CHAPTER XI

SUMMARY AND CONCLUSIONS

Is there any linkage between changes in the structure of landownership and the processes of income formation and patterns of livelihood in rural Bangladesh? What are the specificities of the dynamics of change within the small-holding structure of Bangladesh agriculture? What are the forces that propel the changes within this small-holding structure of agriculture? Despite the fact that a lot of changes are taking place at the micro levels in the life and living of the people, why is there no perceptible change in the structure of economy as a whole? Is there anything to learn from regional variations in the processes of income formation and strategy of livelihood about the processes of change? These are some of the questions raised in this thesis and attempts are made to find some plausible if not totally rigorous answers to these questions.

The study is based on micro level village studies in the greater Noakhali district. The villages were chosen from two ecologically diverse regions. These villages are
Hassanpur and Purbalach which are disaster prone and under a major irrigation and drainage project respectively.

The phenomenon of clinging to land emerged as a very crucial feature of landownership dynamics of the two villages. This has been demonstrated by the overwhelming number of 'stable' households in both the villages. Though the phenomenon of stability marked the overall pattern, the phenomena of changes were manifested in the form of growth and decline of a section of households in terms of landownership. Both the decline and growth in landownership occurred within a narrow range with the 'growing' households having their periodic sliding down and the 'declining' households also experiencing temporary rises. Thus, on the whole the pace of change appears to be very slow and the process of differentiation has been thwarted by various factors endogenous and exogenous to the village economy.

The feature of stability has been found to be highly dichotomous in nature with a large number of households being functionally landless. This feature reinforces the hypothesis of clinging to land by such households, as the alternative for them would be a plunge into the precarious condition of being landless labourers which may on occasions
fetch higher levels of income compared to a poor sharecropper. The tenacity of these land-poor "stable" households only reminds us of Kautsky's crucial observation that poor peasants do not actively participate in the land market not because their stomachs are full but because their barns are empty." Mutual support system still prevalent in rural societies, although undergoing erosion over time, could be another factor contributing to the tenacity of the land-poor "stable" households. We feel that the phenomenon of stability has been over-dramatized by Bhaduri et al in the context of Bangladesh and they should have taken cognizance of the differential levels of livelihood of the land-poor "stable" households and better off "stable" households.

We have found a lower proportion of 'growing' households among the upper rung landowning households in villages Hassanpur. This may be due to perceived lower return from agriculture compared to other avenues of investment for the households at that level given the fact that agricultural activities in Hassanpur is highly risk prone. In Purbalich, the number of 'growing' households outweigh the number of 'declining' households. This may be due to slowing down effect on pauperisation from stable
investment in a major irrigation project. Pauperised 'stable' households are more numerous in Hassanpur compared to Purbalach which is an advanced village.

In the overall transition matrix of landownership for the village Hassanpur the diagonal elements dominate over the off-diagonal elements which means that 'stable' households are dominant in number. A qualitative change in land dynamics is observed in this village above the base period size of 3.51 acres wherein households either gain land or remain 'stable', but no decline is observed. A large number of households are observed within the size group of 0.60 acres and one also observes all types of mobility patterns among them. In Purbalach, on-diagonal elements in the overall transition matrix dominates as in the case of Hassanpur. Decline among upper rung households of Hassanpur may be explained in terms of partial diversification outside agriculture and growth among lower rung households of Purbalach may be explained in terms of importance of off-farm earnings. A greater proportion of Purbalach households among the upper rung buy land compared to Hassanpur which is indicative of a perception of a higher return from agriculture due to its developed nature of infrastructure.
Is there any impact of initial land endowment on the landownership changes of the households? Broadly speaking, in both the villages 'declining' households of the lower rung lose a greater proportion of land and the 'declining' households of the upper rung lose a lower proportion of original land holding. This pattern is contradicted in another form by the lower absolute amount of land sales by the lower rung 'declining' households and higher absolute amounts of land sales by the 'growing' households. Moderate impact of the initial land endowment on land gains is also observed among the 'growing' households. Of course, there are some departures from this broad pattern among some land owning groups. An element of contradictory dynamics is observed in both the villages as most of the size groups demonstrate opposite tendencies of land gains and land losses.

Categories of households currently found to be 'growing', 'stable' and 'declining' in Hassanpur owned almost similar amount of land per household in the base period, 1972. In village Purbalach both the 'growing' and 'declining' households owned similar amount of land per households, although the 'stable' categories owned higher average amount of land compared to other two categories in
the base period in 1972. Thus, when inter category comparison is made, one does not see the importance of initial land endowment as the differentiating factor. Rather, divergence in the amount of per household land owned is observed over time from the similar average amount of landholding. On the other hand, when an intra-category comparison is made one finds the impact of original land holding with respect to the 'growing' and 'declining' categories. Net amount of land gains tend to increase with the size of land owned in the base period by the 'growing' category and contrarily net amount of land loss among the 'declining' group tends to increase with increase in the size of land owned in the base period. Thus the whole landownership dynamics appears to be quite complex and at the same time raises the question whether land ownership changes in rural Bangladesh infested with small holdings can be explained by initial land status. This very nature of the dynamics tells us that the level of agricultural surplus earned by most of the households is so insignificant that conditions within agriculture itself do not provide a sufficient explanation of the dynamics.

The most crucial result from the overwhelming presence of 'stable' households is the inertness of land market
which, inter alia, leads to underformation of the labour market as analytically shown by Bharadwaj. Survival strategies centring around land can explain the apparently contradictory dynamics of landownership in rural Bangladesh. As a general feature, land market has been found to be quite inert in our study villages. Though a large number of 'stable' households almost remain withdrawn from the land market, the 'growing' and 'declining' households make it somewhat active. The households in the lower rung of the 'declining' category making lower absolute amount of land sales can be explained by the fact that in an agrarian economy where land is still viewed as a major source of security and status, the lower landowning groups try to hold on to land as much as possible. As the process of land loss leads to greater affliction, the households become more and more survival conscious and spare no pains to cling to land.

The size of plots involved in purchase and sale of land among the 'growing' households of Hassanpur is very small on the average and never exceeded 1.00 acre. This is also true of 'growing' households of Purbalch. The overall small-holding character of the economy and fragmentation of holdings may be responsible for this. The 'declining' households of Hassanpur made a overwhelmingly large number
of sales compared to purchases. But, interestingly, both the sizes of purchase and sales are positively associated with land size groups. The average number of purchases by different size groups of 'growing' households of Purbalach move upward with the size of the landowning groups excepting a few departures. There is a similarity in the patterns of land gains in terms of net purchases between Hassanpur and Purbalach. It is therefore still possible to sustain the hypothesis of initial land endowment effect within the 'growing' group of Purbalach. Departures from such patterns are to be explained in terms of motivations behind land purchases and sales and the impact of off-farm incomes. There is a close similarity in the patterns of net loss of land, number of purchases and sales across different size groups between the 'declining' households of Hassanpur and Purbalach.

The forces that propel the changes in landownership can be understood from the mode of finance for land purchases and reasons for land sales. In Hassanpur, an overwhelming number of all land purchases during the reference period have been financed by non agricultural income. The second most important source of finance is agricultural income which accounts for only 12.64 per cent of all land
purchases. Some lower size groups also reported financing of land purchases through agricultural incomes which perhaps have possible due to higher operational holdings of these groups. Borrowing has also been reported as a source of finance but mainly by the upper size classes. This explains their credit worthiness or greater access to institutional loans. Among the few purchases made by the 'stable' households of Hassanpur non-agricultural income and asset transformation figure to be equally important. These sources are followed by agricultural income. The number of purchases are so small for this big category of households that it would not be sensible to talk about the pattern of finances. Among the small number of land purchases made by the 'declining' households, one third of the purchases were financed by non-agricultural income. Only two upper size group 'declining' households reported land purchase out of agricultural income.

In village Purbalach, the most important source of land purchase is non-agricultural income followed by agricultural income. Agricultural income as a source of finance is relatively more important in this village due to the developed nature of agriculture in this village. Interim land sales and asset transformation account for 14.84 per
cent of the land purchases by the 'growing' households of this village. The most dominant source of finance for land purchase by the 'stable' households of Purbalach has been interim land sales which means these households have been netting off their sales and purchases. Agricultural income is the most dominant source of finance followed by interim land sales for the few land purchases made by the 'declining' households of Purbalach.

From the overall profile of finance of land purchases by different categories of households in both the villages it appears that non-agricultural income mostly flowing from outside the village in the form of remittance and service income and trading income earned both within and outside the villages turned out to be the motor force for the activation of the land purchase activities. As the holding sizes are small, the surplus arising out of them is also quite inadequate to finance land purchases. But since there is inequity in the distribution of land even at a very low level of ownership, agricultural or land based income in conjunction with non-agricultural income make land purchases possible. This is also the reason for a size group effect of initial land endowment among those who accumulated land.
Hassanpur households made 181 land sales during the reference period of which 75.14 per cent were caused by distress factors, 5.52 per cent were motivated by economic diversification, 4.97 per cent were motivated by the interim land sales 12.15 per cent were motivated by asset transformation and 2.21 per cent were caused by other factors. In Purbalach 104 land sales were reported out of which 44.23 per cent were caused by distress factors, 16.35 per cent were motivated by economic diversification, 29.81 per cent were motivated by interim land sales and 9.61 per cent were motivated by asset transformation. The incidence of land sales is lower in the developed village Purbalach compared to the agriculturally underdeveloped village Hassanpur. The 'declining' households of both the villages had to bear the maximum brunt of distress sale. The low incidence of distress sales in the developed village Purbalach indicates that state investment in the development of agricultural investment slows down the process of land alienation as agricultural productivity goes up and the risk of agricultural activities are minimised. Even in the absence of distributive land reforms and cooperativisation of agriculture, such investment may in the short run enhance the viability of the small farms.
The discussion on the sales and purchases of land in the two study villages clearly show that there are two aspects of the dynamics. These are the push and pull factors. Within the village, the character of agricultural activities will determine how far it is going to push off people from their traditional sources of livelihood in agriculture and how far it is going to keep people in the villages. Non-agricultural income earned by the households from the sources external to the village though apparently draws out people from their rural existence may contribute towards stabilising the people in their rural home. Contrary to the usual theoretical expectation about a developed village where irrigation led HYV based agricultural growth has taken place, the land market seems to be more inert. Since HYV based agricultural activities require greater proportion of commercialised inputs, it is natural to expect that along with the commercialization of input market the land market would also become more active. Land concentration in the advanced agricultural areas usually goes up. But in our case it does not seem that such phenomenon has been exacerbated. At least from the level of activity in the land market we can not infer such a conclusion. It seems in a small holding agriculture the
impact of diffusion of better technology is to stabilise the small peasantry.

Thus far we have discussed the nature of land dynamics of the two villages on the basis of full enumeration of all relevant households in the two village. We shall now summarise the findings on income, assets, productivity and other traits of the households sampled from these households.

We have made four classification of the sampled households, such as, GSD classification, Modified GSD classification, landownership based classification and cereal self-sufficiency classification. The objective behind making four types of classification of the sampled households is to see if significantly different implication arise from the economic characteristics of these classifications. Barring the GSD classification, we found a good deal of match among the three other classification. This means that households belonging to a particular group under one type of classification has a large number of common elements with another group under a different form of classification because there is, a priori, commonality between them both on theoretical as well as empirical grounds.
From the classifications made above we proceeded to compare the economic structure of the sampled households in terms of land, labour and asset position; land use pattern; productivity of labour in crop production and income and income components. We found that groups of households under alternative classifications can not be significantly differentiated in most of the cases in terms of productivity per acre of operated and owned land and productivity of labour which indicate that 'cumulation of economic advantages and disadvantages is not a relevant hypothesis for the explanation of the observed differentiation. We also did not find any significant differences in terms of consumer-worker ratios among most of the groups under the alternative classification schema. Surprisingly enough we found opposite direction between consumer-worker ratios and landownership mobility trends in some cases. Thus, it seems that the Chayanovian process of differentiation is not also at work in the small holding and land scarce agriculture of Bangladesh. Among the characteristic variables forming the economic structure of the sampled households under alternative classifications gross annual income emerged as the significant differentiating factor among different groups. Agricultural income/on-farm income plays an important role in differentiating the households. Despite
the fact that most of the groups reported that the dominant source of finance of land purchases has been non-agricultural income, we do not find non-agricultural income/off-farm income as the differentiating variable in most of the cases. This appears to be a paradoxical situation. It would not be unwarranted to assume that surplus generated from a small holding agriculture would be too low to lead to land accumulation only through land based income. Since it is reported that land is accumulated in most instances by virtue of non-agricultural income, the whole paradox can be reconciled by the fact that there is a differentiation in terms of the quality and dependability of non-agricultural income.

Since in the economy as a whole, sources of non-agricultural income and employment is emerging at a slow pace, many households may not get access to such incomes. Moreover, in a situation where state almost monopolises such sources of employment, we may speculate that differential levels of political patronages and differential linkages with the power brokers might be determining who gets what. Therefore, an element of indeterminateness enters into the process of the dynamics. The contradictory tendencies in the dynamics can partly be explained by such extra-economic factors.
A detailed anatomy of the livelihood strategy of groups under Modified GSD classification shows some important patterns in terms of income formation and sources of income as follows:

1. Better off households like the 'growing' and the 'upper stable' groups in both the villages have a better footing in both agricultural and non-agricultural income. When these households depend on one of such components of income they derive sizeable income from the said component given the village standard.

2. Income from regular jobs and bigger trading activities are mainly concentrated among the households like 'growing', and 'upper declining'.

3. Poor households of the 'base' group in Hassanpur and the 'lower stable' group in Purbalach have to depend on low return petty trades, wage labour activities, risky migration to countries like Pakistan where low grade jobs are available. Such pauperised households are to depend on multiple sources of income which is a mere patchwork among undependable activities for survival.

4. As the income base from own land shrinks households diversify towards non-owned land sources and such dependence tends to increase with the decrease of
income from own land. Weak inverse relation between agricultural and non-agricultural, between on-farm and off-farm income have been observed in case of most of the groups under Modified GSD classification. Such patterns of income formation have a dampening effect on the process of proletarianisation.

As far as the survival strategy is concerned we have observed the following patterns with respect to the groups under Modified GSD classification in the two villages:

A. The 'growing' group survives mainly through access to land. They have a high average index of cereal sufficiency either from own land or from operated land. They use agricultural surplus for trading and other allied non-agricultural activities.

B. 'Upper stable' households in both the villages are more oriented towards agricultural income from own land.

C. 'Upper declining' households of Hassanpur follows a survival strategy of depending almost equally on on-farm and off-farm income.

D. The 'declining' households of Purbalach follows a strategy of depending on off-farm income, but they also derive a good amount of on-farm income also.
E. The 'base' group households of Hassanpur and the 'lower stable' households of Purbalach follow a strategy of depending mainly on non-agricultural income whose components are petty trading, local and foreign remittances of low order and wage labour. As agriculture continues to remain as a family labour oriented activity and its growth of productivity and diversification are occurring at a slow pace, wage labour activities in agriculture has not yet emerged as an important source of livelihood.

On the whole the dynamics that we observe within the narrow range of landownership is activated through a fusion of activities inside and outside the village. Land by itself can not ensure the livelihood of the majority of the rural households, yet they cling to land due to uncertainties and slow emergence of employment opportunities outside land. In the recent years the carrying capacity of land has increased to some extent due to irrigation led HYV technology. The environment in which rural people derive their livelihood has changed due to changes in technology and cropping pattern in agriculture, opportunities for international migration, growing expenditure on rural works programme, booming construction activities characteristic of initial phase of development and emergence of some new type of activities in both urban and rural areas. These have
widespread impact on the livelihood of the people and the level of activity in the land market. Despite these changes in the economic environment that act on the day to day life and living patterns of every individual in the society and as the people are also adjusting themselves to new ways of life, these all pervasive changes do not add up to observe significant structural change of the economy at the macro level. This is the contradictory dynamics of ubiquitous change in changelessness.