerable to drought. Village studies indicate that when drought hits, the impact on the poor can be devastating. Hazell and Ramasamy (1991) show that average incomes in North Arcot, Tamil Nadu, in 1982/83 (a severe drought year) were lower than in 1973/74 for all agriculturally dependent households. Consumption levels in 1982/83 were roughly half their levels in 1983/84 (a year with favorable rains). The authors indicate that many households in North Arcot did not possess the financial reserves to cope with droughts, particularly when low rainfall years tend to be bunched together. They argue that government public relief works and food subsidies were not adequate in protecting incomes and consumption for most households. Moreover, the Green Revolution had not exercised a stabilizing effect in North Arcot. This is due to the fact that irrigation water came from groundwater reserves, which depend on rainfall for their recharge. They are a useful way of redistributing the monsoon rains but they provide limited capacity for carrying water from good to bad rainfall years.²⁸

Even against a background of declining poverty in general, it is clear that at any given moment there are certain subgroups of the population who face a high risk of falling into poverty. The reasons are often associated with life-cycle events, accidents and illness. For example, Drèze (1990) indicates that in most parts of the India, because of the common age difference between husbands and wives, women face a high probability of becoming widowed during the course of their lifetime. Whether this event translates into a sharp decline in their living standards depends on factors such as which inheritance laws are adhered to locally, whether there exist restrictions on women engaging in remunerated employment, and whether the widow has children (in particular, sons) who can provide support.

It is important to remember that such causes of poverty cannot be expected to disappear automatically, or even diminish markedly, as a result of a general rise in rural incomes. Although agricultural intensification and occupational diversification are no doubt having an impact in slowly raising living standards in general over time, there are always specific circumstances or events which mean that some will experience shortfalls. Village studies are generally silent on the functioning, or even existence, of a safety net to catch those affected in this way. If certain villagers are reliant on traditional social support networks then the impact of general income growth on

²⁸ The close association between poverty and access to groundwater resources is explored by Bhatia (1992) for villages in rural Gujarat. Saith and Tankha (1992) and Drèze, Lanjouw and Sharma (1997) point to declining groundwater tables in the Gangetic plain, caused by unregulated and expanding pumpset irrigation, as a potential cause for concern.

such social networks becomes critical. We have seen that village studies do suggest that with the intensification of agriculture and of links with the outside world, certain institutions, such as *jajmani* and permanent labor contracts, have declined. Whether the decline of such social institutions has been compensated for in the general environment of rising incomes is one which requires case-by-case empirical investigation but cannot be asserted *a priori*. We will return to some of these points in Section 5.

3.3. *The Perceptions of the Poor*

Income or consumption-based measures of well-being are often accused of failing to capture local perceptions of how living standards have evolved over time. This is an area where village studies offer useful information since the closeness of the authors to their subject makes them privy to information which is simply not available to the conductors of larger-scale studies.

Bhattacharya *et al.* (1987e) find that 60 to 80 percent of households in a series of villages in rural West Bengal felt that their standard of living with respect to *social* consumption (drinking water, medical care, education, "roads and transport", and "recreation and culture") had improved over time, while less than 10 percent felt that there had been a deterioration. Most people were of the opinion that the "general population" had had roughly the same fate as their own household. More generally, Bhattacharya *et al.* (1987e) find that 50 to 60 percent of people felt that their overall living standards had gone up, while about 20 to 25 percent perceived a deterioration. The main reason for the perceived change was a perceived increase or decrease respectively in real income. In his study of two villages in western Rajasthan, Jodha (1989) reports that farmers saw their economic status as having improved through a reduction of reliance on traditional patrons, better access to high wage employment, improved mobility and liquidity, a shift towards better consumption goods (e.g. sugar rather than jaggery to sweeten tea), and the acquisition of consumer durables.

Importance attached to personal freedom and dignity, even among very poor people is a recurrent theme. Indeed, a desire to secure personal freedom and dignity can be a driving force behind the acquisition of assets. Srinivas (1976) writes: "Landownership and wealth were occasionally able to mitigate if not overcome the effects of birth in a ritually low caste...No wonder then, that there was a general scramble for land. The rich competed among themselves to acquire more land, for a variety of reasons, economic, political and social...The poor, and the low castes, wanted land for it meant freedom from hunger and bondage to patron, and also self-respect." (p.111).

Self-reliance through the acquisition of productive assets is, nevertheless, not always a realistic goal, and among those dependent on wage employment, village studies indicate that the decline of traditional patronage is viewed alternately with approval in terms of increased personal freedom, or with nostalgia for lost security. Wadley and Derr (1989) find that although many of the poor in their Uttar Pradesh village believed their living

standards had stagnated in recent years, those who perceived an improvement in their conditions spoke of it in terms of increased personal freedom rather than reduced hunger or poverty. In contrast, Epstein (1973) suggests that in the two Karnataka villages she studied, "freedom" is in some cases neither a voluntary choice nor a desirable option. She remarks that the demise of the traditional *jajmani* system in Dalena put the traditional service and laboring castes in a vulnerable position as they could no longer be assured minimal sustenance, and were at a disadvantage in the regional urban labour market which was largely farmer-dominated. Consequently, Epstein reports that she often encountered expressions of envy at the continuance of the strong system of patronage in Wangala, however unfree. A new liberal attitude towards social distance was affected only by a few low caste men in Dalena, notably those who managed to secure employment outside the village. She reports that most others were more concerned about their extreme poverty saying: "you cannot eat social acceptance". On the other hand, Beck (1994) finds that across three villages in West Bengal, forty-nine out of fifty-eight respondents claimed they valued self respect more than food.²⁹

That concerns about personal freedom can be something of a luxury is starkly pointed out by Mencher (1980) who warns against complacency about rural Kerala, where the remarkable inroads being achieved on the health and literacy front might be taken to imply that poverty has been eliminated. She argues that the "miracle of Kerala" has not been a miracle for agricultural laborers, many of them women, who are still daily confronted with the uncertainty of how they are going to feed their children. She points out that while agricultural labourers do feel a real increase in dignity and personal freedom, associated with their no longer being "agrestic slaves" but individuals who are free to organize and to agitate, this has not necessarily brought them much material benefit.

4. Inequality

An enquiry into changes in the distribution of rural living standards is closely related, but not identical, to the more specific question of how rural poverty has evolved. While the latter question is clearly of great importance, an appreciation of the overall distribution of living standards in village communities, as well as being of intrinsic interest itself, can provide important insights for poverty reduction efforts. For example, there have been many initiatives in rural India aimed at strengthening local decision-making power, under the impression that this will improve their poverty-reduction impact. The Jawahar Rozgar Yojana (JRY) employment programme, for instance, introduced by the central government in 1989, has adopted "decentralization" as a central platform. The scheme is implemented by village panchayats, and is intended to be geared to the creation of durable community assets. How much one can expect from such schemes depends to some extent on how well represented

²⁹ One villager is reported as stating "If I don't have self respect, will food go into the stomach?" (Beck, 1994, page 141).

the poor are in local decision-making. This, and factors such as village solidarity, are likely to be influenced by the degree of polarization in village living standards.

4.1. Land ownership

We have already considered aspects of the distribution of land in Section 2.2, in particular the issue of whether there has been rising landlessness in rural India. In this section we focus on land as a major component of household wealth, and we consider what has been happening to the overall distribution over time. Village studies' findings on changes in the distribution of land challenge several common clichés. First, there appears to be a fair amount of change in the distribution of land, belying the common impression that land ownership patterns are highly static. But, as was already discussed in Section 2.2.1, these changes in the distribution of land are not necessarily linked to a highly active market for land.

Second, the evidence on whether disparity in land ownership has increased or decreased varies across village studies. Although some village studies confirm the common perception of increased polarization in landownership, others find that there has been an equalizing tendency. Furthermore, it is important to distinguish between dry and wet areas. Irrespective of the direction of change, however, the distribution of land in most villages remains highly unequal.

Demographic change is a factor which is particularly relevant to changes in land distribution. Srinivas (1976) writes: "while a man may have had his descendants in mind when buying land he also knew that it would be divided after his death. Big estates were more usually built up through the *accident* of single sons in *more than one generation*...But even worse than division of land among descendants was not having any. That meant the end of the lineage, a disaster which no one liked even to contemplate." Although in this observation, Srinivas has the two largest landowners in his village in mind, it remains an important one in that it suggests the absence of systematic rigidity in land distribution, and highlights the importance of an inter-generational element in the determination of farm size.

DLS illustrate that in Palanpur demographic factors account for the bulk of observed changes in the distribution of land and was associated with the process of inheritance and household partition (discussed in Section 2.2.1). The combined land ownership of each "dynasty" (defined as the union of all households descending from a particular household in the first survey year, 1957/58) has tended to remain fairly constant over time. The Gini coefficient of per capita land owned by these dynasties in Palanpur during the five survey years between 1957/58 and 1993 took the values 0.46, 0.44, 0.45, 0.43 and 0.43. Thus, inequality of land remained high and fairly constant over time.

Swaminathan (1991) also finds a high degree of inequality in landholdings in Gokilampuran village in Tamil Nadu. Land was found to be more unequally distributed than other assets. This inequality increased

between 1977 and 1985 (confirming Kurien's (1980) finding for Tamil Nadu as a whole based on NSS data) while there was a tendency towards a less unequal distribution of non-land assets (Swaminathan, 1988). Swaminathan (1991) notices a high degree of immobility in land ownership on either extreme of the landholdings scale; once a household is landless, this tends to persist. In between these extremes, however, there is high degree of both upward and downward mobility (particularly among holders of 2.5 to 5 acres of land). She concludes, therefore, that the simple models of pauperization of small cultivators do not hold. Nevertheless, she does observe that 60 percent of all households lost land between 1977 and 1985, and only 35 percent gained, making the average likelihood of land loss higher than that of land acquisition in her village.

In contrast to Swaminathan, Hazell and Ramasamy (1991) find no evidence of increased inequality of landholdings in North Arcot (also in Tamil Nadu). Following population growth and partitioning, the average farm size declined slightly across all quartiles between 1973 and 1983 in the sample villages. Farmers in the top 2 quartiles lost a greater fraction of total landholdings, and farmers in the top quartile lost more in absolute terms. The only evidence for a mild worsening in land distribution comes from a poorly irrigated village which did not benefit much from the Green Revolution (Duli). This worsening was attributed by Harriss (1986) to the buying of land owned by absentee landlords, rather than the dispossession of small landholders, confirming Swaminathan's rejection of the notion of small cultivator pauperization.

Against a background of change in the distribution of land the position of smallholders and the landless does appear to be relatively static in many village studies. Athreya, Djurfeldt and Lindberg (1990) report that in Thiruchirapalli, the landless in the wet area and those who started off with very small holdings in the dry area, constitute the most immobile groups in those areas, respectively. Among the middle-group of landholders, there seems to be an equalizing tendency in the distribution of land. Similar patterns are noted by Harriss (1986), Cain (1981), Attwood (1979), Rao (1972), Caldwell et al. (1982) and Bhalla (1977).

Walker and Ryan (1990) find that in the SAT villages, some relative mobility did occur as the rank order in 1950 was a far from perfect predictor of relative landholdings in 1982. They also report that pronounced downward mobility in landownership was more common than marked upward movement, so that, both in relative and absolute terms, larger landowners lost ground to small owners. Overall, inequality of land owned declined, with a narrowing of the difference between mean and median holdings (although the former is still larger than the latter). In discussing changes in land distribution, it is often important to distinguish between patterns of land ownership in dry as opposed to wet areas, given the differences in the relative importance of land as a productive asset in these areas. Athreya et al (1990) note that ownership structure is often extremely polarized in wet areas, with relative equality in dry areas. Accompanying this is a high degree of landlessness in the wet area, and low levels in the dry area. In the Thiruchirapali villages, this pattern has social origins: in the wet area, lower castes were not allowed to own land for a long time, whereas in the dry area, land did not even command a price as late

as the 19th century, and is still quite cheap. This history is reflected in the land distribution. In wet areas, those owning less than 2.5 acres of land comprise 90 percent of the population, but own only 20 percent of the land. In the dry area, 76 percent of the land belongs to middle-size holders (2.5 to 25 acres).

4.2 Income and Wealth

We saw in Section 2.1 that there was concern during the early stages of the Green Revolution that the introduction of new technologies and increased mechanization, associated with agricultural intensification, would result in a pronounced disequalizing impact on rural living standards. We have seen in earlier sections that some of the mechanisms which had been supposed to influence the distribution of income did not operate in the way that had originally been anticipated. For example, the technologies themselves appear to have been broadly scale-neutral and did not confer a distinct advantage to large landowners. Similarly, there does not appear to have been a uniform trend of increased landlessness, and agricultural wages in many areas have risen over time. On the other hand, there have also been processes which would support the contention that rural incomes have become more unequal over time. The observation of reverse tenancy for example, where large farmers lease-in land from smallholder, could contribute to a widening of the income distribution. And the increased tendency for better-off households to obtain non-agricultural employment can also exercise a polarizing influence. It is worth asking specifically what has happened to the distribution of income and wealth over time.

The distribution of income in Palanpur did not follow a monotonic course over the period 1957-84. However, when they distinguished the pre-Green Revolution from the post-Green Revolution surveys, DLS find that income inequality in Palanpur declined. Certainly in Palanpur there is little evidence that the Green Revolution led to a marked widening of the distribution of income. A similar picture of declining inequality across the Green Revolution years (between 1963/64 and 1988/89) was also observed by Sharma and Poleman (1993) for the village of Walidpur in western Uttar Pradesh.

DLS point out that in the case of Palanpur, where prior to the Green Revolution ownership of irrigation facilities was concentrated among the wealthier farmers, the sharp expansion of irrigation during the early 1960s is likely to have had an important equalizing effect. The proportion of land which was irrigated in Palanpur increased from 50 per cent in 1957/58 to 96 per cent by 1974/75. They also note that the sharp expansion of non-agricultural employment does not seem to have exacerbated the distribution of income. Instead, the allocation of non-agricultural jobs seems to broadly replicate existing patterns of inequality. They suggest that in Palanpur, although those with fewer resources and connections were less well placed to take advantage of non-agricultural employment opportunities, they did benefit indirectly through rising agricultural wage rates, and this rise was at

least in part the result of the expanding non-agricultural sector absorbing some of Palanpur's growing population.³⁰

Walker and Ryan (1990) note that inequality is generally lower in dryland areas. Among the 6 surveyed ICRISAT villages, inequality was found to be lowest in Shirapur where income was tightly clustered at low levels. In Shirapur, there is stagnating rainfed agricultural production and costlier and riskier investment alternatives, resulting in a relatively high incidence of rural public works employment. Although Walker and Ryan notice no *significant* reduction in inequality in the 6 villages over time, the poor were found to have experienced higher income and asset growth than richer ones where there was: (1) a tightening of the labour market, (2) stable consumer food prices, and stagnating producer prices (due largely to increasing productivity), and (3) a decrease in real net worth in many larger cultivator households (in Kanzara due to land and family subdivision, and in Aurepalle, due to government affirmative action for scheduled castes and scheduled tribes).

Hazell and Ramasamy (1991) find that in North Arcot, Tamil Nadu, average incomes rose significantly between 1973/74 and 1983/84. Against this background of rising incomes, small paddy farmers and landless labourers gained the largest proportional increases in family incomes, with non-agricultural households also receiving substantial increases. They argue that this was driven largely by higher agricultural wages (associated with an increase in rural-urban migration and a low incidence of landlessness). In relative terms, large paddy farmers, and non-paddy farmers did less well, due in part to sharp increases in fertilizer and other input prices and also limits on the scope for expanding irrigation.

The effects of the Green Revolution and related economic changes on income inequality are hard to predict out of context and may well be contingent on other factors such as the distribution of land and water. Where the distribution of irrigation facilities is highly unequal or where a large proportion of the population is landless, one can more readily imagine that the Green Revolution has an inegalitarian character. Epstein (1973) notes that in her two Karnataka villages of Wangala and Dalena there was clear evidence of a sharp concentration of income between 1957/58 and 1970. The key factor in this region was access to irrigated land, and this remained highly unequal throughout the interval. Consequently, those with good land endowments were able to become considerably richer by taking advantage of the high prices offered on sugar-cane. It was not possible for the landless or those with unirrigated land to cultivate this crop. In these villages, the large number of landless laborers and the additional presence of a sizeable pool of migrant workers ensured that agricultural wages remained low.

³⁰ Another factor contributing to rising agricultural wages in Palanpur was that agricultural intensification was associated with more labor-intensive cropping patterns.

Swaminathan (1988) also finds an immense disparity in, and perceptible worsening of the distribution of assets between 1977 and 1985. In her study of Gokilapuram village in the Cumbum valley of Tamil Nadu, Swaminathan focusses on wealth rather than income, where wealth is "the households' own estimation of the current value of their assets". After adjusting for the over-representation of rich landlord households in her survey, Swaminathan finds lower, but still large and increasing inequality (the adjusted Gini coefficient rose from 0.77 in 1977 to 0.81 in 1985). It is worth noting, however, that while the poor did become relatively worse off, even the poorest households' per capita wealth holdings increased in real terms by a factor of around two over this 8 year interval.

In contrast to their finding of lower income inequality across the Green Revolution period, DLS observed a non-negligible widening in the distribution of wealth in Palanpur between 1962/63 and 1983/84. These contrasting findings need not be inconsistent. There are reasons why one could expect inequality in wealth to rise even in the presence of an unchanged distribution of income. For example, if the savings function is convex at low levels of income (the marginal propensity to save rises with income) an equiproportionate increase in income for all households could easily lead to some polarization of new wealth.³¹ In Palanpur, the rise in *net* wealth inequality also reflects a highly uneven accumulation of liabilities to credit institutions, with the poor particularly vulnerable to corruption and fraudulent accounting practices perpetrated within formal credit institutions.³² Whether inequality has increased or decreased over time in rural India is, perhaps, of secondary importance to the well-documented observation from village studies of high levels of inequality. It is worth emphasizing that while different studies have traced alternative paths of income or wealth inequality over time, all have started from positions of considerable disparity in levels of living. Even where inequality was seen to have fallen, only a small fraction of the total has been eliminated over time.

4.3. Caste

Just as land and income distribution in rural India have been influenced by the underlying forces of population growth, technological change and occupational diversification over time, caste relations have also undergone change. Once again, the process has not been uniform across the country, nor has it always followed the path that one might have expected. The impact of changes in occupational structure on the traditional caste-

³¹ Frank (1985) provides an interesting account as to why such a convex savings function could apply even in the context of high income countries.

³² More generally, the distributionally regressive impact of institutionalized credit is well documented, see for example, Bell and Srinivasan (1985), Binswanger and Rosenzweig (1986b), Bhende (1986), Iqbal (1988), Bouman (1989), Krishnan (1990) and Banik (1992).

based social order was already described in section 2.3.5. But the reasons for the observed changes in caste-relations are numerous and varied, including also the impact of technological change, external influence, education and collective action.

Many village studies comment on the change over time in local perceptions of, and attitudes toward, caste-based social rankings. Some studies point to a general weakening of restrictions on association and interactions across castes. DLS, for example, point out that in Palanpur people of all castes can now sit together on the same string cots (*charpai*) and the dominant Thakurs are no longer able to exercise arbitrary force over the lowest ranked Jatavs. To the extent that these social distinctions were linked with the different caste-based occupations, the gradual disappearance of many of these traditional occupations has inevitably weakened the forces which differentiated castes in terms of their behaviour and associations. For example, Walker and Ryan (1990) describe the erosion of the caste hierarchy in the ICRISAT villages as a consequence of the monetization of transactions, and the tendency of traditional service-related castes to supplement their livelihood with agricultural labour. Ramachandran (1990) also notes that agricultural laborers now represent the most caste-heterogeneous group in the Cumbum valley, Tamil Nadu.

Concurrent to this gradual erosion of caste distinctions, however, and possibly counteracting this trend, has been another process which has received much attention in village studies. "Sanskritization" was coined by Srinivas (1966) to describe how "when a caste or section of a caste achieved secular power it usually also tried to acquire the traditional symbols of high status, namely the customs, ritual, ideas, beliefs, and life-style of the locally highest castes". With economic growth has come economic mobility. Some individuals and their caste groups have gained more than others. Bailey (1957) remarks that "increased wealth leads to a desire for a greater say in the management of the community. At the same time the aspirants wish to assume the guise of respectability, and they do this by improving their placing within the ritual ranking of the Hindu caste system". Epstein (1973) describes this process occurring in Dalena through the adoption of Brahminical names by upwardly mobile Peasant households. In addition, whereas in the late 1950s the full responsibility for arranging a wedding and meeting most of the wedding expenses rested with the bridegroom's family, by 1970 bridewealth had given way to dowry, with the full financial burden now resting on the bride's parents (see also Section 4.4). Leaf (1983) also describes how the intensification of modern farming and technology has been accompanied by an intensification of religious expressions in his Punjabi village between 1965 and 1978.

Even where the upwardly mobile households do not try to adopt rituals and customs associated with higher castes, their rise in relative economic terms clearly affects the social hierarchy in the village. In Palanpur, DLS describe an ongoing rivalry that has pitted the Thakurs, the highest-ranked, traditionally non-cultivating and non-laboring caste in the village, against the Muraos, a traditionally cultivating caste. Since the 1950s, the economic status of Muraos has risen substantially and has surpassed that of the Thakurs. This has been the

consequence of the Muraos having exploited most fully the opportunities offered by the Green Revolution, while the Thakurs resisted (at least initially) changing their way of life. In fact, a significant number of Thakurs dissipated much of their original wealth over the survey period. This process has resulted in a gradual improvement in the social status of the Muraos as a caste, an escalating political rivalry between Thakurs and Muraos, an erosion of the earlier caste hierarchy, and a growing dissonance between social rankings based on economic conditions and ritual status.

This theme of a dissonance between social and economic rankings has been well documented in other village studies. Kapadia notes that in the Tamil Nadu village of Poovaloor, "caste and class coincide less and less today", as the relative economic power of the Brahmins of Poovaloor has declined. Wadley and Derr (1989) indicate that in Karimpur "any correlations that existed between jati and economic status in the 1920s were largely gone by the 1980s" and they note the relative decline in the economic position of the Brahmins. In Sunari (Uttar Pradesh), Fuhs (1988) finds that "the formerly important Brahmins are losing ground" to the extent that many even work as laborers for Jat farmers. Breman (1993) finds considerable upward mobility among the middle castes (*Kolis* and *Dhodias*) in two villages in rural Gujarat. This is especially true among those who have found non-agricultural work, as they tend to get skilled jobs as government clerks, school teachers, and skilled factory workers which were previously reserved for upper castes. Similar patterns are also noted by Jha (1994) for rural Bihar, and by Da Corta (1993) for rural Andhra Pradesh.

Although the specific process of Sanskritization, or the more general one of a gradual de-linking of economic and social status, challenge the notion of a rigidly fixed caste hierarchy, caste remains an important correlate of standard of living. This becomes particularly clear when attention is turned to the lower end of the social hierarchy. Several village studies find that the turbulence surrounding caste relations at the middle and upper levels of the social distribution is less marked among the lowest castes. DLS argue that there is no sign of a transformation in the position of Jatabs in Palanpur society (representing about 12% of the village population). Per capita incomes of this caste have risen far more slowly than those of the village as a whole. Between 1957/58 and 1993, education levels amongst this caste remained largely unchanged. In 1993 all women remained illiterate, and only 12% of males could read and write. Jatabs have been almost entirely left out as far as regular non-agricultural wage employment is concerned. Nor have Jatabs managed to increase their land endowments over the survey period. Finally, despite the fact that Jatabs (and other scheduled castes) have been targeted as beneficiaries of various government programmes, they have not, on the whole, figured among the recipients of this assistance.

A similar picture of comparative stagnation and immobility among the lowest castes, against a background of considerable economic and social mobility among higher castes is reported by Epstein (1973) in her two Karnataka villages. Guhan and Mencher (1983) also note that in Iruvelpattu village in Tamil Nadu, "the

combined effects of economic inequality, social discrimination, and physical segregation on the Harijans are vividly visible" and have "persisted to a remarkable degree" over time.

Some village studies do point to success of low caste households in managing to improve their relative standing. Sreekumar (1995) indicates that the involvement of Dalits in non-agricultural activities in Kumaramangalam, Tamil Nadu has improved both their economic and their political status. It even became possible, for example, for a Dalit to become head of the village panchayat. Improved status among lower castes is often accomplished either through the influence of (often external) political parties or through the forum of collective action. Growing political awareness of new possibilities organised around political parties is one factor to which Chattopadhyay (1992) attributes the disintegration of the structure of "dominance and subordination" of landless labourers and share-croppers by the 3 "big-men" families in 7 villages of Bardhaman district of West Bengal. Gough (1987) asserts that the efforts of the communists in Tanjavur to ensure that farm servants were not ill-treated, and the rise of labour unions was largely responsible for the increase in real wages that this group experienced between 1952 and 1976. The success or failure of the programmes instituted appears, however, to be less important than their role in lending cohesion to otherwise fractional groups. Chattopadhyay (1990) quotes this group of poor and landless peasants as saying after 1977: "If the CPI(M) remains in power, it would be good for us, because it will be our government. The Congress is the party of big-men".

Sreekumar (1995) observes that the success of the lower castes in improving their socio-economic status in many villages often depends on collective action which overcomes caste heterogeneity. In Changel, a village in Bihar, the consolidation of *Yadavs*, *Noniyas*, and *Dhanuks*, all of which are "backward" castes, has led to the break-up of the *Khayasth-Brahman* monopoly on village politics. Even with a clear joint interest in combining forces, however, collective action may not be easily achieved. Breman (1993) notes that the lower castes in his two Gujarat villages have been unable to demonstrate effective social solidarity in improving their lot, due in large part to inter-caste tensions, and effective resistance on the part of the higher caste *Anavils*. On the other hand, Athreya, Djurfeldt and Lindberg (1990) suggest that in Thiruchirapalli, factionalism among *higher* castes was a key to reductions in poverty and inequality.

Education plays a dual role in the erosion of the caste hierarchy, as it instigates changes in attitude as well as opens doors to skilled employment which tends to be less incorporated in the traditional domain of caste-based employment. Srinivas (1976) writes: "Pijja was a new type of Harijan, assertive in his rights. He was also talented and had a knowledge of Hindu mythology. He asked me, 'Does Nadu Gowda think that he is the god Shiva for me to be burnt when he open his eyes? Everyone knows that he is rich today because his father was able to buy up cheaply the land of absentee Brahmins.'". In addition to the changes which are induced once education has been acquired, the educational process itself appears to have intrinsic value in the dissolution of caste-barriers. Based on conversations with the young men of Karimpur in 1962, Wisner and Wisner (1971) find that the multi-

caste school in the village is largely credited with the reduction of caste restrictions, as inter-caste interaction during school time is inevitable.

4.4. Gender

There are few signs of marked improvement in gender relations over time from the village studies surveyed. This is not to suggest that women have not benefited from the general improvement of living standards which has been observed across most village studies. But it remains that these overall improvements are small in relation to the persistent inequalities between men and women in many parts of rural India. Moreover, while living conditions in general may have improved for both women and men, there are indications that at least in some places the position of women relative to men has deteriorated. This relative decline is generally linked to the process of "Sanskritization" referred to in the previous section, whereby high-caste practices (often including those relating to women's lifestyles) are emulated by other castes aspiring to upward social mobility. Occupational diversification and technological change also appear to have contributed to a relative decline in women's labor market participation.

In Karimpur, Wadley and Derr (1989) notice what they term as an "increasing negative valuation of women", reflected in the declining female-male population ratio observed among the *Jati* caste. They attribute this growing negative valuation in part to the rising incidence in off-farm employment outside the village of *Jati* men. Since, in Karimpur, female farm workers are not generally hired independently of their husbands, women have fewer employment opportunities, and this has had an adverse effect on their income-earning capacity and therefore their economic value. In Palanpur, DLS observe a similar decline in the female-male ratio among Jatabs over time and suggest it may be linked to the absence of any expansion in female labor force participation and a growing identification of disadvantaged castes with the patriarchal norms of privileged castes.³³

Another aspect of the "Sanskritization" process which has been observed to influence caste and gender relations in several village studies has been the shift from brideprice to dowry. In a study of rural propertied elite in a village northeast of Coimbatore in Tamil Nadu, Heyer (1992) notes a movement from bride prices to dowries from the 1930s to 1950s, and a doubling in the real dowries paid between the 1950s and 1970s. This shift from bride prices to dowries is a finding common to several village studies including Epstein (1973), Wadley and Derr (1989) and Bailey (1957). Epstein (1973) explains that for a farmer to obtain an educated husband for his daughter (one who would be able to afford a wife who had not been trained to contribute to household income) offering a dowry had become essential. Heyer attributes the rising value of dowries to a number of factors. First,

³³ The declining female-male ratio among scheduled castes has also been observed in Uttar Pradesh more generally Drèze and Sen (1995). They note that this female-male ratio fell from 0.94 in 1901 to 0.88 in 1991.

lavish spending is indicative of one's ability to do so. Second, acquiring better husbands for daughters and better connections for the family (through improved credit, insurance, trade, diversification into new activities, agricultural partnerships, etc.) becomes more and more important as the community becomes increasingly integrated with the wider world. Third, it acts as a means whereby reputation and prestige are either confirmed or enhanced. Finally, increased differentiation and scope for mobility means that there is more scope for advancement through marriage connections. Heyer thus suggests that marital alliances are an important instrument of mobility in an environment where there is greater potential for upward mobility.

The shift to dowries, however, does not mean that the status of women has risen. As Heyer explains, the growing importance of dowries has led to the redistribution of capital from those households with higher daughter/son ratios to those with lower ratios. The prevention of wealth dissipation from generation to generation is therefore contingent on keeping the number of surviving daughters relatively small.³⁴

Technological change in agriculture appears to have played some role in reducing the employment of female labour. Epstein (1973) reports that when the advent of irrigation in Wangala made farming less comparatively advantageous in Dalena, males began to diversify into other income earning opportunities, while the dry land continued to be cultivated by women. Women's wage labour opportunities in Gokilapuram have evidently diminished noticeably due to the decline in lift-irrigation resulting from a shift away from cotton, vegetables, and other such crops (Ramachandran, 1990). The steepest decline in the number of days employed between 1977 and 1986 reportedly occurred among scheduled caste women, whereas the only increase in the number of days employed among all castes was among scheduled caste men. While the wage rate rose for cash-paid daily rated operations, the share of these operations in women's employment declined. By contrast, the share of transplanting operations in women's employment increased while the average earnings in this operation stagnated or declined (Ramachandran, 1990).

5. Summary and Discussion

In this section we return briefly to the main findings of the review and then discuss some of the possible policy implications.

Agricultural Growth, Land and Employment

The village studies which have been reviewed in this paper cover a wide geographical area. A fairly consistent finding from all of these studies is that agricultural production has undergone significant growth during

³⁴ And may thus be an additional factor in explaining the observation of declining female-male ratios (and strong boy-preference among rural households).

the last 20-30 years. Although the Green Revolution technologies which were introduced in India during the 1960s were not equally suitable for use in all parts of the country, it appears that the broad package of new inputs, increased mechanization, and expansion of irrigation has had at least some impact almost everywhere. Irrigation, in particular, seems to have been important.

The new technologies do not appear to have systematically conferred an advantage to large farmers. The evidence from the village studies reviewed here suggests that overall, the impact of the Green Revolution has been roughly scale-neutral. It is worth noting that different components of the Green Revolution "package" can have different distributional implications. While large farmers seem to be better placed to access sources of credit for the purchase of new seeds or farm implements, the expansion of irrigation may be quite progressive if, prior to expansion, large farmers had been the only ones with irrigated land.

Landlessness has not obviously increased over time. In fact, several village studies provide evidence of a fall in landlessness. More generally, village studies point to a whole range of factors determining whether a household becomes landless. Increased destitution is only one possible reason. And consequently, loss of land is not necessarily a symptom of impoverishment.

The land market in most village studies was found to be relatively inactive. Many indicate low turnover rates of land bought or sold per year. But there are exceptions. Canal irrigation, or other major developments which sharply and dramatically alter returns to land, were observed in some instances to lead to an increase in land transactions. However, even in such cases the small and vulnerable farmers are not necessarily the ones who are losing their land. For example, occasionally over-extended large farmers are the main losers. There is some evidence from village studies that land sales, when they do occur, often involve transfers of land from formerly well-endowed but non-cultivating households facing financial penury to households of the cultivating castes (who are not necessarily large landholders).

Land legislation has not brought with it unambiguous benefits. Those beneficial impacts which have been observed have usually been indirect, for example encouraging farmers to invest in new technologies rather than to increase their landholdings. A very common response to "land to the tiller" legislation has been the eviction of tenants, and where this has occurred there has often been a sharp rise in landlessness and in the size of the agricultural wage labour force.

Modernization of agriculture and improved technologies have not meant the end for the institution of tenancy. Instead, this institution appears to be evolving with the new cultivation practices: many village studies point to a rise in the frequency of fixed-rent contracts; landlords becoming more involved in cost-sharing; smallholders with traditional specialization in cultivation leasing in land from both marginal landowners as well as large landowners (the phenomenon of "reverse tenancy"). Although some village studies see this evolution as negative from the point of view of the rural poor, these developments can also be viewed as neutral - neither

benefiting the poor specifically nor singling the poor out for further hardship. In general the evolution of tenancy is in accordance with what one would expect given the increased intensity of agriculture and the spread of modern practices and technologies. The persistence of this institution, against a background of often marked change in cultivation practices, suggests that it fulfills a useful purpose - permitting the cultivation of land by those who can put it to most productive use, without requiring a full transfer of property rights.

It is widely observed in village studies that traditional artisanal occupations have declined in number and importance. This trend has been interpreted by some as an indication of rising unemployment or underemployment in rural areas. However, it is worth noting several additional points. First, some traditional activities appear to be enjoying a "boom". For example, in some regions with rising general affluence, there has been an increase in demand for services, such as carpentry, for which there is a high income elasticity of demand. Second, the decline of traditional occupations has more often than not occurred against a background of rising real wages in these villages. As a result, while most of those formerly employed in traditional occupations have been observed to have moved into manual labor occupations, it is not clear that they have suffered a noticeable decline in living standards.

Alongside the decline in traditional caste-based occupations has been a trend towards increased casualization of labor market contracts. Most village studies indicate that the incidence of permanent or long-term labor contracts is declining, in favor of either daily-wage labor or piece-rate contracts. While in general most studies suggest that this casualization has reduced the degree to which laborers are dependent on their employer, some point out that this has resulted in increased insecurity. While daily wage labor has expanded in many villages, a noticeable feature of many rural labor markets is that within the village, wage rates are fairly uniform.

Many village studies point to a "tightening" of labor markets associated, at least in part, with the expansion of non-agricultural employment opportunities. Village studies highlight several features of this process. First, the benefit to rural households from non-agricultural employment derives in part from the incomes received, but also because it results in dampened income variability associated with agricultural fluctuations. Second, non-agricultural employment seems to have played a role in protecting households from major declines in living standards. A notable feature is that households without assets have not been excluded from non-agricultural employment. However, third, this doesn't mean to say that access to the better paid, *regular*, non-farm jobs has been equal for all. Village studies suggest that the allocation of regular non-farm employment in rural India is likely to be associated with personal contacts and connections, rather than qualifications or skills only. These factors have probably favored the more affluent and highly ranked within the village. Fourth, while the poor currently appear to be disadvantaged in terms of their ability to obtain such jobs, this is in contrast to their situation in the past, when the relatively well-off eschewed non-agricultural employment.

In response to the "tightening" of village agricultural labor markets, agricultural wages have risen in many village studies. There are exceptions though. Where there has been a sharp rise in in-migration, agricultural wages have stagnated even in the face of strong increases in demand for labor. And where non-agricultural employment opportunities have not "syphoned-off" surplus labor from the village, agricultural wages have also failed to display an upward trend.

Village studies are not well-placed to comment on the process of migration as their frame of reference, the village, is not well suited to such an analysis. However, there is some evidence that migration has increased. Moreover, it seems that while in the past it was mainly the poor who migrated, one now tends to see mainly the relatively better educated and higher castes among migrants.

An issue which has received some attention has been whether there is a discernable process of "proletarianization" in rural areas. If this term is taken to describe the process of a relative decline in self-employment (usually cultivation) in rural areas in favor of a relative increase in wage labor employment, then proletarianization seems to be a widespread phenomenon. Once one adopts a more normative interpretation, the process is less obviously widespread. It is not clear, for example, how many smallholder cultivators are being *pushed* out of agriculture because of declining returns and land polarization, as opposed to being *pulled* by new opportunities in the non-agricultural sector. Which of these is driving proletarianization depends on local circumstances, notably the experience with tenant evictions and the rate of non-agricultural employment expansion. That proletarianization often occurs against a background of rising agricultural wages suggests that *pull* factors might be as important as *push*, and as such, the phenomenon does not provide *prima facie* evidence of increased impoverishment.

The decline of traditional occupations and the accompanying expansion of non-agricultural employment, which has been widely observed in village studies, is closely tied to the degree to which the village is becoming integrated in the wider economy. This process has obviously been driven, in part, by external forces such as the expansion of infrastructure and the growth of urban centres. But it has also depended on the original economic structure of the village. It has, for example, been pointed out in several village studies that those villages with a strong comparative advantage in agriculture have tended to preserve traditional social and occupational structures, even in the face of dramatic changes in terms of trade or technologies. In contrast, villages with relatively less homogeneous economic structures have tended to see traditional occupational structures, such as caste-based occupations, become more diffused, as villagers have acquired links with the outside world and have diversified their activities.

Poverty

Village studies offer support to the general perception of slowly declining poverty in rural areas. Several village studies indicate that although poverty has declined across the Green Revolution period, there is considerable movement in and out of poverty. Some of this movement can be attributed to the year-to-year fluctuations in harvest quality, and can also be linked to transient factors such as illness, etc. However, those households which are highly represented among the long-term poor include households reliant on agricultural labor as an important source of income, and households of the disadvantaged castes.

Some village studies have indicated that even in situations where poverty does not appear to have fallen in income terms, scrutiny of other aspects of rural living standards suggest that living standards of even the poor have improved. These studies point to the increased ownership of consumer durables, and consumption patterns which have shifted towards higher quality goods. Many studies also point to a perception among rural populations of gradually improving living conditions. The rural poor often single out their reduced dependence on patrons as an important aspect of their improving living conditions.

Although overall poverty in rural areas appears to be in decline, as a consequence of growth and diversification, village studies also remind us that there remain many forces which can result in pockets of rising poverty. One of the important factors behind the general decline in poverty has been a steady rise in agricultural wages over time. In settings where, due to high population growth, rapid in-migration or stagnation of the non-agricultural sector, the agricultural labor force has increased in size, the rise in agricultural wages may not be forthcoming--and wages could even decline. Harvest fluctuations can also result in temporary, but significant, increases in poverty. Instances of drought in rural India are common, and can spell dramatic increases in poverty. While the expansion of irrigation has probably contributed to some dampening of such harvest fluctuations, it is also important to recall that groundwater tables can fluctuate with the quality of the monsoon, and that aquifers can be overexploited. Finally, cases of impoverishment are likely to continue to occur across rural India as long as there exist no safety nets to protect against illness, disability, widowhood, and similar household or personal circumstances.

It remains to be stressed therefore, that in absolute terms, while the direction of change is right, poverty in many rural villages (defined in either narrow or broad terms) remains extremely high. Perhaps as important to understanding which forces have contributed to falling poverty, is the question of why poverty has fallen so slowly in the face of what have often been dramatic changes in the overall economic environment?

Inequality

Village studies are uniquely placed to provide a glimpse of the degree of inequality prevailing within a small, village community. This inequality can have an important bearing on the extent to which new opportunities are translated into higher overall living standards in the community. Moreover, a high degree of

inequality within a community can circumscribe certain kinds of reforms or policy interventions—especially those which rely on some measure of cooperative community action.

While village studies have been able to confirm some decline in poverty over time, it is much more difficult to assert that inequality in rural areas has declined. While there appears to be a fair amount of movement of the distribution of welfare over time, one cannot easily point to a trend, particularly one which favors the relatively disadvantaged in rural areas.

Many village studies indicate that the distribution of land owned in rural areas is less static than is often suggested. However, much of the movement observed may be "apparent" rather than real. In particular, demographic changes associated with an increased incidence of early household partitioning can provide an impression of considerable change in the distribution of land, but one which is not likely to reflect fundamental changes in the distribution of wealth. Even where significant changes in the distribution of land have been observed, many village studies notice a high degree of immobility among the landless and smallholders, suggesting that there is little evidence of a marked improvement in the wealth holdings among the relatively poor.

Studies which focus on the distribution of income and wealth more specifically tend to question the notion that the Green Revolution necessarily results in a sharp widening of the distribution of income. The Green Revolution may even have resulted in an *improvement* in the distribution of welfare in some villages, although the scope for this depends closely on local conditions. However, any improvement which has been achieved would seem inconsequential relative to the degree of inequality which remains.

Caste is an important factor in governing the structure, and evolution, of rural society. This institution appears also to have been influenced by the large changes which have affected the rural economy. Rural growth, and in particular the integration of the village economy with the wider rural economy, has led to some erosion of the traditional caste structure in many villages— in general there seems to have been some relaxation in a number of the restrictions on caste interaction which held in the past. In addition, several village studies have pointed to a discernable breakdown in the correlation between ritual status and economic status. In many villages, the traditionally dominant, non-cultivating caste, is being overtaken in economic terms by households of other castes, usually those who were traditionally cultivators and who have taken greatest advantage of the new opportunities in agriculture. This process on occasion leads to the phenomenon of *sanskritization* whereby high-caste practices are emulated by other castes aspiring to upward social mobility. It is not clear whether this process of *sanskritization* should be seen as contributing to the breakdown of the caste-based patterns of behaviour, or rather the opposite, as many of the upwardly mobile adopt behaviour patterns which are more restrictive than those practiced even by the castes they are trying to emulate. In addition, while the changes which have been observed are significant they do not impinge on the life of all castes in the same way. The lowest castes in Indian villages often remain

easily distinguishable from the rest of village society in terms of their very low material well-being and the limited opportunities they face to improve their living standards.

Gender relations have, historically, been quite unequal in rural India, particularly in the north of the country. There has not been much evidence of improvement over time. In fact, there are some indications that gender-based inequality may be increasing rather than declining. For example, village studies in Uttar Pradesh provide some support to the conclusion from secondary data that female-male population ratios have been declining over time (and are already extraordinarily low). The *sanskritization* process described above may have a role to play in this. With rising prosperity among certain castes who wish to consolidate their economic gains with a raising of their social status, women are often required to adopt behaviour patterns, such as full *purdah* and withdrawal from wage labor activity, that traditionally were maintained by only high-caste women. The economic value of women, in terms of what they can contribute to household economic resources, is thus diminished. Coupling this observation with the observed switch from brideprice to dowries (which has been widely noted in several south Indian village studies) or the trend towards rising value of dowries (as observed in the north) implies that from the household's perspective, prevention of wealth dissipation from generation to generation is contingent on keeping the number of surviving daughters relatively small.

Policy Relevance

What might be some of the policy implications of this review? First of all, much of this review has been concerned with the deflating of myths, especially those surrounding the distributional impact of the Green revolution. Many of the findings from this review of village studies support what has, in general, been the emerging view based on large-scale surveys and secondary data sources. There is rather little evidence in support of the contention that agricultural intensification necessarily leads to rising inequality and increased poverty. In fact, in the face of relentless population growth, it seems difficult to imagine that much further progress can be achieved without continued agricultural growth and further diversification into non-agricultural activities.

The village studies reviewed in this paper add to the existing evidence that agricultural labourers in rural India are highly represented amongst the poor. Village studies indicate that the living standards of this population subgroup may be usefully monitored through the careful scrutiny of agricultural wage rates. The observation that daily wage labor contracts are displacing permanent and attached labor contracts in many parts of the country, coupled with the observation that wage rates *within* villages tend to be quite uniform, suggests that such wage series would be quite informative about the living conditions of the rural poor. Of course, one must be careful to take into account the possibility of considerable variation in daily wages *across* villages, as well as participation rates of laborers. But it remains that efforts to collect detailed information on rural agricultural wages would be well justified from a poverty monitoring perspective.

Village studies offer numerous reasons to pay close attention to the non-agricultural sector. Evidence from villages where poverty has fallen steadily, as well as those where poverty has persisted or even increased, indicates that the non-agricultural sector plays an important employment provision role in rural areas. However, apart from those cases where non-farm employment has been in the form of public-works projects (notably the Maharashtra Employment Guarantee Scheme) it is not clear to what extent the poor have benefited directly from the growth of this sector. Rather, if they have benefited, it is through the impact of non-agricultural employment on the agricultural labor market and rural wages. Trends in the composition of long-term migrants from rural areas, as well as evolving caste-based occupational structures, suggest that the disadvantaged castes are increasingly having to compete directly with the higher castes for non-agricultural jobs, especially for those jobs which are perceived as *regular*. There is little evidence that they are the winners in this tournament. Much more work is required to understand precisely how non-agricultural jobs are allocated in rural areas, and what possible policies might allow the non-agricultural sector to have a more positive direct impact on poverty, alongside its recognized indirect one.

It is clear from the villages studies reviewed in this paper that household resources are critical in determining material rural living standards. However, we have also seen that certain other dimensions, such as caste and gender, have an important influence on individuals' freedom and ability to take advantage of the opportunities available to them. An important finding from this review has been that, while in general these different dimensions do appear to evolve in tandem with one another, this is not an inevitable occurrence. For example, we have pointed to certain instances of evolving gender and caste relations where increases in material well-being are accompanied by *greater* rather than less social stratification. From a policy perspective, it thus becomes important to focus not only on measures to increase the material well-being of rural households, but also on measures which protect beneficial social arrangements from decline.

Conspicuous in its absence from this review has been a comprehensive assessment of the performance of various policy measures on village living standards and community life. This has been largely because most longitudinal village studies are remarkably silent on the impact of public policy on households' circumstances. Yet, one might have thought that longitudinal village studies were particularly well-suited to such an assessment, given their ability to trace households over time.

Drèze et al (forthcoming) undertake a comprehensive review of the Palanpur experience with *every* instance of public service provisioning introduced in the village between 1957/58 and 1993. The overall assessment is that this experience has been extremely disappointing--from provision of public schooling facilities, to implementation of the IRDP programme and credit programmes more generally, to the experience with the JRY

(Jawahar Rozgar Yojana) employment programme, to the provision of widow's pensions³⁵. A recurrent observation in this assessment is that privileged individuals or groups end up directing the flow of benefits to themselves at the expense of other village members. While we have already mentioned that few of the village studies which we reviewed have focussed specifically on government programmes within the village, particularly programmes aimed at helping the poor, it is perhaps useful to quickly note the conclusions of the few who do offer some comment. What is suggestive is that even among these few, the diagnosis seems to point in a similar direction to that for Palanpur (even though the degree of failure may not be as great). Swaminathan (1988) notes that in Gokilapuram, Tamil Nadu, the distribution of wealth became markedly more unequal between 1977 and 1985, even though this village was one among specifically selected "cluster" villages which received a large allocation of resources under the IRDP programme. Gough (1987) and Kapadia (1992) conclude that land reform resulted in widespread evasion of land ceilings and the eviction of tenants in their villages in Tamil Nadu (echoed by Jha, 1994, for Bihar), while Mencher (1980) argues that land legislation passed in Kerala left agricultural labourers largely untouched. Beck (1994) argues that an irrigation scheme targeted at the poor in one village in West Bengal, helped the poor only indirectly by slightly raising agricultural wage earnings, while the non-poor enjoyed much greater returns via higher cultivation incomes. Land redistribution in two other villages was found by Beck to provide the poor mainly with land of low quality (in some cases not even cultivable). Walker and Ryan (1990) and Chattopadhyay (1992) indicate that land reform had little direct impact on their villages altogether.

It seems worth asking whether high inequality within villages, in particular the lack of strong village cohesion, represents a major obstacle to the successful introduction of policies within rural Indian villages. This could have important implications for the design of policies, especially ones which seek to avoid the recognized pitfalls of centralized delivery by exploiting the potential of decentralized mechanisms. Unless great care is taken to ensure that accountability is maintained, so that abuses are kept to a minimum, such decentralized schemes may do no better than previous efforts.

³⁵ The full list of programmes also includes integrated child development scheme, electrification, health facilities, the public distribution system, land redistribution, and water supply. The general picture, with the exception of a programme providing two water hand-pumps near the lower caste quarters which appears to have been a modest success, is grim.

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Table 1: Longitudinal Village Studies Reviewed

State	District or Region	Name of Village ^a (if given)	Time Period Spanned	Author (Date of Report)
Rajasthan	Nagaur, Jodhpur	two villages (not named)	1963-1984	Jodha (1989)
Punjab	Ambala	Shahidpur	1965-1978	Leaf (1983)
Uttar Pradesh	Moradabad	Palanpur	1957-1993	Bliss and Stern (1982); Lanjouw and Stern (forthcoming)
Uttar Pradesh	Aligarh	Parhil	1970-1987	Saith and Tankha (1992)
Uttar Pradesh	Mainpuri	Karimpur	1925-1984	Wiser and Wiser (1971); Wadley and Derr (1989)
Uttar Pradesh	Meerut	Walidpur, Rampur, Izarpur, Jamalpur	1963-1989	Sharma and Poleman (1993)
Uttar Pradesh	Allahabad Muzaffarnagar	Alipurjeeta Chaukra	1964-1986 1977-1986	Srivastava (1997)
Uttar Pradesh	Agra	Sunari	1964-1985	Fuhs (1988)
Bihar	Purnea, Saharsa, Katihar	5 villages (not named)	1971-1984	Rodgers (1983, 1984)
Bihar	Purnia	Majra, Barahari	1985-1988	Jha (1994)
West Bengal	Midnapore	Fonogram, Bithigram, Keshipur	1986-1988	Beck (1994)
West Bengal	Bardhaman	7 villages (not named)	1960s-1980s	Chattopadhyay (1992)
West Bengal	Barhaman, Birbhum, Purulia	72 villages (not named)	1972-1986	Battacharya (1987)
Orissa	Phulbani	Bisipara	1950s	Bailey (1957)
Gujarat	Bulsar	Gandevigam Chikhligam	1962-1991	Breman (1993)
Maharashtra	Sholapur, Akola	Shirapur, Kalman, Kanzara, Kinkheda	1975-1985	Walker and Ryan (1990)
Maharashtra	Vidarbha	Olegao	1920-1970	Attwood (1979)
Maharashtra	Vidarbha	Palso	1947-1987	Gadre (1987)

Andhra Pradesh	Mahbubnagar	Aurepalle, Dokur	1975-1985	Walker and Ryan (1990)
Andhra Pradesh	Chittoor, Guntur	-	1950-88	Da Corta (1993)
Karnataka	Mysore	Rampura	1948-1970	Srinivas (1976)
Karnataka	Mysore	Wangala, Dalena	1954-1970	Epstein (1973)
Tamil Nadu	North Arcot	11 villages (not named)	1973-1984	Hazell and Ramasamy (1991)
Tamil Nadu	Thiruchirapalli	Rajendram, Poyyamani, North Nangavaram, Naganur, Kalladai, K. Peripatti	1979-1980	Arthreya, Djurfeldt and Lindberg (1990)
Tamil Nadu	Madurai	Gokilapuram	1977-1986	Ramachandran (1990), Swaminathan (1988, 1991)
Tamil Nadu	North Arcot	Random	1973-1984	Harriss (1986)
Tamil Nadu	Thanjavur	Kumbapettai, Kirippur	1950s-1980s	Gough (1981, 1987)
Tamil Nadu	South Arcot	Iruvelpattu	1916-1981	Guhan and Mencher (1983)
Tamil Nadu	Thiruchirupalli	Aruloor	1987-88	Kapadia (1993)
Tamil Nadu	Coimbatore	3 villages (not named)	1981-82	Heyer (1992)
Tamil Nadu	Tirivannamalai, Sambuvarayar	Nesal, Vinayagapuram, Veerasambanur	1973-1993	Janakarajan (1996)
Kerala	Aleppey, Palghat	2 villages (not named)	1976-77	Mencher (1980)

* Names of villages in many of these studies have been changed to preserve confidentiality.

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