4.0 INTRODUCTION

A study of the commercialization of agriculture and changes in the distribution of land ownership during the period 1900 to 1950 assumes importance in the context of price fluctuations and other conjunctural factors influenced mainly by global events. Between 1900 and 1925, the prices of agricultural produce and foreign exports had increased, cash crop cultivation expanded and agrarian expansion was generally on the rise. With a decline in the frequency of famines, population grew at a steady rate, albeit with a brief interruption by the influenza epidemic in 1918-19. This period of agrarian expansion was followed by the Depression of 1930s. A sharp decline in prices during the period of the Depression resulted in social tensions within the agrarian structure, changes in the cropping pattern and external trade. The prices of agricultural commodities rose rapidly during and after World War II, though the export front remained gloomy (Kumar, 1984; 232-3). An argument that the process of commercialization of agriculture was beneficial only to the rich peasantry tends to ignore the differential impact of these cyclical fluctuations in the prices as also the conjunctural factors on the peasantry.

This Chapter, by analysing the commodity, credit and land markets in Kurnool district during the period 1900-1950, argues that these global events had left a long lasting and often an
uneven impact on various sections of the peasantry. It also argues that the polarization (in terms of simple differentiation) proceeded along with commercialization of agriculture till the late 1920s when this process was checked by the depression. The small and middle peasantry seemed to have stabilized in the post-depression period due to certain countervailing factors.

The chapter is presented in five sections. The first three sections analyse the changes in commodity, credit and land markets respectively in the district during the period 1900-50. While the fourth section brings out the impact of commercialization on distribution of land ownership, conclusions are set forth in the final section.

4.1 COMMODITY MARKET IN THE DISTRICT

During the period (1900-47), total sown area (TSA) increased at an annual growth rate (all are compound growth rates) of 0.11 per cent (Table 4.1). A rapid growth of the area under total non-food crops (TNFC) at the expense of that under total food crops (TFC) suggests changes in cropping pattern in favour of the former. The area under all food crops (except rice) had declined. Among the non-food crops, groundnut registered a significant growth rate, while the area under cotton had declined. But were these changes uniform over time? To see the impact of price fluctuations on the cropping pattern, this period is divided into two sub-periods¹, viz., 1900-20 and 1920-47.
During the period 1900-1920, the area under the TNFC increased at the expense of that under the TFC (Table 4.1). The areas under all the food crops (except rice) had declined. Among the non-food crops, cotton area increased at an annual growth rate of 2.34 per cent. Although the areas under food crops declined, their level was quite significant (Appendix 4.1). Among the non-food crops, cotton area rapidly increased from 10.31 to 18.78 per cent.

Table 4.1. Compound Growth Rates (%) of Areas Under Individual Crops in Kurnool District.

<table>
<thead>
<tr>
<th>Period</th>
<th>Crop</th>
<th>1900/01 to 1919/20</th>
<th>1920/21 to 1946/7</th>
<th>1900/01 to 1946/7</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rice</td>
<td>1.70*</td>
<td>1.32*</td>
<td>0.30</td>
</tr>
<tr>
<td></td>
<td>Jowar</td>
<td>-0.08</td>
<td>-0.89*</td>
<td>-0.74*</td>
</tr>
<tr>
<td></td>
<td>Bajra</td>
<td>-2.02*</td>
<td>-0.64</td>
<td>-1.42*</td>
</tr>
<tr>
<td></td>
<td>Other food crops</td>
<td>-0.73*</td>
<td>0.29</td>
<td>-0.09</td>
</tr>
<tr>
<td></td>
<td>Total food crops</td>
<td>-0.41*</td>
<td>-0.20</td>
<td>-0.42</td>
</tr>
<tr>
<td></td>
<td>Groundnut</td>
<td>--</td>
<td>4.66*</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>Other Oilseeds</td>
<td>--</td>
<td>-1.37*</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>Total Oilseeds</td>
<td>1.76</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>Cotton</td>
<td>2.34*</td>
<td>-3.46*</td>
<td>-1.24*</td>
</tr>
<tr>
<td></td>
<td>Other non-food</td>
<td>-0.41</td>
<td>-0.52</td>
<td>-0.87</td>
</tr>
<tr>
<td></td>
<td>crops</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total non-food</td>
<td>1.92*</td>
<td>0.79*</td>
<td>1.47*</td>
</tr>
<tr>
<td></td>
<td>crops</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total sown area</td>
<td>0.14</td>
<td>0.10</td>
<td>0.11*</td>
</tr>
</tbody>
</table>

* Significant.

During the period 1920-1947, the area under food-crops gave way to the non-food crops. Among the non-food crops, the area under groundnut increased rapidly, while that under cotton and other oilseeds declined. Thus, groundnut displaced the areas under food crops such as jowar and bajra as also non-food crops such as cotton and other oilseeds (Table 4.1). Groundnut which was non-existent at the turn of the century, became the single most important crop of the district by late 1940s. Area under cotton
and ONFC, however, declined (Appendix 4.1).

Such an increase in the area under TNFC was, however, not uniform across the taluks. The percentage area under TNFC had increased faster in the taluks of Pattikonda, Dhone, Nandikotkur, Kurnool and Sirvel; increased moderately in Nandyal, Koilkuntla and Cumbum; and remained virtually the same in Markapur (Appendix 4.2). The level of TFC was quite high in the taluks of Cumbum and Markapur. Between 1925/6 and 1950/51, the percentage area under TNFC increased in Pattikonda, while it declined in Nandyal and Koilkuntla.

The cultivation of commercial crops was confined to a few taluks. While the groundnut-area was increasing in Pattikonda, Kurnool, Dhone taluks, it remained virtually the same in Nandikotkur (Table 4.2). Incidentally, the share of these four taluks in the total groundnut-area had increased from 55 per cent in 1925/26 to 73.49 per cent by 1950/51. Thus, the increased acreage under groundnut (from 1920s) in the district was confined mainly to these four taluks. In other taluks the percentage area under groundnut had in fact declined. On the other hand, the absolute area under cotton increased till mid-1920s and declined thereafter in all the taluks.

These changes in the cropping pattern were influenced by the relative prices. Studies of price movements and supply response of cultivators for the period of early 20th century note that price was an important element in determining the area cultivated under various crops in the Madras Presidency. An analysis of regression
based on a simple cropping model revealed that the relative prices of cotton and jowar explain 62 per cent of the annual variation in cotton area in the district during the period 1900 to 1920 (Appendix 4.3). A few factors accounted for the emergence of groundnut as a major cash crop in the district. First, as groundnut prices rose farmers responded to the relative prices of groundnut and jowar favourably. Second, the cultivation of this crop was relatively profitable.

Table 4.2: Taluk-wise Changes (%) in Cotton and Groundnut areas.

<table>
<thead>
<tr>
<th>Taluks</th>
<th>1912-3</th>
<th>25-6</th>
<th>30-31</th>
<th>40-41</th>
<th>50-51</th>
<th>1925-6</th>
<th>30-31</th>
<th>40-41</th>
<th>50-51</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pattikonda</td>
<td>12.5</td>
<td>18.6</td>
<td>13.9</td>
<td>19.9</td>
<td>29.1</td>
<td>9.4</td>
<td>20.7</td>
<td>21.3</td>
<td>20.9</td>
</tr>
<tr>
<td>Kurnool</td>
<td>19.9</td>
<td>17.7</td>
<td>11.9</td>
<td>16.5</td>
<td>12.2</td>
<td>17.7</td>
<td>18.6</td>
<td>19.9</td>
<td>21.3</td>
</tr>
<tr>
<td>Dhone</td>
<td>5.8</td>
<td>8.7</td>
<td>3.7</td>
<td>6.2</td>
<td>2.8</td>
<td>13.1</td>
<td>17.7</td>
<td>16.9</td>
<td>17.8</td>
</tr>
<tr>
<td>Nandikotkur</td>
<td>7.7</td>
<td>10.5</td>
<td>15.0</td>
<td>8.5</td>
<td>6.8</td>
<td>14.6</td>
<td>10.4</td>
<td>14.9</td>
<td>13.5</td>
</tr>
<tr>
<td>Nandyal</td>
<td>12.5</td>
<td>10.0</td>
<td>14.4</td>
<td>9.9</td>
<td>8.7</td>
<td>10.1</td>
<td>6.6</td>
<td>6.3</td>
<td>6.5</td>
</tr>
<tr>
<td>Koilkunula</td>
<td>19.5</td>
<td>19.3</td>
<td>23.8</td>
<td>21.6</td>
<td>25.1</td>
<td>10.5</td>
<td>9.9</td>
<td>5.9</td>
<td>5.5</td>
</tr>
<tr>
<td>Sirvel</td>
<td>16.3</td>
<td>10.1</td>
<td>12.3</td>
<td>10.6</td>
<td>8.8</td>
<td>17.3</td>
<td>12.7</td>
<td>10.1</td>
<td>11.2</td>
</tr>
<tr>
<td>Cumbum</td>
<td>2.2</td>
<td>1.3</td>
<td>1.3</td>
<td>1.7</td>
<td>1.5</td>
<td>6.8</td>
<td>2.9</td>
<td>4.6</td>
<td>3.1</td>
</tr>
<tr>
<td>Markapur</td>
<td>3.8</td>
<td>3.8</td>
<td>3.7</td>
<td>5.3</td>
<td>5.2</td>
<td>0.5</td>
<td>0.5</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Total ('000 acres)</td>
<td>301</td>
<td>323</td>
<td>217</td>
<td>210</td>
<td>137</td>
<td>350</td>
<td>442</td>
<td>480</td>
<td>517</td>
</tr>
</tbody>
</table>

Sources: 1. Statistical Appendices to the Kurnool District, Vol.2 for the years 1912/3, 1925/6 and 1930/31.

4.1.1 Transport

For such an extensive cultivation of cash crops, development of transport was a pre-requisite. Around 1850s, the roads were in a lamentable state in the district, due mainly to insufficient investment on their maintenance. Though the K-C canal was designed for irrigation and navigation, barring the famine years it was not extensively used for either (SRKP, 1905; 11). These
transport bottlenecks made it difficult for the farmers in these parts and elsewhere to explore the farthest markets and hence, they could not completely take advantage of the commodity production. Realising the importance of transportation, the colonial government started laying roads. The famine relief works were almost on the construction of roads. Consequently, the development of roads was brisk; between 1871 and 1936, the district road mileage increased from 405 to 885 miles, of which 97 per cent was metalled (GOM, 1932; 3). The second quarter of the twentieth century witnessed a shift in emphasis from total mileage to the greater quality of the existing roads. Several bridges and new roads were constructed during this period, which had facilitated the commodity movement (Rajagopal, 1974; 126-131).

Besides, the railways in the district as well as in the Presidency were fairly well developed. As early as in 1890s, a railway line connected the district with coastal Andhra on the one side and Anantapur and Bellary on the other. The significance of this line especially during the famine years needs no emphasis, for it facilitated the import of food grains from the deltas to the Deccan region (SRMC, 1909; 11). The Madras-Bombay line also passes close to the district facilitating the trade in raw cotton.

4.1.2 Convergence of prices

The development in transport resulted in the convergence of prices. An analysis of co-efficient of variation of prices of rice and jowar in the district during the period 1900-1942 revealed that the prices prevailing at various reporting places converged from the turn of the century (Figure 4.1). However, prices had
diverged from 1913 onwards mainly due to a decline in coastal shipping and an acute shortage of wagons during the World War I. There was a great pressure on the railways, with large bribes paid for wagons. Again, with the dislocation of the markets during the periods of Depression and World War II, greater divergence could be seen in the prices of rice and jowar.

Figure 4.1: Co-efficient of Variation of Rice and Jowar Prices in Kurnool District (1900/01 to 1941/42)

4.1.4 Growth of market towns

The development of a transport system, the emergence of an integrated market structure and price convergence also implied the coming up of market centres in the district. In 1863, Kurnool was the only town which had a market worth naming. By 1900, regular
weekly markets, where farmers bought sundries and sold industrial produce, were held at several places in the district. The merchants or their agents from market towns in the district as well as in the neighbouring districts would "go around the villages buying cotton, indigo, grain, betel leaf, tobacco etc." and enter into keen competition with the local trader. Thus, the ryot in the district faced "no difficulty in disposing of his surplus produce and in securing a good price". Above the local markets, there were wholesale markets in the important market towns such as Nandyal and Turnool, where agricultural produce was marketed. The big merchants and the agents of European exporting firms such as Volkart Bros, Binny Bros and Bombay Co lived there to collect the exportable commodities.

4.1.4 Trade

The expanding transport and marketing facilities together with integrated regional market facilitated a quick commodity circulation and a momentum in the external market. Cotton and groundnut were the chief commodities exported from the district to the foreign markets. The value of cotton exports and quantity of groundnut exports from the Presidency had rapidly increased from the turn of the century. With the onset of Depression in the late 1920s, the value of cotton exports declined by 62 per cent. Although the quantity of groundnut exports from Andhra ports had more than doubled during the period 1926/7 to 1934/5, the value increased only marginally. Consequently, the export value per ton of groundnuts had declined from Rs 252 to Rs 131 (Rao and Rajasekhar, 1991; 27). Such a decline in the value of groundnut exports was caused by depression and several factors operating in
the world market. Although the world market had considerably improved from the mid-1930s, the exports of groundnut and cotton declined further. However, this loss was made up by the expanding domestic market for groundnuts from the mid-1930s.

Thus, the area under non-food crops increased at the expense of that under food crops (notably jowar and bajra) during the period 1900-47. Among the non-food crops, cotton (till mid-1920s) and groundnut (from the early 1920s onwards) were important. A rapid increase in the area under groundnut was, however, confined mainly to Pattikonda, Dhone, Kurnool and Nandikotkur taluks. These taluks were highly commercialized and there was a large displacement of cholam in favour of cotton and groundnut (RRPT, 1906; 9-10). Relative prices played an important role in such a displacement. Transport, emergence of market towns and trade also contributed to the commercialization process in the district.

4.2 CREDIT MARKET (1900-50)

In spite of the governmental efforts to institutionalise the rural credit market, institutional credit was not only insufficient but also remained beyond the reach of the small farmers. In the early 1920s, the co-operative credit was grossly inadequate as it was confined mainly to the rich peasants. The takkavi loans played an insignificant role mainly due to bureaucratic procedures and delays in granting them. Co-operative loans failed to relieve the farmer from the burden of indebtedness, for any borrowing had to cover not only cultivation expenses but also family needs (MPBEC [0], 1930; 77). Consequently, the percentage
of credit provided by these agencies was small, around one per cent in the villages around Nandyal and Adoni towns in the late 1920s (ICCC, 1929; 12). A study of rural indebtedness in Kurnool district in the late 1940s revealed that the co-operative finance was relatively insignificant in the total credit and prominent only in the upper most deciles and was totally absent in the bottom deciles (AIRCS, 1952; 33).

In the absence of institutional sources of credit, the moneylending ryots, professional moneylenders and commission agents played a dominant role in the credit market. Of these agencies, the rich cultivators with surplus from the cash crop cultivation, were active in the credit market and gradually replaced the professional moneylenders in the countryside.

Small farmers need credit for production and consumption purposes. With meagre holdings, recurring crop failures together with mounting demographic pressure, these farmers were often unable to meet their requirements. Hence, they had to borrow (both grain and cash) from whichever source was most accessible to them, even if in the process they became vulnerable to exploitation by usurious capital. By and large, the poorer ryots depended on local sources of credit, while medium to large farmers depended on the commission agents (MPBEC [O], 1930; 73-4). The poor borrowed mainly grain and seed loans at annual interest rates of 25 and 50 per cent, respectively (MPBEC [W], 1930; 297). Besides, they borrowed cash on crop security and/or pro-notes. The rates of interest on pro-notes were higher for poor farmers (with holdings below 5 acres) and lower for the classes above (MPBEC [O], 1930; 73-4).
With the increasing demographic pressure and market uncertainties, the poor could not repay the loans with a single crop. In the course of time, the pro-notes were converted into mortgage deeds. They could cultivate their lands as long as there was a sufficient difference between the borrowed amount and the market value of land. The process of alienation of land would commence when the accumulated debt comes closer to the market value of land^26.

The available data on bonds and mortgages reveal that credit market was active in Kurnool district during the period 1905-9. On an average, 106 bonds were executed for the loans during this period^27. Both usufruct and non-usufruct mortgages were prevalent in the district, though the former were relatively few both in number and the total extent of land. During this period, on an average, 8228 acres with possession and nearly 36000 acres without were mortgaged^28. As far as the non-usufruct mortgages were concerned, on an average, the ryot-moneylenders accounted for 52.33 per cent of total land mortgaged, while traders for 42.57 per cent^29. In case of the usufruct mortgages, on an average, 68.41 per cent of total land was mortgaged to the agriculturists and nearly 25 per cent to the traders^30. The lower share of the traders in the case of usufruct mortgages was understandable given their lack of interest in cultivation. Detailed enquiries^31 on the indebtedness of the ryots in black soil taluks of Bellary and Anantapur also corroborate the increasingly dominant role played by the resident rich ryot-moneylenders in the rural credit market^32, who came mostly from the upper-castes^33.
Obviously, small farmers constituted a large number of borrowers. The purpose of borrowing is not clear as bulk of the amount was taken for purposes other than agricultural improvements, namely, trade, payment of kist (revenue instalments), marriage expenses and discharging debts. Perhaps, this amount was borrowed for consumption purposes. On the other hand, the bulk of the land was mortgaged to discharge the old debts. These suggest that small farmers were initially borrowing for consumption and when debts accumulated, they were forced to mortgage their lands to discharge the old debts.

With the onset of the Depression, money became shy in rural areas; "there is alround dearth of money; lenders have withdrawn much money and owing at least in part to paucity of repayments, co-operative banks are also short. The moneylending rates have gone up materially in the villages and money is very shy." Moneylenders squeezed the credit, hiked the rates of interest and demanded for repayment of previous debts. With the fall in agricultural prices and land values, commitments to the government and others became hard to fulfil. Hence, the farmer was "compelled to part with much of his hoard of jewels and ornaments in order to get money and left at the mercy of unscrupulous moneylenders and middlemen than before" (Sathyanathan, 1935; 28).

The number and value of mortgages and bonds in the district during the period 1923 to 1937 had consistently declined; mortgages declined from 5834 in the triennium ending with 1925 to 4929 in the triennium ending with 1937, while the aggregate value declined from Rs. 21.8 lakhs to Rs. 16.4 lakhs during the same period.
percentage decline in the number and aggregate value of mortgages was 16 and 25 respectively during this period. On the other hand, the total number of bonds declined from 207 in the triennium ending with 1925 to 72 in the triennium ending with 1937, while the aggregate value had declined from Rs. 1.3 lakhs to Rs. 0.84 lakhs during the same period. In other words, the percentage decline in the number and value of bonds was 65 and 33 respectively during this period. From the relatively faster decline in the number and aggregate value of bonds, two inferences can be drawn. First, the tendency to convert the unsecured debts into secured ones at the insistence of moneylenders was growing as the accumulation of unsecured debts was becoming dangerous during the period of the Depression. This is further corroborated by the fact that lands were mortgaged mainly to discharge the old debts. Second, despite this phenomenon, the number of mortgages had consistently declined; thus indicating that the cultivators were finding it hard to obtain fresh credit (Sathyanathan, 1935; 35-41).

Thus there was an alround distress in the agrarian economy in the district. The problem of indebtedness assumed serious proportion not only for the indebted peasants and moneylenders but also for the government. Besides one official report, four books on indebtedness in the Province were written in the early 1930s and the government hurried through a couple of legislations, which, in principle, tried to assist the indebted peasant. These legislations were hardly effective. Suits for the collection of debts became the order of the day. The Usurious Loans Act of 1918 was hardly effective in providing relief to the indebted peasants; the District Munsif Court at Nandyal examined only 90
cases and reduced the rate of interest to 12 per cent during the period 1930-34; whereas at Markapur 783 cases were examined and interest rate was reduced to 6 per cent during the same period (Sathyanathan, 1935; 45). In spite of the intervention by the courts, many cultivators had to alienate the land. On the other hand, due to the bankruptcy of cultivators and decline in land values, many moneylenders could not collect their debts and consequently were ruined. It was remarked in 1934, that "the classes who have invested money in lands, as distinguished from the cultivating ryots and labourers are the worst sufferers" (Sathyanathan, 1935; 40). The rising prices and trade optimism prevailing before the Depression induced many ryot-traders to speculate on cotton and groundnut crops. Often times, they speculated with borrowed money and in fact, speculation accounted for 11 per cent of the outstanding debt in the black soil taluks of Bellary and Anantapur (RSRBS, 1920; 22). However, when prices collapsed during the Depression, "hundreds and thousands of such small traders and speculators have come to grief" (Sathyanathan, 1935; 28). Thus, the market uncertainties shattered the confidence of rich farmers-cum-moneylenders and they learnt "a bitter lesson" (Sathyanathan, 1935; 28). Although World War II had revived the depressed economy, the acquisitive ethos of the richer sections, as we shall see a little later, took a new vigour and direction.

4.3 LAND MARKET (1900-1950)

The land market was active in the district during the period 1900-20. With rising prices and growing population, demand for land was on the rise, resulting in an increase in land values and
agrarian expansion. During the period 1906-24, the number of sales increased by 42 per cent, while the aggregate value increased by 240 per cent; thus implying a faster growth in average value per transaction (Table 4.3).

Table 4.3: Number and Aggregate Value (Rs in lakhs) of Land Transactions\(^{*2}\) in Kurnool District (1906-1941).

<table>
<thead>
<tr>
<th>Triennium ending with</th>
<th>Sales of immovable property</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Above Rs 100</td>
<td>Below Rs 100</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>AV</td>
</tr>
<tr>
<td>1908</td>
<td>4409</td>
<td>10.28</td>
</tr>
<tr>
<td>1911</td>
<td>4952</td>
<td>13.80</td>
</tr>
<tr>
<td>1912*</td>
<td>6532</td>
<td>18.74</td>
</tr>
<tr>
<td>1918</td>
<td>7468</td>
<td>27.72</td>
</tr>
<tr>
<td>1921</td>
<td>9401</td>
<td>36.34</td>
</tr>
<tr>
<td>1924</td>
<td>9921</td>
<td>41.07</td>
</tr>
<tr>
<td>1927</td>
<td>10025</td>
<td>45.02</td>
</tr>
<tr>
<td>1930</td>
<td>12593</td>
<td>61.00</td>
</tr>
<tr>
<td>1933</td>
<td>11761</td>
<td>53.47</td>
</tr>
<tr>
<td>1935**</td>
<td>11690</td>
<td>49.36</td>
</tr>
<tr>
<td>1937**</td>
<td>n.a</td>
<td>n.a</td>
</tr>
<tr>
<td>1941</td>
<td>n.a</td>
<td>n.a</td>
</tr>
</tbody>
</table>

AV = Aggregate Value
* One year figure
** Two year average
Source: Administrative Reports of Registration Department, Various volumes.

The total transacted area increased from 31031 acres in 1905 to 44211 acres in 1909, an increase of 42 per cent (Table 4.4). The percentage of the total land transacted to TSA had increased from 1.5 in 1905 to 2.21 in 1909, in spite of an increase in the total cultivated holdings. The land transfers were taking place amongst the agriculturists themselves. However, the agriculturists and the category of "others" (which includes artisans and other persons) were the net losers. On the other hand, traders were the net gainers.
Table 4.6: Land Transfers (%) by Various Categories in Kurnool District (1905-1909).

<table>
<thead>
<tr>
<th>Year</th>
<th>Total land (%) sold by</th>
<th>Total land (%) purchased by</th>
<th>Total (acres)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ryots</td>
<td>Traders</td>
<td>Others</td>
</tr>
<tr>
<td>1905</td>
<td>80.23</td>
<td>9.36</td>
<td>10.41</td>
</tr>
<tr>
<td>1906</td>
<td>77.32</td>
<td>11.20</td>
<td>11.48</td>
</tr>
<tr>
<td>1907</td>
<td>80.46</td>
<td>10.25</td>
<td>9.29</td>
</tr>
<tr>
<td>1908</td>
<td>79.15</td>
<td>11.73</td>
<td>9.12</td>
</tr>
<tr>
<td>1909</td>
<td>82.00</td>
<td>10.26</td>
<td>7.74</td>
</tr>
</tbody>
</table>

Note: Figures in brackets indicate the percentage land transacted to total area sown.

Source: G.O.No. 2825 (Confidential), Revenue Department, dated September 18, 1911, pp. 15-26.

Which category of the agriculturists was losing lands? It is doubtful if the rich peasants were losing lands as it was reported that, "the Kapus who were the chief land owning class would not think of parting with their lands" (GOM, 1924: 7). Two categories of land losers are recognised: First, as noted earlier, small farmers were often required to borrow money and mortgage their lands in the process of discharging the old debts. Some of them must have sold their lands as the loan amount accumulated. During this period, the bulk of the land was alienated in the process of discharging the old debts. This is further substantiated by the gradual decrease in average land per transaction from 5.2 acres in 1905 to 4.46 in 1909. Second, the non-cultivating Brahmin landlords were also losing land. Since the Brahmins took to English education and improved their prospects in the service sector, they migrated to the urban areas. Though they initially leased out their lands to the middle farmers, the declining revenue
from land leasing due to recurring crop failures prompted them to alienate the lands. The same was observed in 1910/11; "land is passing more and more into the hands of the cultivating classes at the expense of the absentee landholdings and the lower castes...". Most of these lands were acquired by the rich farmers. With large land holdings and profits from the cultivation of cash crops, these farmers were realising large surplus from agriculture. Since alternative investment opportunities were not readily available, they had to invest their surplus in land.

The violent fluctuations in the commodity and credit markets during the Depression period had an impact on the land market as well. The dynamism in the land market, that we observed, lasted only till mid-1920s. The high and increasing land values (Table 4.5) in the pre-Depression period induced the rich to invest their surplus in land. Even the small and medium farmers bought lands with the borrowings at high interest rates. However, with the fall in the prices of agricultural commodities, the peasants were hit hard; their income was not sufficient even to cover the family expenses and pay land revenue; they could not even borrow as the credit market was depressed; the only option left for them was land alienation. However, with the fall in agricultural prices the

<table>
<thead>
<tr>
<th>Period</th>
<th>1901-10</th>
<th>1910-15</th>
<th>1915-20</th>
<th>1930-35</th>
<th>1936-40</th>
<th>1941-51</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of land (Rs)</td>
<td>21</td>
<td>63</td>
<td>104</td>
<td>64</td>
<td>76</td>
<td>350</td>
</tr>
</tbody>
</table>

Table 4.5: The Average Value of Land per acre in Kurnool (1901-41)

buyers were not forthcoming and land values had declined (Sathyanathan, 1935; 28). Wherever it was possible, they alienated their lands to the creditors to discharge the old debts. The state of depressed land market can be best visualized from the following statement of the Registrar of the Registration Department:

"prices of staple products in various districts have considerably fallen and consequently, the value of land on the whole has very much decreased, the result being that creditors not being able to realize their moneys nor have they courage to advance fresh loans and debtors are not able to find purchasers of their properties to clear off their debts. Obviously, therefore the number of transactions relating to land decreased considerably, the transactions being mostly restricted to cases of purchases by creditors of properties belonging to their debtors to clear off old transactions. These observations are borne out by the fact that, while sales during the triennium (ending with 1931) fell by 3.4 per cent, mortgages fell by 13.7 per cent"48.

Corroboration for this statement can be seen in Table 4.5, which shows that although the total number and aggregate value of land transactions in the district declined, the transactions costing Rs 100 and below increased during the period 1930-33. This implies that small farmers were losing their land. Sathyanathan's enquiries in 141 villages in Madras Presidency (of which 16 were from Kurnool district) on land transfers revealed that the total transacted area increased during the period 1930-34 and nearly 20 per cent of this area went to the non-agriculturists. However, the terms 'agriculturist' and 'non-agriculturist' were not properly defined and the former included the absentee landlords also. Since interlocking of factor markets was very much pronounced during this period, we assume that the category of 'agriculturists' consisted mainly of rich farmer/moneylenders and hence, suggest that bulk of the land transacted went into the hands of moneylending ryots.
Moreover, 4 to 8 per cent of total land was transacted through the civil courts. This suggests that land transfers were forced in nature. This is further corroborated by the fact that bulk of the land was alienated to discharge the old debts. Thus, the small farmers in the process of discharging their old debts, alienated most of their land to moneylending ryots and professional moneylenders. The same was observed by the Statistical Atlas of the district:

"The decade began with acute economic depression owing to the fall in the prices of agricultural produce. The value of landed property fell sharply and the credit of all kinds contracted. The mortgage value of land declined. Rural indebtedness increased. Very many small land holders became labourers ... Lands left the hands of the ryots and passed into the hands of moneylending ryots or merchants."

The World War II, with its concomitant inflationary prices, had revived the economy. With this, the land values also increased; between 1935-40 and 1941-51, the percentage increase in the average value of dry land was 136 in the district (Table 4.7).

Such a rise, however, did not benefit the small farmers. Sayana's (1950; 119) investigations into the performance of 54 Land Mortgage Banks (LMBs) in the Madras Province revealed that repayments by virtue of selling the land were as important as those made with the help of a rise in prices of agricultural commodities. Outside borrowing, re-mortgage, sale of movable assets also accounted for a significant proportion of the repayments. An analysis of the performance of Nandyal LMB in the district also provides a similar picture (Sayana, 1947; 220).
that land sales accounted for considerable reduction in the debt burden during the period 1939-1945 – more so in the case of households owning below 5 acres of land (Naidu, 1946; 110).

This is further corroborated by Sayana's village level investigations on land transfers in the Telugu speaking districts of the Madras Presidency. Land transactions, according to Sayana, were taking place mainly amongst the cultivators. Small farmers (owning between 2 to 5 acres) constituted the bulk of land losers; between 1930-45, in 66 per cent of total transactions they were the sellers. During this period, land was mainly alienated to discharge the old debts. Further, land was transacted mainly among the residents; but, 12 per cent of total sellers were from distant places, thus indicating that the absentee landlords were disposing off lands due to the impending land reforms. It was observed that land was passing off from the Brahmins, who were mainly leasing out their land (Sayana, 1952; 16-32).

Interestingly, small and middle farmers were the principal gainers in the land market. In Kalugodu village of Bellary district, they constituted 56 per cent of total buyers (Table 4.6). The table also shows that 57 per cent of total transactions were taking place amongst the small and middle farmers. In 12 per cent of total transfers, big ryots sold their land to the small ryots. An examination of documents relating to land transfers in all the registration offices in the neighbouring district of Cuddapah revealed that although small ryots were alienating the lands, the lands disposed were retained among the small ryots themselves and
only a small proportion of total area went to the big ryots during the period 1940-45 (Sayana, 1950; 125).

Table 4.6: Classification of Transactions According to Economic Groups in Kalugodu Village in Bellary district (1942-5)

<table>
<thead>
<tr>
<th>Year</th>
<th>Within the same groups</th>
<th>Among unequal groups</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Small ryots</td>
<td>Middle ryots</td>
</tr>
<tr>
<td>1942</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>1943</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>1944</td>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td>1945</td>
<td>6</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Sayana (1952; 33).

Sayana's (1952; 24 & 30) data on land transfers in seven villages in coastal Andhra also revealed that 46 per cent of the total land transfers took place among the small and middle farmers during the period 1930-45. In 15 per cent of transactions, the small farmers bought land from rich cultivators. Only in 33 per cent of the cases, the small ryots sold their land to the rich farmers. The surveys, which collected data on size-class wise productive investment also showed that small and middle farmers accounted for the bulk of the productive investment made in the district as well as in the Rayalaseema region. Thus, small and middle farmers were the principal gainers of land transfers triggered off by the war boom.

This, however, is not to suggest that rich farmers were unable to acquire more land; in fact, the war boom had helped them to some extent. But the unprecedented market uncertainties during the Depression period shattered their confidence and their
enthusiasm for land acquisition was dampened. The rich farmer-cum-trader-moneylenders started investing their surplus in agro-processing industries because they realized that the prices of processed produce would not only be high but also fluctuate less. The Banking Enquiry committee noted that the best prices for cotton and groundnut were obtained by those sellers who processed the raw produce (MPBEC, 1930: 110). The ryot-trader "purchases from different ryots different qualities at different prices and mixes them together while ginning and brings the cotton to the market and gets a fairly good price for his trouble." Thus, they needed agro-processing units for adulteration also! As a result, the number of agro-processing units increased even before the onset of the Depression (Table 4.9) and "many of these factories were owned and managed by wealthy ryots" (RSRBS, 1920: 29).

With a dislocation in the foreign market during the depression period, there was demand for setting up of agro-processing units not only from the ryots and traders but also from the colonial bureaucracy. The Oilseeds Association demanded the government to encourage the development of domestic oil crushing industry by providing liberal state aid and curbing the exports of groundnuts. Such a development, one informed person articulated in a newspaper, would not only stimulate local demand for groundnuts but also work as an effective remedy for the depression in groundnut trade. Depression Enquiry Committee requested the government to "give all possible help to develop the vegetable oil and allied industries in this country." Similar requests were made earlier too. But the government felt that the development of
oil crushing industry in the Presidency would face problems of demand constraint and bulk exports. But the critics did not agree and argued that the demand constraint, at least internal, never existed at all. Yielding to the pressures and demands from the peasants and traders, the government extended half-hearted support to the agro-processing industries. As a result, the agro-processing industries which received a set-back during the period of Depression, started expanding in Rayalaseema (Namerta, 1989; 149-156) as well as in the district (Table 4.9). The ryot-traders, taking advantage of the dislocation in foreign market and the limited encouragement provided by the colonial government, started investing significant portion of their surplus in setting up of the agro-processing units. They also invested in various joint-stock companies, mining ventures, slate industry, transport etc. A faster growth of district urban population in the post depression period also implies that the opportunities for investment in non-agricultural activities had improved. Thus, the land acquisitive ethos of the rich farmers was blunted from mid-thirties and land transfers took a new direction towards the small and middle farmers.

Table 4.7: Growth of Agro-Processing Units in Kurnool.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total units</th>
<th>Year</th>
<th>Total units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1918</td>
<td>13</td>
<td>1931</td>
<td>73</td>
</tr>
<tr>
<td>1920</td>
<td>14</td>
<td>1933</td>
<td>67</td>
</tr>
<tr>
<td>1921</td>
<td>15</td>
<td>1934</td>
<td>65</td>
</tr>
<tr>
<td>1922</td>
<td>20</td>
<td>1936</td>
<td>64</td>
</tr>
<tr>
<td>1924</td>
<td>43</td>
<td>1938</td>
<td>69</td>
</tr>
<tr>
<td>1927</td>
<td>59</td>
<td>1940</td>
<td>67</td>
</tr>
<tr>
<td>1928</td>
<td>66</td>
<td>1947</td>
<td>88</td>
</tr>
<tr>
<td>1930</td>
<td>73</td>
<td>1949</td>
<td>109</td>
</tr>
</tbody>
</table>

Source: Report on the Working of Factories Act for the years shown.
4.4 COMMERCIALIZATION AND INEQUALITIES OF LAND OWNERSHIP

This section analyses the impact of changes in commodity, credit and land markets on inequalities of land ownership. For a historical analysis of changes in land ownership, data on distribution of patta ownership are widely used. There are several sources of bias or error involved in using the patta data. However, as Dharma Kumar has argued, only patta data would enable us to make any statements on overall trends in land distribution and one can draw up significant conclusions from these figures if only one bears in mind their shortcomings (Kumar, 1979; 231-2).

Two problems are more relevant to the Kurnool district. First, over time, a large number of landless households occupied the cultivable wastes to join the ranks of small peasants. The lands distributed to the depressed castes in the 1920s also hastened this process. Such a process would show an increase in inequality of land distribution within the land owning groups, while the distribution of wealth within a community as a whole becomes more equal. Second, a large extent of land was held under the inam tenures. However, the omission of landless households and inam holdings would underestimate inequality both at a point of time and over time (Kumar, 1979; 234-42) and hence, may not affect our results.

For the district as a whole, the inequalities in patta ownership declined during the period 1910-1950 (Table 4.8). However, in two respects, the taluk wise pattern of inequalities were not uniform. First, in the direction and pace of change;
between 1910 and 1920, the Lorenz ratio increased in Kurnool and Dhone taluks, while it remained the same in Pattikonda and Koilkuntla taluks. In other taluks, it declined (rapidly in Nandikotkur). Second, the level of inequality was high in some taluks, while it remained low in others. Given the fact that patta data underestimate the inequalities in land ownership, these results are noteworthy and hence, call for a close examination.

Table 4.8: Taluk-wise Lorenz Ratios in Kurnool District

<table>
<thead>
<tr>
<th>Taluk</th>
<th>1910/11</th>
<th>1920/21</th>
<th>1940/41</th>
<th>1950/51</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pattikonda</td>
<td>0.44</td>
<td>0.44</td>
<td>0.43</td>
<td>0.41</td>
</tr>
<tr>
<td>Dhone</td>
<td>0.40</td>
<td>0.41</td>
<td>0.30</td>
<td>0.31</td>
</tr>
<tr>
<td>Kurnool</td>
<td>0.47</td>
<td>0.49</td>
<td>0.49</td>
<td>0.29</td>
</tr>
<tr>
<td>Nandikotkur</td>
<td>0.62</td>
<td>0.51</td>
<td>0.52</td>
<td>0.47</td>
</tr>
<tr>
<td>Nandyal</td>
<td>0.55</td>
<td>0.52</td>
<td>0.47</td>
<td>0.45</td>
</tr>
<tr>
<td>Koilkuntla</td>
<td>0.53</td>
<td>0.53</td>
<td>0.46</td>
<td>0.38</td>
</tr>
<tr>
<td>Sirvel</td>
<td>0.53</td>
<td>0.52</td>
<td>0.43</td>
<td>0.38</td>
</tr>
<tr>
<td>Cumbum</td>
<td>0.34</td>
<td>0.33</td>
<td>0.30</td>
<td>0.30</td>
</tr>
<tr>
<td>Markapur</td>
<td>0.29</td>
<td>0.28</td>
<td>0.22</td>
<td>0.21</td>
</tr>
<tr>
<td>District</td>
<td>0.52</td>
<td>0.50</td>
<td>0.44</td>
<td>0.39</td>
</tr>
</tbody>
</table>

Interestingly, in taluks where cash crop cultivation was predominant and expanding, the inequalities tended to be either high or were on the rise. The four taluks where inequality had either increased or remained the same, had accounted for 68 percent of total cotton area in the district in 1912/13 (Table 4.4). As noted earlier, cotton cultivation was profitable during the period 1900-1920. Thus, it can be inferred that in taluks where cash crop cultivation was profitable, the rich farmers acquired lands to increase their profits. These crude results prompted us to see the correlation among the degree of inequality (DI), degree of commercialization (DC), cultivated area per person (CAP) and agro-processing units (APU). DC is the percentage area under
cotton, groundnut and rice. Table 4.9 shows that the correlation between DI and DC was high both in 1910 and 1920. The correlation between DI and CAP was not only low but also statistically insignificant. Thus, it can be inferred that where cash crop cultivation was pre-dominant, the inequalities also tended to be high; and that the demographic factors did not have any significant influence on the DI. Thus, these results suggest that polarization was taking place in the countryside during the period 1900-1920 and more than the demographic factors it is the DC which explains such a phenomenon.

Table 4.9: (Spearman) Rank Correlation between DI (Degree of Inequality) and DC (Degree of Commercialization) & CAP (Cultivated Area per Person) & APU (Agro-processing Units).

<table>
<thead>
<tr>
<th>Year</th>
<th>Between DI &amp; DC</th>
<th>Between DI &amp; CAP</th>
<th>Between DI &amp; APU</th>
</tr>
</thead>
<tbody>
<tr>
<td>1910/11</td>
<td>0.603*</td>
<td>0.419</td>
<td>--</td>
</tr>
<tr>
<td>1920/21</td>
<td>0.912*</td>
<td>0.383</td>
<td>0.523</td>
</tr>
<tr>
<td>1940/41</td>
<td>0.445</td>
<td>0.256</td>
<td>-0.147</td>
</tr>
<tr>
<td>1950/51</td>
<td>0.268</td>
<td>0.586</td>
<td>-0.168</td>
</tr>
</tbody>
</table>

n = 10: * significant at 10 per cent level.

Even during the period 1920-1947, there were variations in the pattern of inequalities across the taluks. Between 1920-40, the inequalities increased in Nandikotkur, while they remained the same in Pattikonda and Kurnool (Table 4.8). These three taluks along with Dhone accounted for 55 to 73 per cent of groundnut area in the district during the period 1925/26 and 1940/41. In other taluks, where cash crop cultivation was not predominant, the inequalities had declined. However, by 1950/51, the inequalities in all the taluks had declined. Even in Dhone, Kurnool, Pattikonda and Nandikotkur, which accounted for more than 80 per cent of total...
groundnut area in the district, inequalities were declining. Though there was relatively high correlation between DI and DC in 1940/41, it had declined by 1950/51. Moreover, these results are statistically insignificant. On the other hand, the correlation between DI and CAP was increasing but statistically it was not significant.

For a noticeable change in the correlation between DI and DC during the decade 1941-51, the following factors are responsible. With market uncertainties reaching an unprecedented level, the rich farmers had withdrawn from the land market and diversified their surplus into channels of intensification of agriculture and agro-processing units. For instance, in the highly commercialized taluks (with more than 35 per cent of total area under non-food crops) where inequalities had sharply declined after 1930s, the number of farm implements, especially tractors, oil engines and electric pumpsets had sharply increased during the decade 1941-51 (Appendix 4.4). Similarly, in the post-depression period the revival of agro-processing industries after the depression was faster in these taluks (Appendix 4.5). Consequently, the correlation between DI and APU, which was positive in 1920/21, became negative in 1940/41 and it was gradually increasing (Table 4.9). Such inverse relationship between inequalities and the number of farm implements and agro-processing units in commercialized taluks was not a mere co-incidence. It signified a change in the nature of accumulation by the rich peasants and a change in their land acquisitive ethos; the proverbial love of land became a thing of the past64. So, when the War boom induced the land transfers, rich farmers did not acquire as much land as they
did in the pre-Depression period. This facilitated the land transfers in favour of small peasants.

Certain factors accounted for the strengthening of small and middle peasantry. First, the availability of large extent of cultivable wastes in the district at the turn of the century. With the occurrence of fewer famines and rise in the prices during this period, the lands obtained on darkhast (petition) were far greater than the lands relinquished. Consequently, the occupied area in the district increased from 21.5 lakh acres in 1900/01 to 23.5 lakh acres in 1938/9. The cultivable wastes were mostly occupied by the small and middle farmers belonging to the intermediate castes (such as Yadavas) who had access to hardworking family labour to bring them under the plough (Rajasekhar, 1988; 18-9). Rich farmers acquired less of such cultivable wastes as they were generally inferior and located at places, far from the villages.

The expanding lease market also helped the small peasantry. Settlement officers reported that land leasing was relatively less prevalent in the district at the turn of the century. However, with a rise in prices and out-migration of Brahmin landlords, the lease market got activated. In nine villages of Kurnool and Bellary, 35 per cent of total cultivators were part tenants and part proprietors in 1927 (ICCC, 1929; 7). An enquiry into the land tenures in 180 villages in the district revealed that there were 14736 tenants owning on an average 5.58 acres of land. To supplement this tiny holding, they leased in 50150 acres of land. Consequently, their average operated area was 9.97 acres. There were about 7944 cultivators, who leased out their land; about 40
per cent of them were absentee landlords (GOM, 1951; 171). Such a large degree of absentee landlordism helped the small peasants. Since availability of land was high and population was sparse, the bargaining power of the tenants was also high. The conditions of tenancy too were favourable. The tenants were not required to pay any advances to the landlords as security for payment of rent or for the cost of cultivation (Ibid; 118). The duration of leases was generally longer in Bellary; it was more than one year in 66 per cent of the cases and more than five years in 17 per cent of the cases (Ibid; 121). Even a large number of annual leases were renewed every year; and "cases of ejectment after only one year are not many. Tenants are not generally changed ... In every village, there are several persons who are continuing as tenants under the same landlords for a considerably long time" (GOM, 1951; 78).

With enlarged holdings, longer duration of leases and landlords generally staying away from the villages, the small farmer/tenants could exercise their freedom in crop choice and increasingly participated in cash crop cultivation. ICCC's (1929; 8) village surveys in Kurnool and Bellary districts revealed that more than 63 per cent of total cotton area was cultivated by small farmers owning less than 25 acres of land. The Banking Enquiry Committee found that small and middle farmers allotted 37 and 48 per cent of their total holdings respectively for the cultivation of cotton and groundnut in the villages in Bellary district. The cultivation of cash crops was done because, as noted earlier, it was more profitable compared to the cultivation of jowar and korra. Improved trade and transport also made it unnecessary to store food
grains in large quantities. So, they could spare more of their land for cash crop cultivation.

Though the small farmers were at a disadvantage in the marketing of cotton in the early decades of the present century, their position improved in the latter period. One informed witness told the Indian Cotton Committee at Nandyal that of the four parties (viz., producers, village middlemen, dealers and exporting firms) involved in cotton trade in the late 1920s, the small farmers were at the losing end. Due to reasons such as financial commitments and prior hypothecation of crops to ryot traders, they sold the kapas at harvest time and secured a price which was "considerably lower than the ruling at the time when the delivery is made" (ICCC, 1918; 134). In contrast, the bigger ryots, with better financial standing, could wait for better price. Since most of them were traders, they bought kapas of different qualities at different prices and deliberately mixed them while ginning to get a higher price. Thus the margins for ryot traders, commission agents, European and Indian firms were generally high as compared to the small farmers. Thus, the increase in cotton prices did not benefit the small farmers and this could be one of the reasons why they lost their lands to the rich farmers in the early decades of the present century.

Ten years later, ICCC's interviews with 741 households from nine villages in Kurnool and Bellary districts revealed that the bargaining position of small peasants vis-a-vis traders had considerably improved in cotton marketing. Bulk of the produce was sold in the village itself to the petty merchants or traders.
However, such local selling was not under any debt obligation. Though bulk of the produce was sold locally, "the village rates corresponded very closely with those in the market. Some times, even high rates were obtained in the villages than those prevailing in the market because of the anxiety of the village traders to fulfil their forward contracts with the big purchasers in the market" (ICCC, 1929; 18). As far as the time of sales was concerned, 73 per cent of the small and middle farmers sold their kapas in the latter period when prices were generally high. For a significant change in the bargaining position of the small and middle peasants in cotton marketing, groundnut crop was mainly responsible. The introduction of groundnut resulted in reducing the dependence of farmers on the moneylenders. An informed person told the Provincial Banking Enquiry Committee at Bellary that:

"Hitherto they (small ryots) were growing only cotton and they used to borrow because the cotton crop comes in about April and May and then they have to borrow from the moneylender at high rate of interest. But now the groundnut season helped them very much, because they get groundnut crop at much earlier period, say in December and January and when they sow the groundnut crop there is no necessity to borrow so much" (MPBEC [O], 1930; 79).

Consequently, the small and middle farmers could wait for better prices and their bargaining position vis-a-vis the traders and ryot moneylenders improved. The same was noted by ICCC's survey:

"There is ample evidence that there is no pressure to sell the cotton early. One reason for this is that most of the cultivators are able to realize their groundnut crop in December and January and this enables them to hold kapas for considerable periods in the expectation of better prices" (ICCC, 1929; 18).

The small and middle farmers fared better than the rich peasants during the period of the Depression. Table 4.10 shows
that despite higher cultivation costs, the small farmers could obtain higher business income per acre because of higher use of family labour. Moreover, per acre use of labour was virtually the same across the size classes of land holdings, which implied that the crop pattern did not vary much. In spite of the uniform cropping pattern and costs of cultivation across the size classes of land holdings, the small holders' business income was relatively higher and this implies a relatively higher value-productivity on their holdings.

Table 4.10: Per-acre cost of cultivation, Business Income and Use of family labour in Bellary district (1931/2 to 1933/4)

<table>
<thead>
<tr>
<th>Size class</th>
<th>Family labour (person days per acre)</th>
<th>Hired labour (person days per acre)</th>
<th>Cost of cultivation Rs/acre</th>
<th>Business income Rs/acre</th>
</tr>
</thead>
<tbody>
<tr>
<td>10-30</td>
<td>10.11</td>
<td>6.83</td>
<td>11.85</td>
<td>6.74</td>
</tr>
<tr>
<td>30-50</td>
<td>8.43</td>
<td>6.62</td>
<td>11.53</td>
<td>6.11</td>
</tr>
<tr>
<td>50-100</td>
<td>6.33</td>
<td>8.92</td>
<td>11.65</td>
<td>6.18</td>
</tr>
<tr>
<td>100 &amp; above</td>
<td>1.32</td>
<td>15.08</td>
<td>11.49</td>
<td>4.17</td>
</tr>
</tbody>
</table>

Source: Computed from ICAR (1938, 66-71).

Thus, the polarizing trends and commercialization of agriculture went together till the mid-1920s. To some extent this process was countered by the availability of cultivable wastes and the land lease market. The introduction of groundnut crop reduced the dependence of small farmers on moneylenders and improved their bargaining power in the marketing of cash crops. Since these farmers mainly depended on family labour and did not have to excessively depend on fresh credit, the impact of the depression on them was relatively less severe (Sathyanathan, 1935; 28). The favourable condition in the cash crop marketing and land lease
market improved the viability of small farming. With the progressive withdrawal of rich peasants from the land market, the small peasants acquired lands from the marginal farmers and began to emerge as a strong independent economic class in the district.

However, the hypothesis of stability of small and middle peasantry cannot be accepted until the following question is answered. How did a section of small farmers lose land, while others had acquired it? A section of the small peasantry (mostly belonging to Boya, Mala and Madiga castes) was less favoured in securing the cultivable wastes as the rules of darkhast worked against them. "The superior lakti (adjacent ownership) rights, the traditional opposition of the village community and the reluctance of revenue subordinates to take the responsibility of exercising the equitable discretion vested in them by the rule stand in the way of Panchamas"70. Thus, it was "practically impossible for a Panchama to obtain land"71. The land lease market was mostly confined to a particular section of small and middle peasantry. The Brahmin landlords preferred middle farmers because they would have farming equipment and consequently their dependence on landlords would be minimum72. Moreover, these tenants mostly came from the intermediate castes like Yadavas, who were more docile and prompt in the payment of rents (Rajasekhar, 1988; 26). Here, one can also speculate that high mortality rates during the late-1910s must have been marked among the above castes. During the period of famine and epidemic diseases, it was this section of the peasantry which was most vulnerable. Consequently, the size and quality of family labour of these sections of society must have been low. This might have incapacitated their access to lease
markets and cultivable wastes. It is also possible that this section of the small peasantry was discriminated in the credit market. These factors explain the question why some small farmers lost land, while others gained it. The land transfers among the small peasants suggest, no doubt, their differentiation. However, the decline in Lorenz ratio in the post-depression period was rapid enough to suggest that polarization of the peasantry was not the predominant tendency, at least in terms of land ownership.

4.5 CONCLUSIONS

In this chapter, it is argued that with an increase in prices of agricultural commodities, the commodity and credit markets in the district got activated from the turn of the century. The ryot-traders dominated the credit market and progressively replaced the professional moneylenders. The small peasants, who borrowed for both consumption and production purposes, failed to repay the loans and subsequently alienated their land to ryot-moneylenders. Thus, a cumulation of economic advantages and disadvantages led to polarization despite the fact that the availability of cultivable wastes acted as a countervailing factor.

The process of polarization was checked by a steep decline in prices during the depression period. The income from cash crop cultivation had fluctuated and the indebtedness of the poor peasants assumed serious proportions. This led to widespread alienation of land to the ryot-creditors. However, unprecedented market uncertainties during the depression period had shattered the confidence of ryot-moneylenders. They started looking greener pastures in non-agricultural activities, which were revived after
a dislocation in the foreign market during the depression period. With the progressive withdrawal of rich peasants from the land market, the small and middle peasants emerged as net beneficiaries of land transfers triggered off by the war boom. Availability of cultivable wastes, expanding lease market, improved marketing conditions, and self-exploitation of small peasants together contributed to the stability of the small and middle peasants. Thus, the beginnings of stability/persistence of the small peasantry, which is noted by several empirical studies in post-independence India, could be traced to the Depression.

Thus, there was no linear process of polarization (in the narrow sense of a simple differentiation) leading to the progressive elimination of the small peasantry. Nor was there a progressive consolidation of small and middle peasantry. On the other hand, the polarization along with the commercialization of agriculture as well as stability of small peasantry associated with intensive exploitation of family labour could be seen in the district.
Notes and References

1. The basis of sub-periodisation is as follows: The prices of agricultural commodities reached a peak in 1919/20 (McAlpin, 1984; 879). Second, taluk-wise data on distribution of landholdings, with which degree of commercialisation is sought to be compared, is available for 1920/21.

2. Significantly, the depression did not have adverse impact on groundnut acreage. This is surprising because the decline in groundnut prices during the depression period was so much that "it was not worthwhile for the ryot to dig his crop" (Report on the Administration of the Department of Industries, 1930/31 (Madras, 1932), hereafter Report on Industries Department, p. 24). The reason for this could be the desire of the cultivators to bring in additional acreage under this crop to make up the loss arising out of a fall in prices (Qureshi, 1947; 257).

3. Interestingly, the percentage area under non-food crops in other taluks declined between 1925/26 and 1930/31 and increased thereafter. The "switch over" to the food crops during the period of Depression was due to the relatively faster decline in the prices of non-food crops (Thomas and Sastry, 1940; 1-2 and 22).

4. This crop specialization, to some extent, can be explained by the soil pattern across the taluks. This district is rich in black soil. The chief crops grown on black soil were jowar, cotton and korra. On the other hand, bajra and korra were chiefly grown in red soils. Since black soil was abundant in Kurnool, Nandikotkur, Nandyal, Koilkuntla and Sirvel taluks, crops such as cotton, jowar and korra were chiefly grown here. Red soils were present in taluks such as Markapur, Cumbum and Pattikonda. Consequently, bajra and oilseeds were widely grown in these taluks.

5. Narain (1965; 44), while looking into cotton price movement and acreage response in Madras Presidency, noted that "Price factor alone would seem to account for most of the change in area". Robert (1983; 75) found that nearly 60 per cent of annual variation in cotton acreage in the neighbouring district of Bellary during the period 1902/3 to 1929/30 could be explained by the relative prices of cotton and jowar.

6. The following factors contributed to the rapid expansion of groundnut area in the second quarter of 20th century. First, multiple use of groundnut resulting in its demand both in the world and domestic markets [GOT, 1953; 4]. Second, technological improvements like the introduction of high yielding varieties (such as 186 Nandyal) and overcoming of dreaded diseases (such as Tikka) of groundnut. [Sayana, 1949; 25]. Finally, importance attached to groundnut as a food crop and the propaganda conducted on this
behalp in the Grow More Food Campaign after the World War II [Zacharias, 1950; 309-10].

7. Parikh (1972; 301) argued that Madras cultivators disregarded the poor monsoons and responded to the relative prices of groundnut to jowar. For an extensive cultivation of groundnut in Rayalaseema region during the period 1920-1956, the groundnut prices played an important role (Rao et al., 1986). Bellary farmers also showed a similar response (Robert, 1983; 75 and 77-8).

8. In 1918, a rough estimate by the agent of Volkart Bros showed that the Kurnool cultivator could obtain a net income of Rs 20 to 25 from one acre of area sown with groundnut, while the cultivation of cotton or jowar fetched him only Rs 10 per acre (ICCC, 1918; 5). The surveys on cost of cultivation in the early thirties revealed that the per acre business income from groundnut and cotton was twice higher than the one obtained from the cultivation of coarse grains such as jowar and korra in the Bellary district (ICAR, 1938).

9. The first report on the communications in Kurnool district noted (in 1846) that there were only two lines of roads in the district and their condition was extremely bad (especially in rainy season) due to very little amounts spent on the upkeep of the roads. In 1851, T.D. Lushington, who prepared a report on the communications in the district, lamented that "eleven years have elapsed since Kurnool became a British Province, and I believe I am correct in declaring that during the whole of that period nothing has been done towards the improvement of the existing lines of communications" (GOM, 1853; 143).

10. Bellary district was 'actually locked up from the surrounding provinces and without means either for export of its produce or for the introduction of European articles of commerce' (Francis, 1904; 121).

11. Rao argues that due to the transportation bottlenecks, the Godavari rice growers could not take full advantage of commodity production in second half of the nineteenth century (Rao, 1988).

12. The loss and impediment to trade resulting from the absence of a road from Bellary district to Madras becomes clear from the following incident narrated by the Commissioner of the district around 1850s. "A few months ago, ... the cotton of Bellary was in great demand as an article of profitable shipment. There was abundance of cotton in the district; but in consequence of tardy and uncertain means of transport to the port (of Madras), the merchants could not venture to send for it, lest shipping should have become scarce and dear before it could arrive; and yet the distance from Madras to the very centre of cotton country is not more than 250 miles" (GOM, 1853; 143).
13. Vipan, who was appointed in 1933 to prepare a comprehensive report on the road development in the Presidency, felt that the chief requirement was metalling of the existing roads in the district. For better marketing of the agricultural produce, he recommended the construction of six inter-district roads and 17 bridges in the district (Vipan, 1935; 18-33 and 117-122).

14. It was observed that at the Presidency level "the volume of trade by rail with other parts of India nearly trebled during the decade (1891-1901) ... grain accounts for about 1/3 of the whole volume. The expansion of the internal trade is largely attributable to the general expansion of railways". G.O.Revenue, No.711, dated August 11 1902, pp.205-06.

15. However, the railways were also instrumental in depleting the food stocks of this famine-stricken district and increasing their prices. One Settlement officer noted that "the existence of a railway is possibly to some extent a danger in a district like Kurnool, where local stocks which might help to meet a subsequent scarcity in the district may be rapidly depleted to meet an earlier demand elsewhere" (SRKP, 1905; 11).

16. Throughout the Presidency, the general levelling of rates was noticed during the period 1900 to 1920. "Prices are indeed governed not only by the local market but by the rates prevailing in other parts of India". PBR, No.403, dated August 2 1912, p.2.

17. Acworth Committee noted that "it seems to have been usual in India, when the trader applied at a station for the use of wagons, to pay some small fee 8 annas to Rs 1. In recent years, the supply of wagons being utterly inadequate to meet the demand ..., these small fees have grown to pertinacious dimensions". Quoted in Buchanan (1966; 187-8).

18. This paragraph is based on the Taluk Settlement Reports of the District.

19. These factors are: (1) Groundnut oil faced a stiff competition from the increasing sources of similar types of oil. (2) The formation and development of powerful European combine discriminated against Indian groundnuts and favoured their own sources of oil [Report on the Industries Department, 1929/30, p.32.]. (3) France (an important importer of Indian groundnuts) adopted a preferential policy regarding the produce of its own colonies. (4) The attempts of Germany to become self-sufficient in the production of oils resulted in reduced exports to that country [Report on Industries Department, 1934/5, p.28.]. The decline in cotton exports, it was alleged, was due to the preferential policy adopted by the colonial government towards foreign cotton. All India Congress Committee, while drawing the attention of the government to the plight of Indian cotton cultivators in view of rapid decline in cotton export prices,
alleged that since the prices of foreign cotton had fallen in parity with Indian cotton, the imports of the former were encouraged at the expense of the latter. Hence, the committee requested the Indian mills and dealers to refrain from purchasing cotton similar in quality and staple to Indian cotton (AICC, 1938).

20. Reports on Industries Department, 1941/2, p.28.

21. There was very little progress in the co-operative movement due to the opposition of the interested and leading moneylending ryots of whom there are many in every village. There are only 23 co-operative societies with a working capital less than Rs. 0.50 lakh in black soil taluks of Bellary and Anantapur districts (RSRBS, 1920; 21).

22. In order to obtain the takkavi loans, the farmer had to wait for 6 to 9 months, for he had to seek the favour of village officials, the Revenue Inspector and the Tahsildar. He could not obtain loan if any one of them disapproved (MPBEC (W), 1930; 297).

23. The surveys on rural indebtedness in the district in the late 1920s revealed that 87.9 per cent of total credit was supplied by the landlords, sowcars, traders and merchants (ICCC, 1929; 12). In the late 1940s, more than 91 per cent of the total credit was provided by the agricultural and private moneylenders and commission agents (AIRCS, 1952; 33).

24. The landlord who combined moneylending and advances with dealings in produce was found in all villages (SRMC, 1909; 15). Also see Francis (1904; 99) and RRPT (1906; 7-8).

25. The percentage of agriculturist-cum-moneylenders in the total moneylenders in Kurnool district had increased from 47 in 1907 to 58 in 1933 (GOM, 1950; 23).

26. However, in Cumbum and Markapur taluks, where soils were poor, the sowcar was not very much interested in the acquisition of land. "His security in most cases is not the land itself, much of which has but little value, but the industry of ryot" (SRMC, 1909; 15).

27. G.O.No.2825 (confidential), Revenue Department, dated September 18 1911, p.116.

28. Ibid., p.36 and p.75.

29. Ibid., pp.38 to 57.
30. Ibid., pp.78 to 93.

31. Detailed enquiries were made on the indebtedness of ryots in 100 villages in black soil taluks of Bellary and Anantapur districts. Extracts were taken of the mortgages relating to each village from the concerned Sub-Registrar's office for the period 1896 to 1918 and these transactions were verified in the village in the presence of village officers and ryots (RSRBS, 1920; 21).

32. Percentage of ryots in the total creditors in black soil taluks of Bellary and Anantapur districts is given below.

<table>
<thead>
<tr>
<th>Period</th>
<th>Usufruct Mortgages</th>
<th>Simple Mortgages</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Merchants Non-pattadars Ryots Total</td>
<td>Merchants Non-pattadars Ryots Total</td>
</tr>
<tr>
<td>1896 to 1902</td>
<td>29 71 12460</td>
<td>39 61 496566</td>
</tr>
<tr>
<td>1903 to 1910</td>
<td>21 79 32631</td>
<td>29 71 953326</td>
</tr>
<tr>
<td>1911 to 1918</td>
<td>15 85 35359</td>
<td>23 77 1765975</td>
</tr>
</tbody>
</table>

Source: RSRBS, 1920; 354-375.

33. Upper castes - such as Reddies, Lingayats, vaisyas, Brahmins and Kammas - had accounted for 84 per cent of total outstanding advances in black soil taluks of Bellary and Anantapur districts (RSRBS, 1920; 19).

34. During the period 1905 to 1909, more than 50 per cent of bonds and mortgages in Kurnool district were executed for an amount less than Rs. 100 and thus indicating that small farmers constituted the bulk of the borrowers. See G.O. 2825 (confidential), Revenue Department, dated September 18 1911, pp. 59, 94 and 116. Caste-wise analysis of debtors in black soil taluks of Bellary and Anantapur districts revealed that 43 per cent of total debtors came from intermediate castes such as Golla, Kuruba, Boya and Muslim. They accounted for 30 per cent of total debt. On the other hand, the upper-castes accounted for 25 per cent of total debtors and 38 per cent of total debt in 1918 (RSRBS, 1920; 520-569).

35. G.O.No. 2825 (Confidential), Revenue Department, dated September 18 1911, pp. 74, 104 & 128.

37. Compiled from the Administrative Reports of Law Registration Department.

38. These books are the following: 1) Naidu and Venkataraman (1935). 2) Ranga (1933). 3) Thomas (1934). 4) Aiyer (1933).

39. The number and value of suits on the pro-notes in 13 districts (including Kurnool) had increased from 0.37 lakhs and Rs. 99 lakhs in 1930 to 0.50 lakhs and Rs.120 lakhs in 1932 respectively. During the same period, the number and value of suits on mortgages had increased from 6096 and Rs.54 lakhs to 9081 and Rs.77 lakhs respectively (Sathyanathan, 1935; 44-5).

40. Season and Crop Report of Madras Province, 1933-34.

41. One ryot-moneylender in Kistna district sunk Rs 60 lakhs in the rural credit market. With the decline in land values and no hope of getting back his money, he was afraid of government interference. He wanted a stay on all proceedings against land for a definite period. He was very eager to settle his debts, for "he learnt a bitter lesson" (Sathyanathan, 1935; 16-7).

42. However, these data are not entirely related to land transactions because other forms of immovable property such as houses are included. It was also not uncommon to find instances, where creditors would insist on the transfer of ownership rights from the debtor as a security against the loan amount. Moreover, as the registration of a land transfer involved incurring of a small expenditure, both buyers and sellers were willing to transfer the property without going to a registration office.

43. G.O.No. 2825 (confidential), Revenue Department, dated September 18 1911, p.27.

44. Ibid., p.13.

45. Rajasekhar (1988; 15-20). The resurveys of Slater villages also noted that "the Brahmins have continued to leave their homes in the countryside, and for better means of livelihood than what they could secure on their sub-divided holdings at home" (Thomas and Ramakrishnan, 1940; 336).


47. Registrar of co-operatives noted in 1914 that "the thrifty ryot ... buys land and that certainly is a commodity which has risen in price ... a large portion of the ryots profits
is invested in this way", G.O.No. 1110, dated April 15 1914. "Before the Depression much money was spent on investing and speculating on land" (Sathyanathan, 1935; 28).


49. For data and results of this enquiry, see (Sathyanathan, 1935; 33).

50. An argument that since debts followed assets, alienation of land must have been the same for all the classes does not hold good in this case because of the following reasons. While it is true that debts followed assets, the so called indebtedness of the rich farmers was "mostly occasioned by the inability of their own debtors to repay loans at the time of their need" (RSRBS, 1920; 22). An enquiry into the rural indebtedness in the district revealed that the percentage of debt contracted increased along with the size-class of landholding, but rich peasants secured significant portion of the debt from institutional sources. Moreover, the debt per acre (an important indicator of repayment capacity) was considerably high for smaller landholders, while it was low for richer peasants (AIRCS, 1952; 30 & 33). Hence, although debts followed assets, the alienation of land was not necessarily in that order for the repayment capacity of the richer farmers was found to be greater.


52. Small and middle farmers accounted for more than 40 per cent of total productive investment in the district in late 1940s (AIRCS, 1952; 38).

53. During the period 1939-45, the share of small and middle farmers in the total productive investment was 71 per cent, while that of rich peasants was only 24 per cent in the sample villages selected from Rayalaseema region (Naidu, 1946; 109).

54. See evidence of the agent to an European firm given at Nandyal, ICCC (1918; 5).

55. G.O.No 365, Revenue Department, dated March 10 1931, p.12.

56. Letter to Hindu, dated November 11, 1930.

57. Depression Enquiry Committee, p.12.
58. See, for instance, the Reports of the Department of Industries for the years 1926/7, 1927/8 and 1928/9. In these reports, the Director of Department of Industries argued that the difficulties involved in the extraction of oil were greater than was commonly believed. Firstly, the foreign markets were highly protected by high tariffs. Secondly, the oils were prone to adulteration and it would take much time in establishing reputation in the foreign markets. Thirdly, the internal demand for oil was not sufficiently high for the bulk production. Fourthly, in the absence of developed industry for the manufacture of containers, bulk exports was difficult. On the other hand, the exportation of groundnuts was easy though it was economically unsound to export groundnuts (Report on the Industries Department, 1926/27, p. 19). And lastly, the freight rates on steamer and railway were heavy (Report on the Industries Department, 1927/28, p. 23).

59. It was argued that if oil was produced locally, there would by no glut at all. An informed person recalled that "in the years following the War, groundnuts were not exported and prices tumbled down. All the seeds were crushed in the country and the demand for oil at the low prices prevailing then was so great that all the oil was consumed locally". He asserted that "there is undoubtedly a wide and ready market for the production of oil mills in this country". See letter to Hindu, dated November 2 1930.

60. In the year 1932/3, the Director of Industries recommended that the government should (1) curtail imports of Ceylon coconut oil (2) develop the Indian oil-crushing industry and (3) help to create an increased internal demand for the vegetable oils in the country and as a corollary to maintain their price. Report on the Industries Department, 1932/3, p.18.

61. The number of joint stock companies in Rayalaseema region increased after 1930s. With the depression in rural credit market, the ryot-moneylenders invested in urban credit market. During and after World War II, the opportunities for investment in non-agricultural activities such as mining, transport and lift irrigation schemes were on the rise. Much of the rural surplus flowed into these ventures after 1936/7. There were several mining ventures in barytes, building stones and limestones (Namerta, 1989; 156-7). Slate industry was fast developing in the district; the total number of factories in the late 1940s was about 100, with an employment of 3000 persons per year. With the development of transport, there were also opportunities for investment in buses and lorries. The number of buses increased from 52 in 1941 to 117 in 1951, while the number of lorries increased from 52 to 168 during the same period.

62. The annual average growth rate of urban population increased from 1.02 per cent during the period 1901-31 to 6.15 during the period 1931-51 (Namerta, 1989; 49).
63. A discussion on such sources of error or bias is provided in Kumar (1979).

64. One rich cultivator from coastal Andhra told the Viceroy that landholders "have ceased to care whether their land is lost to them or not. In short, their proverbial love of land is thing of the past". K.V.Reddi Naidu to Linlithgow, 26 July 1936, cited in Baker (1976; 183).

65. In Pattikonda taluk, during the period 1900 to 1904, the average area relinquished was 1798 acres, while the average area taken on darkhast was 9531 acres. See PBR, No.132, dated April 27 1906, p.13.

66. MPBEC (V) (1930). Rao (1965; 54) also found that small farmers allotted a larger proportion of their acreage for the cultivation of cash crops.

67. G.O.No. 2608, dated November 12 1926, pp.33-34.

68. 87 per cent of total cotton in these villages was sold locally, of which 94 per cent to the petty merchants and traders (ICCC, 1929; 15-6).

69. Only 4 per cent of total cultivators gave verbal undertaking to sell their crop to the lender (Ibid; 14).

70. Letter from H.G.Stokes, Collector of Kurnool district, to the Board of Revenue, PBR, No. 60, March 18, 1918, p. 15.

71. Ibid, p. 9.

72. The resurveys of Slater villages revealed that the landlords (who in many cases were Brahmins) preferred tenants with small holdings of their own, as they were expected to meet the expenses of cultivation better or at any rate offer better security in case of default in rent payment (Thomas and Ramakrishnan, 1940; 341).

73. The analysis in this paper ran mainly in terms of land ownership. Notwithstanding what is happening to the distribution of land ownership, polarization can still occur. For instance, even when there is a decline in land ownership, rich farmers can still be accumulating the wealth with iniquitous ownership of farm equipment, agro-processing industries and so on. This seems to be so in the district. On the other hand, a decline in the real wages of labourers can only imply that the small peasants (who invariably depend on hiring out as sustenance on agriculture alone was

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difficult) were impoverished. However, these issues are not analyzed here in depth as they are beyond the scope of the study.