Chapter 7
Conclusions

Ownership of assets, in particular of the means of production, is an important determinant of both livelihood options available to a household as well as of the security against adverse economic shocks. The existing literature on poverty and economic inequality mainly focusses on levels of income and consumption. In comparison, very few studies have looked at deprivation and inequalities in ownership of assets. This thesis is a contribution towards filling this gap.

Official statistics on asset holdings of households in India are limited. The all-India Debt Investment Surveys (AIDIS) are conducted decennially. AIDIS provide detailed data on assets owned by households. Households are classified by region and by social groups. This allows disaggregated analysis of inequalities and social disparities in ownership of asset. One of the major limitations of AIDIS is that it provides no information on incomes of households, class status of households or the nature of production relationships that the households are engaged in. As a result, it is not possible to use AIDIS data to study inter-class disparities in ownership of assets and means of production, and its importance in determining nature of production relations.

An analysis of data on household asset ownership from the 2002-03 all-India Debt Investment Survey suggested that the distribution of asset holdings in rural India is extremely skewed. At the all-India level, the bottom 60 per cent of households owned only 14.83 per cent of total assets, while the top 5 per cent of households owned 36.13 per cent of total assets. The high concentration of assets by the top 5 per cent of
households, and lack of ownership of assets at the lower wealth deciles was a common feature across all the four regions of Uttar Pradesh. For the State of Uttar Pradesh as a whole, the top 5 per cent of households owned 30.51 per cent of assets, while the bottom 60 per cent of households owned only 18.35 per cent of total assets (Chapter 2).

In Uttar Pradesh, between social groups, there were considerable variations in the distribution of assets across wealth deciles. Dalit households were mostly located in the lower wealth deciles, while OBC and other households were concentrated in the middle and higher wealth deciles. This disparity across social groups was most pronounced in the Eastern region of the State. The differences in the value of assets across social groups were largely due to differences in ownership of land, which was by far the most important asset owned by the households in Uttar Pradesh. In a nutshell, the pattern of distribution of assets in Uttar Pradesh was characterised by high concentration of assets in the hands of non-Dalit, non-OBC households and lack of ownership of assets particularly among Dalit households (Chapter 2).

In terms of composition of assets, land was by far the most important item of asset owned by the rural households. In Uttar Pradesh, the value of land constituted more than 70 per cent of total value of assets. Land along with buildings accounted for more than 90 per cent of total value of assets owned by the households across all social groups. For all items of assets, the average values were the lowest for Dalit households, and highest in the case of other households (Chapter 2).

Variations in the composition of assets were observed across wealth deciles as well. Both at the all-India level and for Uttar Pradesh, households located in the lower wealth deciles owned very little land. The share of land in the total value of assets
increased as one moved from lower wealth deciles to higher wealth deciles. This was accompanied by a decline in the share of livestock from lower wealth deciles to higher wealth deciles (Chapter 2).

The inequality in distribution of land, both in terms of ownership holding and operational holding, was very high. Only 1.4 per cent of households in Uttar Pradesh operated 14.3 per cent of land. Across social groups, the incidence of landlessness was much more pronounced in case of Dalit households as compared to other social groups. In case of Dalit households, 37.5 per cent households did not own any land and 30 per cent of households did not operate any. Another 45 per cent households owned less than 0.5 hectares of land each.

Lack of access to land was only one aspect of disparities in ownership of assets across social groups in rural Uttar Pradesh. The proportion of households not owning any livestock was the highest among Dalit households. Majority of Dalit households owned only simple hand implements and owned no agricultural machinery at all. Concentration of assets in general, and productive assets in particular, in the hands of non-Dalit and non-OBC households (mostly belonging to the top-most wealth decile), and assetlessness among Dalit households, were the two most prominent features of distribution of assets in rural Uttar Pradesh.

This thesis further analysed primary data from two villages in Uttar Pradesh to examine the nature of asset poverty and asset inequality, and their relationship with caste and class status of households. The primary data used in the thesis came from surveys conducted in Harevli, a village in Bijnor district in Western Uttar Pradesh, and Mahatwar, a village in Ballia district in Eastern Uttar Pradesh. A census survey of all households in these villages was conducted in June 2006 as part of the Project
on Agrarian Relations in India of the Foundation for Agrarian Studies. Detailed data on asset holdings, incomes, caste and class status of households were collected in these surveys.

The distribution of asset ownership in both the study villages was extremely skewed. The value of Gini coefficient of distribution of assets was 0.75 in Harevli and 0.69 in Mahatwar. In Harevli, the top ten per cent of households owned 61 per cent of total value of assets. In Mahatwar, top ten per cent of households owned 58 per cent of total value of assets. A clear segregation of households belonging to different social groups could be found across wealth deciles. The higher wealth deciles mostly comprised Other Caste Hindu households, while Dalit, Muslim, and OBC households were concentrated at the lower wealth deciles. Assets were therefore concentrated within Other Caste Hindu households. In Harevli, Other Caste Hindu households comprising 29.5 per cent of households owned 82.4 per cent of assets, and in Mahatwar, Other Caste Hindu households comprising 7.2 per cent of all households owned 38.4 per cent of assets. Across economic classes, landlord, rich peasant, and upper middle peasant households owned bulk of the assets in both the study villages. Other Caste Hindu households constituted the vast majority of households within landlord, rich peasant, and upper middle peasant economic classes.

Decomposition of the Theil inequality index into within group and between group components showed that inequality of asset ownership between social groups contributed more than 50 per cent to the overall asset inequality.

In both the study villages, land was by far the most important item of asset owned by households across all social groups. In both the study villages, land and building together constituted more than 90 per cent of total value of assets. However, the value
of land owned varied considerably across social groups, with the average value being the least for Dalit households and highest in case of Other Caste Hindu households. In Harevli, the average value of land owned by other caste Hindu households was 20 times the average value of land owned by Dalit households, and in Mahatwar, the average value of land owned by Other Caste Hindu households was 22 times the average value of land owned by Dalit households. In both the study villages, while Dalit households owned some homestead land, majority of them did not own any agricultural land (Chapter 4).

Substantial disparities across social groups were also seen in case of other productive assets. Other Caste Hindu households owned bulk of the bovines, while low-value animals like goats and poultry were commonly owned by Muslim households. In Mahatwar, ownership of milch cows was most common among Other Caste Hindu households, while majority of OBC households owned milch buffaloes. In both the study villages, the average values of animal resources were the lowest for Dalit households.

Powered machines and draught animals are important complementary assets in crop production. Even though rental markets for these two complementary assets are common in rural India, ownership holds certain advantages over depending on rental markets in terms of cost of using, timeliness of use, and earning rental incomes. In both the study villages, the primary motivation for the ownership of other means of agricultural production was to use them on their own operational holdings.

In Harevli, across social groups, the average values of non-land means of agricultural production and the proportion of households owning them were highest for Other Caste Hindu households. In Harevli, Dalit households owned very little agricultural
machinery and none owned a tractor. In contrast, 12 Tyagi households owned tractors.

The level of ownership of means of agricultural production other than land was very low in Mahatwar. In absence of any public provisioning of irrigation, pump sets were the most important agricultural machinery owned by households in Mahatwar. However, very sharp caste and class inequality was seen in ownership of tube-wells. Proportion of households owning irrigation equipment was only 3 per cent among Dalits and 57 per cent among non-Dalit non-OBC households.

To sum, both the study villages were characterised by high asset inequality across social groups. Assets were concentrated in the hands of Other Caste Hindu households, while Dalit, Muslim, and OBC households owned very little assets. The disparities were particularly high in ownership of productive assets like agricultural land and agricultural machinery.

In Chapter 5, two different measures of asset poverty were proposed. The first measure looks at the productive potential of assets owned by a household and examines whether assets owned by a household can provide adequate income to allow subsistence above the poverty line. The second measure looks at the duration for which a household can subsist at the poverty line on the basis of market value of the assets.

The analysis of asset poverty for the two villages found that the levels of asset poverty were very high. Further, asset poverty was found to be very high among Dalits, Muslims and OBC social groups, and among manual worker and small peasant economic classes. This conclusion was further confirmed by estimates of asset
poverty for rural Uttar Pradesh using AIDIS data for the year 2002-03.

The analysis of asset poverty in the two villages also suggested that these two measures can give very different results for poverty. In Mahatwar, the productive potential of land was very low because of lack of adequate irrigation facilities, frequent shortfalls in rain and inadequate ownership of complementary means of production. On the other hand, because of its location near a State highway, the market value of land was high. As a result of this discrepancy between the productive potential of land and its market value, the first measure gave a much higher estimate for asset poverty in Mahatwar than the second measure.

Ownership of assets is an important determinant, along with other socio-economic factors, of where a household is situated in the system of production relations in an agrarian economy. Asset base of a household plays a crucial role in determining its nature of participation in agrarian markets. This was illustrated by an analysis of tenancy relations in Harevli and the part played by ownership of assets in determining terms of tenancy contracts (Chapter 6).

A large proportion of households in Harevli participated in tenancy market either as lessors or as tenants. There were four different types of tenancy contracts in Harevli. The type of tenancy contract under which a household leased in or leased out land, and within this broad type, the precise terms of contract, were closely related to caste and class status of the households as well as, and in particular, to the ownership of mean of production by the households. Asset rich Tyagi households which owned substantial amounts of land and agricultural machinery mainly cultivated their own land. Some of these households leased in land owned by non-resident Tyagi households, with whom they had close caste and family relations, at fixed rent.
contracts for cultivation of sugarcane and other irrigated crops. On the other hand, OBC households with moderate levels of ownership of means of production leased in land from Tyagi households living in neighbouring towns and villages on share contracts. The value of share rent paid by these households was higher than the value of fixed rent paid by Tyagi tenants. The most asset poor Dalit households obtained land under the most oppressive form of tenancy under which land was leased out seasonally by asset-rich Tyagi households for cultivation of paddy. Land was typically leased out by these large landowners to their long-term workers under an interlinked wage-labour and tenancy contract. The tenants were required to regularly provide unpaid labour services to these landowners. Of all the four types of tenancy, the per acre rents were highest in case of seasonal tenancy contracts between large landowning Tyagi lessors and asset poor Dalit tenants. In contrast, the per acre rents were lowest when Dalit small landowners leased out land to other Dalit or OBC households because of lack of means of production and financial resources for cultivation.

The Chapter argues that, along with the social disparities associated with caste system, a skewed distribution of land and other productive assets resulted in a differential access of households to the tenancy markets. The asset poor Dalit, Muslim, and OBC households obtained land under extremely oppressive terms. On the other hand, asset rich Tyagi households extracted substantial rent as lessors and extracted unpaid labour services through interlinked tenancy and wage labour contracts. As lessors, they paid modest rent on land leased in from non-residents and used it for profitable sugarcane cultivation.