CHAPTER - 9
SUMMARY, CONCLUSION AND POLICY IMPLICATIONS

INTRODUCTION

Economic Policy does not function in a vacuum. It operates in a definite social system. It influences the structure and function of society. At the same time the social structural functional factors influence the functioning of economic policy.

Economics by its quantitative approach can answer the question "who" gets "what". But it fails to answer the query "How" and "Why" one gets and the other doesn't. The answers to 'How' and 'Why' fall in the domain of sociology. Hence the relevance and rationale of sociology of economic policy.

We have discussed the sociology of economic policy with particular reference to poverty and inequalities in the distribution of development benefits in the four study villages of Aligarh and Karnal districts.

Poverty in India is basically a rural problem. And in rural areas, it is landless agricultural labourers and rural artisans, in general, and the Scheduled Castes and the Scheduled Tribes, in particular, who constitute the hard core of the poor. Any strategy for the alleviation of poverty should, therefore, be examined with particular reference to these sections.

The earlier five year plans had generally proceeded on the assumption that the normal programme of development would produce a multiplier effect and thereby generate employment and raise the living conditions of the poor. Inspite of many multi-faceted poverty alleviation programmes, progress in this regard, has not been upto the mark.
The prevalence of poverty and inequality has remained virtually unchanged over the years.

This raises a basic question: where have we gone wrong in our efforts? Have we gone wrong in the diagnosis of rural poverty, in policy formulation or in implementation? The present study attempts to answer these questions by examining the performance of one major rural development strategy namely, Integrated Rural Development Programmes strategy.

The main reason for selecting this strategy is that it is a major strategy of our planners aiming at eradication of rural poverty.

New perspective in development have come to be established as a part of new development thinking. These could be described as follows.

(1) An increase in GNP or in per capita income is not likely to reach the poor. A direct attack on poverty is needed to eradicate poverty. A micro-level approach would be effective in this respect.

(2) Income distribution and employment policies must be integral parts of production plans.

(3) All this may need a drastic restructuring of political and economic power relationship if development has to spread to the vast majority of population.

In poverty alleviation programmes implementation is a serious problem. This becomes a more important issue, when, without changing the power structure, a programme is introduced for the
least powerful groups of the society for promoting equity. Pressure for mutation can be applied at the choice of project, the choice of technology, the choice of project implementation agent.

In this regard, the following two generalisations can be made. (1) In class societies, the policies or the programmes of the government are executed in such a fashion as not to alter the existing unequal and poverty-ridden structure of the society. (2) Even when a government adopts a policy or programme which specifically aims at reducing the existing inequality and poverty of the society, in general those policies or programmes are implemented in favour of the comparatively better off sections.

New strategy has failed to identify and attack the constraints of the poor that come in the way of their participation and in their way of running the schemes successfully. In other words, something seems to be wrong with the diagnosis of rural poverty and the policy formulation underlying the target group oriented special programmes. There is definitely a need to take a fresh look at the problems.

We think that the major limitations of the strategy are likely to be in three areas: (1) The strategy has not identified and attacked the real problems of the poor. That is, it lacks a proper understanding of the nature of poverty. (2) The strategy shows a lack of proper understanding of the role of the exploitative structure of our rural economy in influencing the functioning of rural development programmes. (3) The policy frame of the strategy is partial in the sense that it attempts
to eradicate poverty only by attacking a part of the problems. That is, it does not realise that the rural poverty is a consequence of the overall functioning of the rural economy and it can be eradicated only by a total approach that modifies the functioning of the economy.

The present study is a cross-sectional, interregional and interdisciplinary study. It makes an attempt towards understanding the interrelationship between agrarian structure, inequalities and poverty in a regional context. It is a synthetic study of economic aspects of social structure and sociological aspects of economic structure of the selected village.

Obviously, it has a close relevance to policy formulation; and its implementation towards alleviation of poverty and elimination of inequalities of income and wealth among the various agrarian classes. The sociology of economic policy implies the sociological forces that influence certain instruments of economic policy and their implementation process in the functioning of rural economy that determines the operational direction of such forces.

The villages of Aligarh and Karnal were selected because they have been (IADP) Districts. Many other development and poverty alleviation programmes have been implemented in these districts. Our objective was to examine how inspite of well developed infrastructural facilities and Green Revolution in the districts and a vigorous anti-poverty programme, a major segment of rural society has failed to rise above the poverty line. It is because of structural-functional factors which have been sidetracked by the planners?.
We studied the agro-economic features of the two districts of Aligarh and Karnal. Out of the two separate lists of blocks in the two districts, the blocks which seemed to be unique or distinctive in agricultural features from the norms were removed. From the blocks in the lists, one block was selected randomly in each of the districts. Two lists of all villages of the two blocks were prepared. Out of these lists after discussion with the block authorities villages where some unusual features over 350 households were also eliminated from the list.

The study of four villages was considered adequate in view of the relative homogeneity of the blocks. There were 1140, cultivating as well as non-cultivating, households in these villages. All of them have been studied intensively. In this regard, village and household schedules were prepared for eliciting relevant information.

The working heads of the households and all rural bureaucrats concerned with the rural development programmes, more particularly IRDP, were interviewed for the purpose. About 10 to 12 weeks were devoted to collecting data in each village. For assessing the caste, class, power, status of the family multi-stage stratified purposive random sampling techniques were used in the study. Data for the study was collected during September 1978 - August 1979 and again during October 1983 - December 1984.

Our major emphasis was on discussion. It needed an indepth understanding of the village economy and its social structure as its major objective was to build up an understanding regarding the inequitous power structure with all its socio-politico-economic
ramifications in the villages. It was also essential to gain perception of the nature and extent of economic disparities and resultant problems, fears, hopes, expectations of the exploited and the neglected segments of the rural society.

The crux of the research is to substantiate the thesis that poverty is not only a problem of production economics but of production economics but of sociology of distribution as well.

Interview schedule was employed in this study to obtain information from the respondents. Two draft schedules were edited, modified and finalised. The first appendix contained questions basically concerned with the agricultural aspects of rural life. The second Appendix contained questions on respondents' caste, class and power position, amount of development benefits and the levels of living of agrarian classes, the characteristics of households below the poverty line etc. A separate interview schedule was used to obtain information from the Block extension staff on the problems. The information given by the respondents was suitably supplemented and edited through personal observation and cross checks.

In order to study caste hierarchy, a large number of judges representing different caste groups in each village, were asked to rank the status of all the castes of their respective villages in the four hierarchical groups. Based upon median and quartile values of ranking of each caste, all the caste groups were divided into four hierarchical strata. We have studied class hierarchy by using composite index based on land ownership, income and occupation.

The total variation between the highest and the lowest amount of land owned by the respondents in each village was divided into 10 equidistant categories. These were assigned scores 1 to 10;
1 for the lowest and 10 for the highest land size category. The total variation in the household income in each village was divided into 10 equidistant categories. These were assigned scores 1 through 10, 1 for the lowest and 10 for the highest income category. A large group of villagers belonging to different occupations and caste groups were asked to rank all the occupations followed in their respective villages into 6 hierarchical orders. These were assigned to rank all the occupations into 6 hierarchical orders. These were assigned scores 1 through 6, 1 for the lowest and 6 for the highest ranked occupations. Based upon the total values of ranking, all the occupations were divided into 10 equidistant categories scores 1 through 10 were assigned to them: 1 for the lowest and 10 for the highest ranked occupations. If the members of a household follow more than one occupation, the scores of all such occupations were averaged to obtain occupational scores of that household.

We have employed composite index for the study of class hierarchy and three variables i.e. land, income and occupation were taken as indicators of one's class position assuming that they are relatively more stable. Such an approach has made it possible to have a picture of class structure independent of the subjective view of caste.

As a second step, the scores obtained by a respondent on the above two measures were summed up. The maximum scores that a respondent could obtain on two measures were 20. Based upon the scores thus obtained by all the respondents in each village, median was computed and the respondents were accordingly classified into high and low development benefit categories.
In order to further substantiate our hypothesis, two supplementary measures of development benefits, namely increase in assets and benefits from social amenities were also used. To have an estimate of the increase in the value of assets during the reference period, we have considered agricultural as well as non-agricultural assets. The actual value of assets was rounded off to the nearest multiple of Rs. 500/- and I score point was assigned to each such units.

The benefits received from such social amenities were measured as the percentage of the programme for which the respondent reported benefits to the total number of such programmes applicable to his village. Based upon the scores obtained by all the respondents in each village, the median was computed. Accordingly, the respondents were divided into high and low benefit categories.

As the prestige dimension has already been considered in the study of caste, we followed positional approach in the study of power.

Then we have used consumption expenditure data rather than income data in our analysis of consumption mainly because the estimates of consumption expenditure are likely to be more accurate than the income estimates in rural areas. We used different reference periods for different sets of consumption items so that recall would not create any serious problem in estimation. Consumption of each item was divided into two parts. Consumption of homegrown quantity and
consumption of purchased quantity. The homegrown quantities were converted into value terms by using the prevailing retail prices of the items in the local market.

**AGRARIAN SOCIAL STRUCTURE: POVERTY AND INEQUALITY**

Agrarian social structure is torn between the dual forces of caste and class. Infact, there is convergence of both - caste based forces and class based forces. Whether we adopt caste based forces or class based forces, whether we adopt caste model or class model, independent use of either leads to half truth. It is because following the class model we arrive at decisive semi-feudalistic forces which have in general also roots in the ascriptive social system, whereas use of caste model betrays us from the reality of agrarian social structure when it fails to explain the causes of economic maladies i.e. Poverty, Inequality and exploitation. So to say, caste-class continuum as super-structure can justly explain as to what is happening at micro level social institutions. Power becomes mere derivation. It becomes simply a tool for promotion, protection and preservation of interests, status and privileges. Any change of greater implication can occur only when there is a change in the pattern of ownership of land as a resource in the agrarian society. An interdisciplinary perspective is a must for this kind of investigation.

In this chapter an attempt has been made to examine the data in the light of the manifest and latest tendencies in the agrarian structures of the study villages.
We visualise the level of living as a level of satisfaction of the needs of the people assured by a given flow of goods and services in a unit of time. On this basis, we choose a set of components which, in our judgement, are capable of representing the various aspects of the level of living. The components chosen should be capable of covering as fair as possible the whole tangible spectrum of human needs if they are to serve as an adequate representative of the concrete reality of living. After selecting appropriate components and indicators, we proceed to construct indicator indices.

Basically, the size of holding and the levels of living are inter-dependent and interrelated. Therefore, the levels of living of an agrarian society are the direct reflection of the agrarian structure which in its turn reflects the control of the agricultural wealth in different proportions by different classes of rural population.

According to our estimate, households having income below Rs. 81.41 per capita per month are below the poverty line. This 'poverty line' is not to be interpreted as a 'starvation' line. It is to be interpreted rather as a level of consumption below which it is possible to exist, but at reduced levels of activity, efficiency and resistance to disease.

The average consumption levels of agricultural labourers are still below the poverty line in all the four villages and the percentages of agricultural labour households living below poverty line are quite high. The percentages are 80.39 in Berthal (K) and 75.20 in Sikri (K), 59.59 in Adaun (A) which
are comparable with 83.33 in Imlani (A). (Table 5.1) indicating that agricultural labourers have benefitted only marginally by irrigation and modern farm technology.

Trade and services are the occupations where the incidence of poverty is low in all the four villages. Almost 46.95% of the households in Imlani (A) are below the poverty line having less than ₹ 81.41 per capita per month consumption expenditure as against 61.60% in Adaun (A) 47% in Sikri (K) and 63.23% in Berthal (K) (Table 5.1). Also 12.19% of the households in Imlani (A) are having more than ₹ 200 per month per capita consumption expenditure while the same percentages are 13.09 for Adaun (A), 12 for Sikri (K) and 12.94 for Berthal (K).

Thus the impact of technological development of agriculture has been differential on different sections of the village societies.

There were a few families in each of the villages who were in a favourable position as regards their caste, class and power. These families of rural elite belonged to the highest consumption expenditure groups. They included the families of the sarpanch, the deputy sarpanch, the other unreserved seat holders of the village panchayats, the chairmen and the secretaries of the FSS, MCS, the MLAs and the MPs etc. from the villages. All these families belonged to high castes and owned large lands. Such households are 12, 16, 24 and 20 in Imlani, Adaun, Berthal and Sikri respectively (Table 5.3).

Only 348 (29.82%) households in all the villages have electric light while 428 (37.54%) households have piped drinking water. Only 24 (4.54%) and 12 (2.27%) landless labourers have electric
light and piped drinking water facility respectively, whereas
89.65% of big farmers have electric light and 94.59% have
piped water facility. This indicates a highly skewed distri-
bution of infrastructural facilities (Table 5.4).

Agriculturer labourers spend Rs. 19.57, and big farmers Rs.474.16
per household per annum of repair and maintenance.

The frequently expressed concern for the eradication of poverty
and generation of employment has led the Government to initiate
several policies and programmes, the more important of which
at the moment are the Integrated Rural Development Programme,
and Rural Employment Programme. The main components of the
strategy adopted so far have been the rate of growth and the
generation of additional employment opportunities, distribution
of assets to the rural poor, investment in human capital
through education and training, area specific schemes and
target group oriented programmes such as the SFDA, IRDP, NREP,
RLEGP, the Minimum Needs Programme.

The earlier five year plans had generally proceeded on the
assumption that the normal programmes of development particu-
larly those undertaken in rural areas, like those in agricul-
ture, irrigation, industries, electrification, transport and
communications, would produce a multiplier effect and thereby
generate employment and raise the living conditions of the poor.
The utter failure of the abovementioned "trickle down strategy"
to produce any visible impact on the economic condition of the
weaker sections led to the adoption of a target group approach
from the Fourth Plan. The objective was to produce a direct
impact on the economic status of the rural poor. It started with the Small Farmers Development Agency (SFDA) and has multiplied since then. The much-publicised Integrated Rural Development Programme of these days is a direct offshoot of the SFDA.

A national scheme for Training Rural Youth for Self-Employment (TRYSEM) was initiated by the Central Government in August, 1979 as a part of the IRDP. The scheme aims at equipping the rural youth with necessary skills and technology so as to enable them to take up self-employment. Only youths belonging to the families of the IRDP target group, i.e. those below the poverty line and in the age-group of 18 - 35 years are eligible. The scheme envisages organisational and operational linkages with other institutions so that supporting services are also provided to the trainees at the appropriate time.

With the introduction of the IRDP to all the blocks in the country in October, 1980, the SFDA programme was merged with the former and a new agency called DRDA was set up. The IRDP is similar to the SFDA programme i.e., it is a target group, agency-oriented, subsidy-cum-credit-based programme of self-employment. There are, however, some differences between the two programmes in terms of contents, coverage and emphasis. Firstly, while the coverage under the SFDA is confined to agricultural sector, the non-agricultural sector, including industrial and tertiary sectors, has now been brought under the purview of the IRDP. Secondly, the emphasis under the IRDP
is not on providing just some kind of assistance and achieving the target of an impressive number of beneficiaries but on providing substantial assistance to the identified participants which should increase their incomes to a significant extent so that they cross, once for all, the 'poverty line'. Thirdly, while under the SFDA, even among the members of the 'target group' who with relatively larger land holdings derived maximum benefits, under the IRDP the Antyodaya approach has been recommended in regard to the selection of the beneficiaries under which the poorest of the poor are to be selected first. Another major departure in the new programme of the IRDP is that family is the basic unit of development and economic programmes have to be devised for the family as a whole. In April, 1977, the Central Government launched a nation-wide "Food for Work Programme" (FWP). Under this programme, wages were to be paid in terms of food-grains.

Since October 1980, the Food for Work Programme was renamed as the National Rural Employment Programme (NREP) and made a part of the five year plan. The NREP, like the FWP, provides supplementary employment opportunities to work-seekers during the lean period of the year. It aims also at creating durable community assets. Apart from cash, wages are also paid in foodgrains (1 kg.) so as to raise the nutritional standard of the rural poor.

A new programme named as the Rural Landless Employment Guarantee Programme (RLLEG) was launched on 15th August, 1983. The basic objectives of this programme are (i) to improve and expand employment opportunities for rural landless with a view
to providing employment for at least one member of every landless labour household up to 100 days in a year and (ii) to create durable assets for strengthening rural infrastructure which will lead to rapid growth of rural economy. The Central Government meets the entire expenditure on this programme.

The Fifth Five Year Plan introduced the Minimum Needs Programme which aimed at providing free or subsidized services through public agencies so as to improve the consumption levels of those living below the poverty line. This approach was carried through further in the shape of the Revised Minimum Needs Programme enunciated in the Sixth and the Seventh Five Year Plans, with a substantial step-up in the quantum of resources. The programme covers eight items: elementary education, rural health, rural water supply roads, rural electrification, housing assistance to rural landless labourers, environmental improvement of urban slums and nutrition for small children. The total outlay for the Minimum Needs Programme was to the tune of Rs. 5,827 crores during the Sixth Plan and Seventh Plan. Of this, rural water supply, rural roads, elementary education and rural health got a larger part of the outlay.

The Drought-Prone Area Programme was started during the Fourth Plan period in 557 blocks spread over 74 districts in the country. This is an integrated area development programme and aims at optimum utilisation of land, water and livestock
resources, restoration of ecological balance and stabilisation of incomes of people, particularly those belonging to the weaker sections. The major aim of this programme has been to merge "integrated area development" approach with "target group-oriented" efforts towards poverty alleviation.

The Desert Development Programme was launched in 1977-78. Thus we see that the poverty alleviation and employment generation programmes have matured from their general character to a more specific target group and area based programmes with the main thrust being on the eradication of poverty and unemployment in rural areas on a national scale.

It is admitted these has been of a "limited success in redistributing assets", a lower pace of generation of employment opportunities and inability of large segments of the population to share in the benefits of progress of participate in the process of development. It admits that the poor have "by and large remained untouched by development programmes so far". Inspite of all these measures, the performance of poverty alleviation programmes has been poor to marginal.
The focal point of the present research was whether the pattern of percolation of development benefits is related with stratificational factors. In specific terms, this study had to examine (i) how institutional and organizational factors have a deleterious effect on the implementation of economic policy for poverty alleviation (ii) to ascertain whether development benefits are differentially distributed? (iii) to determine whether stratificational factors are related with development benefits (iv) to examine the role of class in the percolation of development benefits.

A number of development programmes implemented in the study villages were offering both technical and material help in different fields of development for asset building and increasing income and employment in order to raise the target groups above the poverty line. Development benefits were, therefore, measured in terms of technological innovations adopted and material assistance received by the households. Supplementary measures of the development benefits such as increase in assets and benefits from social amenities were also considered in order to substantiate the findings.

The question of differential distribution of the development benefits was studied by taking into consideration, first the factual distribution of the benefits and then perception of the benefits received.
The basic assumption that there is a differential distribution of the development benefits was found valid (Tables 7.1 through 7.4). The interquartile range of 25.51 and 36.24 for composite development benefit scores and adoption of improved technology scores respectively, as against total score range of 100, were suggestive of a high degree of heterogeneity among the respondents with respect to the development benefits. Likewise, the distribution of material assistance was also found to be highly uneven and nearly half of the total respondents did not receive material assistance at all. These observations were further supported by the distribution of increased assets and benefits reported from social amenities. The results of 'Z' test ($p \leq .01$ in all cases) indicated significant different benefit categories. Also data indicated differential perception of the development benefits received by them (Table 7.5) (This proves our hypothesis No. 2).

Let us now find out whether the differential percolation of the development benefits was influenced by stratification.

On examining the relationship between caste stratification and the development benefits in the first place, it was noted that the people of higher castes received greater development benefits ($X^2 = 229, \text{Odf} = 1, p \leq .01$) (Table 7.7) obtained greater amount of material assistance ($F 3.517 = 27.01, p \leq .01$) (Table 7.8) witnessed greater increase in their assets (Table 7.9) and reported greater benefits from social amenities ($X^2 = 177.1, \text{df} = 1, p \leq .01$) (Table 7.10) (Table 7.10 A & 7.10 B) of the land in these villages?
There is concentration of social, economic & political power in a few hands. Nearly all villages institutions are headed by them. Its leads to lesser degree of participation by the people particularly the poor in the development programmes so, there is very little percolation of development benefits.

The indices of benefit measures in Group 'A' & 'B' villages clearly demonstrate the inegalitarian structures. In Group 'A' villages, the share of lower castes in development benefits is less than in Group 'B' villages. It obvious from all benefit measures (Table 7.11 & 7.12)

An attempt was also made to know wether the observed facts find any support from the perception of people about the development benefits received by them. It was noted that the higher caste respondents have perceived "much benefits" from the development programmes ($X^2 = 178.09$, df = 2, $p < .01$), reported greater income - increase ($X^2 = 217.86$, df = 5, $p < .01$) and attributed greater proportion of their asset - increase to the development programmes ($X^2 = 170.19$, df = 4, $p < .01$) (Table 7.11). (This confirms our hypothesis No. 3 A.)

We have been concerned with determining the association between class hierarchy and the development benefits also. Our results showed that the people of higher class have received greater development benefits ($X^2 = 186.26$, df = 3, $p < .01$), (Table 7.14) adopted more number of improved technological practices ($X^2 = 179.9$, df = 1, $p < .01$), (Table 7.15) secured greater amount of material assistance
(F 3.488 = 48.30, p/.01), (Table 7.16), witnessed greater increase in the assets (Table 7.17) and reported greater benefits from social amenities ($x^2 = 206.72$, df = 1, p/.01), (Table 7.18). In Group 'B' villages, the share of lower classes (BPL) is more than in Group 'A' villages (Table 7.28 and 7.29). The mean benefit scores of lower power group are consistently higher in Group 'B' villages than in Group 'A' villages. (Tables: 7.27 A and 7.27 B).

The observed variation among classes found further support when we examined the relationship between class and perception of the development benefits received. It was noted that the people of higher class perceived greater amount of development benefits ($x^2 = 201.59$, df = 4, p/.01) greater increase in family income ($x^2 = 193.53$, df = 5, p/.01), and attributed greater proportion of their asset increase to the development programmes (Table 7.21). (This substantiates our hypothesis No. 3 B).

Turning our attention to the study of relationship between power and the development benefits, we noted that the people of higher power group secured greater development benefits ($x^2 = 165.8$, df = 3, p/.01), (Table 7.22) adopted more of improved practice ($x^2 = 65.25$, df = 1, p/.01) (Table 7.23), higher amount of material assistance (F = 3.488, 110.78) (Table 7.24), secured greater increase in their assets (Table 7.25) and reported greater benefits from social amenities ($x^2 = 67.87$ df = 1, p/.01) (Table 7.26). This substantiates our hypothesis No. 3 C).
The perception of power groups about the benefits they have received from the development programmes was also studied (Table 7.27). The chi-square results showed that the higher power group perceived greater development benefits (p < .01), greater income increase (p < .01) and attributed greater portion of asset increase to the development programmes, (p < .1). This lent further support to the observed association between power and the development benefits (Table 7).

It is, however, suspected that the stratificational factors, which were found to be associated with the development benefits, may also be related with each other. We, therefore, investigated whether the three factors overlap or cut across each other. The results of chi-square test indicated significant association between caste and class \( (X^2 = 236.045, \ df = 1, p < .01) \), between caste and power \( (X^2 = 71.903, \ df = 1, p < .01) \), and between class and power \( (X^2 = 87.129, \ df = 1, p < .01) \) (Table 7.30). The results pointed towards a tendency of each hierarchy to approximate the other. It was, therefore, argued that the observed association between a stratificational factor and the development benefits might be due partly to the influence of the remaining two factors.

The question which became relevant was: whether each stratificational factor is significantly associated with the development benefits when the remaining two are held constant? The results of partial regression analysis showed that each
stratificational factor was clearly and convincingly able to assert itself when the remaining factors were held constant (in each case, 't' value significant, p < .01) (Table 7.31).

Further investigation through partial correlation analysis revealed that among the three stratificational factors, class ('r 13.24 = .574) was relatively more strongly related with the distribution of the development benefits followed by power ('r 13.24 = .32) and then by caste to ('r 12.34 = .257) (Table 7.32). Thus our hypothesis note that class is the most important factor that influences the percolation of development benefits is process, that development benefits tend to be positively associated with each of the bstratificational factors viz. caste, class and power independent of the remaining two was supported. (Hypothesis No. 4).

Finally, we examined whether caste, class and power exercise greater influence in combination than they do individually on the distribution of the development benefits? The results of multiple correlation analysis showed that the three factors taken together explained 69.3 per cent variation in the distribution of the development benefits followed by two-factor sets and then by individual factors (Table 7.33) Among two-factor sets, the results of class-power combination were higher (R^2 = .673) than the combinations of caste-power (R^1 = .633) and class-power (R^2 = .673). This suggests that caste, class and power reinforce each other beyond the influence of either factor alone or two factors taken together and there is positive correlation among the three stratificational factors. It confirms our hypothesis No. 5.
Drawing upon the above findings, it may be inferred that inequalities in the distribution of the development benefits, in general, are positively related with stratification viz. caste, class and power. This suggests that the status differences among the rural people have been at the root of the problems of uneven distribution of the development gains.

The dilemma of the situation, as outlined above, is that with the economic development the gap between the rich and the poor has widened. The problem is perplexing in that economic inequalities have increased in spite of the planned attempts to reduce them.

There have been some attempts to understand the problem of growing inequalities resulting from planned development. The existing literature reveals the prominence of structural explanation of the problem. This structural approach lays emphasis on the preexisting structure as a primary determinant of the outcome of economic development and the need for action to be directed towards the weaker side of the structure as also towards changing this structure before achieving development.¹

The approach of relating economic development with structural attributes has been further extended by Myrdal in his classic work "Asian Drama". He holds that development does not seem to result in the elimination
of poverty and the existing socio-economic inequalities. If anything, it only tends to **intensify** the gap between the rich and the poor. Thus, it is not so much development programmes which produce change in the structure as it is the transformation of the structure which permits effective development. The promotion of social and economic equality", argues Myrdal. "is a pre-condition for attaining substantial long-term increases in production". This being the case, when development programmes are implemented without prior or simultaneous change in the existing socio-economic structure, the people enjoying higher status are in all likelihood to secure a larger share in the development benefits as compared to the people of lower status.

The term "structure" is concerned with the prevailing economic or class stratification that encompasses agrarian structure, income distribution, property relations, level of economic growth and the like. Another usage of the term structure has to do with status or caste stratification. There is yet another import of the term structure with its focus on power relations which does not seem to have received due attention in the discussion of the problem.

These are, then, three meanings which have generally been attributed to the term structure while analysing its relationship with economic development. However, each scholar has attempted to explain the problem by emphasising on a specific aspect of the structure. Some scholars, like
Purtado and Frank, have stressed on economic stratification without giving hardly any consideration to status and power dimensions. Others, like Myrdal, have analysed the problem of development in relation to economic as well as caste stratification. Even in such a thorough analysis as that of Myrdal, power dimension has been used not as an independent structural attribute but as a part of socio-economic stratification. It is in this respect that the present study has made an advance over the previous ones and examined caste, class and power as three independent structural factors in influencing the consequences of the development programmes. The empirical evidence offered by our study support the argument that all the three aspects are significantly related with the inequalities in the development gains.

Among the three factors, class emerged as the most significant. It further confirms the commonly held view that economic basis is of crucial importance in determining the outcome of economic development not only at the international level but also at the local levels. Power emerged as the second best predictor followed by caste which suggests that power dimension needs to be given serious consideration in any analysis of the problem of economic development and the caste still performs discriminating functions in the emerging economy. When caste, class and power are combined, the results are higher than the individual factor alone, suggesting that the three factors taken together reinforce each other beyond the influence of any factor alone.
The economic, social and political stratifications in these economies have created a mechanism which tends to direct the gains of general development to a few selected groups of people and which tends to leave the masses of the poor out of the purview of the benefits of growth.

The IRDP strategy was designed to change this selective impact and to take the benefits to the poor. The special programmes created such special facilities as well as special delivery systems to reach the poor.

Poverty alleviation schemes under the IRDP were implemented in the rural areas of Aligarh and Karnal in 1977-78. The target groups in these programmes are defined in terms of land holdings size and landlessness and not in terms of caste or tribe or family. The main agents of the implementation of these programmes are: (1) Rural bureaucracy i.e. the development administration of the government which takes the main responsibility of implementation, (2) Middleman (3) the financial institutions specially the banks that provide the main source of credit and (4) the panchayat structure and other leaders of the villages who help the administration and credit institution as well as unofficially.

Bureaucracy has become one of the vital instruments in translating public policies into realities.

The IRDA is fraught with a number of structural problems. The vertical structure, instead of taking the shape of a pyramid, emerge as parallel leaders each operating in its
own style and jurisdiction. There is no collective responsibility for implementing the development policy. This resulted in two negative consequences: (1) the rural poor are made to go from pillar to post to have access to the benefit that the policy offers to them; and (2) the agencies sometimes operate at cross purpose neutralising the developmental effort.

In rural bureaucracy there have been crisscross linkages. Functionaries placed at various levels in the formal administrative ladder have 'non-formal' linkages. As a result the formal arrangement is put to severe test. There is a tendency on the part of higher levels to lean on one or two members of the group instead of the entire team. These individuals, it is observed, wield extra-institutional influence. It is noticed that the relations between the members of the team are based not on the formal structure but on various extaneous considerations such as caste, region, religion, language and sometimes "common interests". This sort of nonformal linkages cause tensions in human relations. Another striking tendency is the widespread elitist bias of the rural bureaucracy. It is widely complained that officers contact only the influential persons in the village. On the whole they had contact with only 22.19% of households (Table 8.1). Officers visited 55.5% households of upper castes, 60% of households belonging to the higher income bracket and 75% of households of big landowners (Table 8.1 A).
Regarding the attitude of officers to the below-the-poverty-line households, 63.73% respondents in Aligarh and 57.86% respondents in Karnal reported their attitude was not helpful (Table 8.2). Making a villager go round a number of offices, deliberately delaying the decisions and so on, are symptomatic of depersonalisation of rural bureaucracy. In Aligarh, 58.4% of BPL households visited Govt. offices 349 times while 41.6% of BPL households in Karnal villages visited such offices 249 times to take benefit of development schemes for poverty-alleviation. (Table 8.3).

It is observed that the gap between people and the developmental machinery in the rural areas gave rise to middle-men in a number of villages. This institution is a result of bureaucratic procedural rigmarole. The middleman pursues the cases, chases the files, goes round the offices in pursuit of the schemes promised to the target groups.

In Aligarh villages the highest percentage of households took the help of Panchayat members as middleman whereas in Karnal villages the highest percentage of such households (40.48%) utilised the services of VDW as middleman (Table 8.4).

While the middleman filled the gap caused by the absence of intermediate institutions – political and administrative – their role created confusion about the schemes, largely defeated the purpose of subsidy and introduced distortions in the schemes.
There is more emphasis on target achievement than on identifying the real poor and helping them. The target achievements, however, are considered in terms of overall targets. That is, there are no fixed targets for different areas or for different schemes which must be met. Consequently, there is a tendency to achieve the targets by implementing 'easy' in schemes in 'progressive' areas.

It is sometimes felt that backward blocks are considered 'difficult' blocks for the special programmes.

There is no villagewise target fixation either in Aligarh or in Karnal. On an average a VIW covered 9 to 10 villages in Aligarh and 10 to 15 villages in Karnal mainly on the basis of (1) the capacity of the area, and (2) the capacity of the VIW.

The first type of administrators blame the poor, the second type blame the banks, and the third type blame the system in which they are functioning but all admit that all the poor cannot be helped. All of them feel that the special programmes cannot reach all the poor.

The VIWs implement the schemes at the village level. The VIW is given the total targets to be fulfilled, and 'general balance' should be maintained. When he has to select the villages to implement schemes, he selects the villages on the basis of their accessibility, availability of other infrastructural facilities like bank, cooperative milk society, etc. and progressiveness of the village population. In
other words, there is no study of the overall situation of the villages or no systematic approach on the part of the VLW to reach all the poor while selecting the villages. When applications have already come through banks or the BDO office, the VLW contacts the applicants and screens various documents. Then he enquires from the sarpanch or the chairman/secretary of the milk society etc. whether the applicants are honest and can repay no applications, the VLW tried to get them by visiting the villages. His usual method is to visit the office of the milk cooperative society, the panchayat office and the house of sarpanch and other leaders to get new names for the schemes. It is interesting to note that no VLW visits the houses of the poor. The next stage is to select the beneficiaries from the list that is prepared. This is done on the basis of these conditions. (1) The applicant should provide the land certificate from the Patwari and the Sarpanch, if he is a marginal/small farmer. If he is an agricultural labour, he has to submit the income certificate signed by the Patwari and the Sarpanch (2) If he wants a milch animal, he has to produce a certificate signed by the chairman of the milk cooperative society that he is a member of the society etc. (3) The applicant has to show that he will get two reliable persons as guarantors when he applies for the bank loan. He relies on the Sarpanch or on the chairman of the milk cooperative society or on other village leaders for verification. That is, these leaders recommend or reject the cases for benefits of the schemes to the VLW.
The four VLWs in the study villages roughly divided the poor into two categories, namely the 'rich poor' and the poor, while implementing the schemes. The 'rich poor' are small farmers with irrigation facilities or with big family holdings. These farmers, many times, belong to big families but are small only on paper. These farmers take up schemes like irrigation electric pumps, oil engine, pump room etc. schemes.

The third major agent of implementation of the special programmes is the credit institutions that provide credit to purchase assets.

Lending to the poor is not an easy job in the sense that it can create a number of problems. The poor, who have a high propensity to consume may be tempted to consume the income generated by the asset purchased with a bank loan, which may create recovery problems. They may not have skill or the culture to run the schemes efficiently. Though the development administration plays an active role in preparing cases for bank loans they do not take any responsibility for recovery.

The lending policy which is agreed upon (as guidelines) at higher levels is distorted to a great extent while being implemented at the micro level. The terms and conditions laid down on paper for lending to the poor are not followed in implementation.

This cautious approach also resulted in the development of a tendency, on the part of bankers, to ask for recommendations or for confirmation from village leaders regarding the honesty and repayment capacity of the borrowers before sanctioning.
loans to them. That is, recommendations as well as rejections of the village leaders are important factors in influencing the flow of bank credit to the weaker sections. One important factor which influenced the list of the borrowers significantly was 'political pressure'. Also these political persons encouraged the poor of default and thereby created unfavourable atmosphere for repayments. This effected their recovery adversely.

At the village level, the panchayat is associated with these programmes in a number of ways. Firstly, the Sarpanch's signature is necessary for identification of small and marginal farmers as well as agricultural labourers. That is, no body can get identified as a poor person for the benefits of IRD programme without the signature of the Sarpanch. Apart from this, the Sarpanch and village leaders influence the selection of beneficiaries in a number of other ways. First of all, they recommend (or reject) the cases of applicants to the VLW who finalises the list of potential beneficiaries for applying to the bank. Secondly they also recommend (or reject) applications to the bank agent who consults them before finalising the sanction. Thirdly, they can always provide a guarantee for a bank loan to help a poor person to get a bank loan or refuse to give a guarantee to these whom they consider non-deserving cases. In short, the sarpanch and village leaders have a considerable influence in selecting the schemes as well as the beneficiaries for the schemes. As the dependence of the poor on the non-poor is the source of power of the latter, the latter is not likely to do much
to help the needy poor. Usually, the Sarpanch, and other leaders are not likely to use their influence in favour of the weaker sections.

The mode of implementation of the IRD programmes does not seem to be capable of reaching the lowest strata of the rural society. In fact, it tends to support leakages and favours those poor who are favoured by the existing system. The three main agents of implementation, namely, the development administration, the bank and the Panchayat have different objectives in implementing the special programmes. The administration of interested in reaching the targets, the banks are interested in the business and the Panchayat members etc. are interested in maintaining their special position. In the process no special attention is paid to reaching the real poor. The likely result is then the selective impact of the special programmes.

By participation we mean taking up of different schemes for the poor by different households. Our main emphasis is on examining the participation pattern of households. However, we will begin with a brief study of scheme-wise and areawise participation in order to emphasize the selective nature of the impact of the special programme for poverty alleviation.

Consequently, the schemes relating to irrigation, introduction of the new technology in agriculture, (new inputs, crop protection tools, improved tools etc.) and relating to information dissemination to the poor farmers (farmer's training, demonstration farms, management help etc.) have done poorly
in both the Districts. Even though the villages have the infrastructural facilities and the institutional support required for the implementation the number of schemes introduced has remained extremely low and superficial. There is a possibility of leakages of these programmes to the non-poor.

Basically, the leakages of the programmes to the non-poor can occur in two ways: (a) the non-poor manage to identify themselves as poor households (due to the looseness of the definition of the poor), or (b) they get the scheme for themselves under the name of some poor households. A non-poor can divide the land, on paper, among its different members and call all the members small or marginal farmers. The land of the household can also be put under the ownership of one person and others can call themselves agricultural labourers. A non-poor household can also call itself poor by not reporting its non-agricultural income earned by some members in service or business. The second way by which leakages occur is that when a non-poor uses a poor person, a servant, a dependent or a poor distant relative to take up a scheme. In such a case, the benefits of the scheme to go to the non-poor household while the person under whose name the scheme is taken either gets some reward or does not get anything at all. If was found that some times indebted poor did this for their employers who had lent them money.
It was observed that the Patwaris or the VLWs (special programmes) were not unaware of these leakages. A striking feature of the Table 8.7 there is a high level of the leakages ( % of the non-poor taking up the programmes in all the villages). The percentages being 23.75% in Imlani (A), 28.45 in Adaun (A), 29.70% in Berthal (K) and 22.14% in Sikri (K). Among the non-poor, big farmers take the maximum advantage of the schemes for the poor, followed by the families engaged in various services. Some trading families also take the advantage of the looseness of the definition and of their power over the Patwaris, the VLWs and the poor.

The percentage of leakage for the Thakurs is 55.55 in Adaun (A) for the Jats 83.33 in Berthal (K) and for the Muslims and the Jats 40.62 and 37.5 respectively Sikri (K) and in Imlani (A). The Muslims and the Jats constitute the dominant castes in Sikri (K). They have got nearabout equal share of the leakages. The Brahmins have got 12.75% and others 9.37% leakages (Table 8.9).

The percentages of the poor households to the total entitled households are 78.00 in Adaun (A), 78.8 in Berthal (K), 64.88 in Sikri (K) and 75.60 in Imlani (A). (TABLE 8.10). This indicates that the special programmes cover a large number of non-poor under their purview.

Consequently, the lion's share of the special programmes has gone to the non-poor (leakages also have contributed to this). The percentages of non-poor participants in Berthal (K) Sikri (K), Imlani (A) and Adaun (A) are 61.95, 47.91, 46.26
and 48.43 respectively. (Table P.10). The crux of the poor are naturally left our of the special programmes. The percentages of the real poor participating in the special programmes in Adaun (A), Berthal (K), Sikri (K) and Imlani (A) are 31.88, 16.27, 53.19 and 46.75 respectively (Table P.10).

The factors that are likely to influence the participation of a household in the IRD programmes are:

(a) the occupation of the household and the land held by it.

(b) the consumption level of the household.

(c) the caste of the household.

(d) the power status of the household.

Though all the infrastructural facilities are available in both group 'A' and 'B' villages and the institutional support is complete for participating in the programmes non-participation for the last 5 years or more, has been quite high. It is highest not in Group 'B' villages where the level of development is relatively low but in Group 'A' villages where commercialised agriculture has made the villages prosperous. About 70.52 of the poor, (i.e. those who are entitled to take part in the IRD programmes) in this group of villages are not participating in the programmes. This percentage is 53.11 in Sikri (K), 54.83 in Imlani (A) and 57% in Adaun (A) and 64 in Berthal (K). Some non-participants have no faith in the system. There is a deep frustration and also deep anger along with a
strong sense of helplessness. They find it better to remain as they are. This is what Galbraith calls "accommodation" of the poor. Again, the time horizon of the poor is short as the poor are more concerned about their problems of the present than the long run gains in incomes.

We measured the aspirations of the non-participants with the help of the ladder technique. The main results of the investigation are expressed in Table 8.12. It must be noted that the percentage of the families with positive aspirations are relatively low in Berthal (K) and Adaun (A). It must be noted that the poor had clear reasons to give for their negative aspirations. It was not a preference for leisure, but the constraints and the experiences of a series of frustrations that were behind their negative answers.

The extent of unilateral dependence of the poor on the non-poor is clearly expressed in Table 8.13. It shows that majority of the non-participants, would borrow from their employers, shopkeepers, big farmers, or relatives to meet an emergency. If the repayments are not made in time. The lenders either charge compound rate of interest of forced wage labour from the members of the borrower's family (Table 8.13).

The reason of the non-participation seems to be the negative attitude of the rural rich. The poor of the study villages were highly critical of the attitude of the rural elite. In Aligarh villages of Imlani (A) and Adaun (A), 53.37% of the respondents reported that the rural elite were not helpful
and 7.16% reported that they knew nothing about it as they had no personal experience in this regard. In Karnal district villages, 52.34% of the respondents reported that the attitude of the rural elite was not only helpful but hostile. (Table 8.14) and similar was the attitude of the public representatives like the Sarpanch, the Samiti President, M.L.A. and M.P. etc. who held the rural power structure (Table 8.15) The positive discouragement given by these rural elite seems to be resulting in the non-participation of about 10 to 26% of the non-participants.

The ways in which the employers (big farmers or influential persons) discourage the poor are many. First of all, they tell the poor that the schemes are not good for them as they are not capable of running them profitably; they also threaten that if the poor get into any mess (debts, for example), they will not be helped by the rich. This discourages the poor. Secondly, the rich put a number of obstacles in the way of the poor by not giving guarantee, by not recommending the name to the VLW or by asking the banks not to lend the loans. Thirdly, the rural elite ask the Patwari or the VLW not to process too many applications of the poor for participation in the programmes. The rich help them in meeting the targets by allowing leakages.

The power and the position of the rural rich on the one hand, and the helplessness of poor on the other hand will not allow the benefit to percolate to the poorest to any significant extent. Consequently, there will always be a sizeable non-
participation even in developed and so-called progressive areas. The village-wise picture shows that the highest degree of non-participation and also frustration of the poor is found not in moderately developed Imani (A) and Sikri (K) but in the highly developed villages of Berthal (K) and Adaun (A). This seems to be due to two reasons: Irrigation has raised the assets and the incomes of a number of farmers, however, the very small farmers and landless labourers have not gained much from this. They therefore feel frustrated again each of the group 'A' villages has only one dominant caste, the Jats in Berthal (K) and the Thakurs in Adaun (A). Therefore they are in a stronger position to prevent the benefits of growth from going to the lowest strata in their villages. This perhaps implies that the hold of the rich on the poor increases with economic growth and that the special programmes which are expected to improve the condition of the poor are perhaps increasing their frustration.

In short, the mode of implementation of the special programmes for the poor has not changed this basic pattern of percolation of benefits. In fact the three agents of the implementation, namely, the development administration, the banks and the panchayat structure, function in such a way that they tend to strengthen the existing power structure and the selective nature of participation in the special programmes. It implies that there is a good amount of leakage of the programmes to the non-poor.
Having known the fact of empirical relationship between stratification and inequalities in the development gains, the question emerges: what is there about stratification that might lead to such a consequence of the development programmes? It will be quite interesting to speculate as to how the existing system of stratification gives rise to the problem of differential gains. As we know, stratification generally addresses itself to the placement of people within a given hierarchy. The people who enjoy higher position tend to achieve success more often than those of lower position. After reviewing a large number of studies, Nelson has shown that stratification affects nearly every element of the social system and that "any status variable is the sine qua non of proper understanding and production of community behaviour". As such, securing development benefits is not an exceptional variable that can be dealt with apart from the general description of attainment process relative to ones location in the system of stratification.

When the distribution of bases or resources determining one's ability to achieve goals does not show any marked change over time, the inequalities among people in the given respect become gradually rigid and unyielding. Consequently, the same group of persons will continue to achieve success and secure benefits consistently from every opportunity that may arise. The economic inequalities thus, continue to increase especially when people are allowed to compete for exploiting the opportunities. At times, inequality comes about through
appropriation of benefits which are originally offered to make vast majority of the rural population more productive and self-reliant. The differential distribution of some basic resources also leads to much greater inequality. In a rural community the most important resource is land which serves as a basis of inequalities not only in the farm output and income but also in absorption of major development gains in an agrarian economy. The usurpation of power and authority of the development institutions is another factor leading to the inequalities in development benefits.

When economic inequalities among the people are widespread, patronage is an important commonly known mechanism which appears to perform discriminatory function in the distribution of the development gains. Galjart defines patronage as "a dyadic relation between unequals, in which the person of superior status provides economic benefits and protection to the person of inferior status, who reciprocates with loyalty, prestige, or personal services. For the dependant person, patronage yields material advantages which, however, slight they may be, would not have been received otherwise". The kind of relationship that tends to develop between the patron and the client is instrumental and is geared to mutual benefit. The patron, who favours a client, expects a return of the favour. Each of such a relationship endures to the extent such obligations are returned.
'In the kind of development framework, as the one we have, it is generally the official change agents on the one hand and the political parties on the other who are in a position to extend patronage to the villagers. Those who often receive such patronage are the people of privileged sections.

The extension agents who provide services in the field of agriculture, health, credit etc. tend to set themselves up as specific patrons and are often approached as such by the villagers. The logic of the situation demands that the extension agents should work preferably with the privileged section. The pressure from his superiors to show quick results leaves no option other than to approach the influential landowning section. This section proves helpful to the extension agents in three ways: (i) it generally takes up new programmes without much hesitation owing to its better financial capacity and progressive outlook; (ii) it is in a position to provide necessary facilities to the extension agents for stay; and (iii) it helps the extension agents in meeting their targets without investing much time and effort. In return, it is this section which usually figures in the list of beneficiaries.

Political parties also depend on such people who have considerable influence and economic power in the village for two main reasons. Firstly, political parties generally reach masses only through local influentials. Secondly, the members of the rich influential section are political brokers.
who command votes of the poor and the unorganised masses. For its survival, a political party cannot dare to overlook this section. The dependence of political parties also provides this section a favourable condition to usurp the development benefits. Using their links with the government, political parties find themselves in a position to help their influential clients in the village in several ways. Hunter writes: "Because one controls votes, influential politicians will woo him, because he controls public funds, contractors and others will woo him; and since he can pass down these favours which he receives from above, he will be able to continue to control votes".7

POLICY CONSTRAINTS

It is true that structural variables are important in determining the differential consequences of the development programmes. We however, believe that structural variables would not have exercised so much influence had development policy been sound enough to check such a trend and to direct large portion of assistance towards the poorer and the weaker side of the structure. It will, therefore, be relevant to examine those constraints of the development policy which gave way to the structural variables to influence the outcome of economic development.

Since very beginning, our development policy has been guided by two main assumption: (i) there exists a legacy of community feeling among the villagers; people know each
other intimately and have identity of interests which will promote cooperation among them: and (ii) special attention towards the underprivileged sections may enable them to participate in the development and share its benefits.

It will be in order to examine the above assumptions one by one. The first assumption is probably expressed in the policy goal to reach all families in the community particularly those of the weaker sections and to foster cooperation and cohesiveness among the rural people. The establishment of self-governing units like panchayats and cooperatives with democratic constitutions was considered to be a step in the same direction.

A question may, however, be raised whether such an assumption has any empirical validity.

VILLAGE SOCIAL STRUCTURE

The village society is extremely complex in its structure and is essentially a "faction society". This partly explains the failure of the community approach in enlisting the cooperation and enthusiasm of the village people in development programmes. Land has a prestige value. A villager without land is like a person without caste and the landless are the declassed of rural society.

Progress, growth and development are foreign to a faction-ridden society. To make room for them, its entire
character has to be changed. It can not be done without cutting it at its roots that lie deep in the private ownership of land and in the present unequal distribution of holdings. All important factions that count in the affairs of a village as a whole are those of the landed households. They have fallen against each other, against their own kith and kin and against their own castemen, on division of a holding, transfer of land mutation, field boundary, entry of landrights in village records, subletting and share cropping, ejectment and surrender of holding, exchange of plots, possession and dispossession of land shares etc.. This sociological reality is often missed in most of our deliberations on land reform and planning of the country side. Around the land problem lie the discord and extreme disorganisation of the village people in the countryside. The fact, that Indian village society is stratified and torn by conflicts, was brought to our notice by several studies. It does not mean that our development policy has not taken note of such a situation. In fact, our Government is quite conscious of the stratified character of the rural society and its possible consequences. Accordingly, certain groups
were identified in the caste and class hierarchy which need to be given special attention in the process of development. Prominent among such groups are scheduled castes, scheduled tribes, small farmers, marginal farmers and agricultural labourers. Attempts were also made to separate the poor from the relatively rich.

The problem arises when one finds that the demands of the development programmes are basically in conflict with the traditional pattern of social relations. The development programmes induce people to be rational and to seek change, whereas traditional self-government and cooperation were concerned with preserving established relations. The democratic framework of panchayat and cooperatives envisaged under the development programmes demands that people interact as equals and that community's interests are given uppermost consideration, while the self-government and cooperation in the traditional social structure were based upon the interaction of hierarchically arranged unequal groups.9

Under these circumstances, the establishment of democratic and self-governing institutions to implement development programmes has simply tended to reinforce the pattern of rural privileged and intensify the conflict of interests. It so happened that the power to run those institutions rests with the same privilege section that has been owning most of the village lands and doing traditional moneylending and trading. The people of this section see to it that policies and programmes averse to their interests are not put into effect or are turned to their own benefit. The consequences of the development programmes in such a situation cannot be different from what we have noted. Myrdal has rightly observed "Efforts to create machinery for self-government and cooperation and popular participation without changing the basic social and economic structure and essentially attempts to bypass the equality issue."10
Unlike Galbraith's explanation of poverty, which is based on social psychology of the poor, our explanation holds the agrarian structure, the institutional framework, or the imperfect factor markets responsible for the mass poverty. Some of recent time economists who explained poverty in this way are G. Myrdal, M. L. Dantwala, C. T. Kurien, Dandekar-Rath and others.

Let us formulate a micro level model to explain these processes.

Our concept of rural poverty is as follows:
(1) Rural poverty is the poverty of the masses who live below the minimum level of living (absolute poverty).
(2) It is essentially the deprivation of the poor. That is, the poor are deprived of their due share in the total economic gains (relative poverty).
(3) Rural poverty is a process in the sense that it is a consequence of the functioning of the rural economy.
(4) Rural poverty is essentially the isolation of the poor from the main stream of the economy. That is, it is a result of their low level of participation in economic activities.

When rural poverty is understood as above, it can be explained by a model that analyses the process of percolation of economic gains and of participation by the poor. Such a model can also be useful for formulating policies for eradication of poverty.

Percolation of gains and participation by the poor are the two sides of the same process, namely, the deprivation of the poor. The former refers to the availability of benefits to the poor, while the latter refers to their accessibility.
Any progress in eradication of the mass rural poverty, therefore, is possible only by making benefits available to the poor on the hand and by assuring their participation in such activities on the other hand.

If a society is a homogenous society in the sense that all the households enjoy the same socio-economic status and have the influence on the decision making process, the accessibility of each household to the benefits of growth will be the same.

Homogeneous society of the above type does not exist in reality as in real life there are always some differences in the socio-economic status of different households. In our rural society, however, the differences are so distinct that they have acquired the status of strata of different types. The process of percolation in such a stratified society is likely to acquire a distinct nature.

There are two important characteristics of social stratifications. Firstly, these stratifications are hierarchial in nature. Secondly the stratifications are overlapping in the sense that a large number of households enjoying a high economic status also enjoy a high social status.
The Process of Percolation and the Intervention of the \textit{Integrated Rural Development Programme}

The programmes for the poor under the IRDP strategy are implemented by the government administration, the panchayat and banks (or credit institutions). That is, they enter the village through the sarpanch or other panchayat members, the V.L.W., the Patwari or the staff of banks. Now, as the V.L.W., the Patwari and bank staff take the help of the sarpanch and other leaders in implementing the programmes, and as the sarpanch etc. have a considerable influence on the working of these staff, the programmes enter either through the sarpanch and other leaders or after their consultation and approval. Even if some poor are in the direct touch with the V.L.W., or the patwari or some bank staff, they cannot take the benefits directly, as they have to go to the sarpanch for identification.

Thus the entry of the programmes will be through the rural elite. Now the rural elite will be interested in spreading the programmes on the basis of class interest, caste solidarity and power politics. However, as the programmes are meant for the households belonging to low castes/classes, the rural elite will try to adopt ways and means to keep the poor away from the programmes to protect their class interests. The first way will be to define themselves or other non-poor as poor. As the definitions are loose and as the staff of the administration are favourable, this will not be a difficult task. The non-poor or those who are supported by the rural
rich will thus be able to take advantage of the programmes. The second way will be to use the poor themselves to take the advantages of the programmes. The rural rich can use their employees or dependent poor for this purpose. They will ask and help the dependents to get the programmes, but will take away the subsidised assets. The poor will get some nominal reward for this and the rich will get the asset. The third way of keeping the poor away will be of either not helping them in taking up the programmes or of creating positive obstacles in their way so that the poor cannot take up the programmes. The fourth way will be to ask the VLW, patwari etc. not to give benefits of the programmes to a large number of the poor. As the VLW can meet the targets by leaking out the programmes to the non-poor, he does not mind obliging the rich. In fact, he often feels scared of the rich as he is many times threatened by them.

The net result is that the poor are hardly able to take advantage of the programmes. The process of percolation is not likely to change enough by the special programmes strategy to cover the poor in the purview of the special programmes. These programmes will benefit either the non-poor who can cover themselves under the definition of the poor or the 'poor' (according to the government definition) who are potentially successful cases and who have accessibility to credit institutions and the support (or at least not opposition) of the rural rich.
Participation or lack of it is the other side of the deprivation of the poor.

It is accepted that a major cause of mass rural poverty is the non-participation by the poor, i.e. isolation of the poor from the mainstream of the economy. Participation by the poor is therefore a precondition for development and for eradication of mass poverty. It assures the poor their share in the total gains and gives them the strength to exist as a healthy section of the population. Let us first be clear as to what we mean by participation and what type of participation is needed for eradication of poverty.

WHAT IS PARTICIPATION?

Participation essentially means to get involved or to share. However, this involvement or sharing can be of different types and at different levels. Participation could be individual or collective, it could be continuous or sporadic, or it could be at different levels. It could be at the beneficiary level or it could be representative, it could be at the level of policy making or at the highest level of controlling the highest policy making body. Obviously, there is a wide gap between this ideal and the reality of the developing economies where there is a mass non-participation even at the beneficiary level. The question that arises is what are the factors responsible for this non-participation and how can one reach the desired pattern of participation from this level of non-participation.
as well as a high power status. The two characteristics of the stratifications have two important results. On the one hand, they have created an elite group that holds high economic, political and social status, while on the other hand, a large number of households are deprived of all the three types of status.

The elite group or the rural rich are in a position to use their status in strengthening their own position further. The rural rich are also likely to have a considerable influence on the staff of the government development administration and on the credit institutions including the banks and various types of other bodies. This is because of a number of reasons. The rural rich help them in their functioning in many ways. Secondly, the support of the rich is beneficial to them also. And thirdly, neither the staff of the development administration nor the credit institutions can afford to go against the interests of the rural rich as the consequences could be harmful.

As they own major production resources of the economy, they provide employment (for wages) to the masses and also provide loans for seeds, for consumption, for social functions, etc. etc. This has resulted in the helpless or unilateral economic dependence of the masses on the rural rich viz. the traders, the big farmers and on the money lenders (Refer to figure 9.1).
The roots of the non-participation are in the stratification of our rural society and in the inability of our planners to perceive the problem of rural poverty correctly. The three types of stratifications of our rural society have created, on the one hand, a group of rural rich who hold considerable socio-economic and political power in their hands, and on the other hand, it has left the masses without this power. This has resulted in a helpless dependence of the masses on the rural rich not only for employment and wages, but also for information about new programmes/technology, for accessibility to the administration, for accessibility to the credit market, for water, seeds and implements, for credit for consumption, social functions and for other emergencies. Such a situation has enabled the elite to use their power to protect and strengthen their own favourable situation.

This has resulted in the non-participation of the poor masses. (a) The poor are either not interested in participating out of frustration or out of helplessness or (b) have no confidence and courage to come forward to participate, (c) or are not in a position to participate as they have no proper knowledge about the procedures and no proper help to participate.
or (d) are prevented from participating by the rural rich. The first type of situation can be described as the "accommodation" by the poor, the second type of situation can be described as the sense of inadequacy felt by the poor (the status, systems, and cultural barriers), the third situation indicates the poor accessibility of the poor to information/facilities, and the fourth situation reflects the weak bargaining power of the poor. Thus all the situations of non-participation seem to be originating from the structural characteristics of the rural society.

...implies that any strategy that aims at large scale participation of the poor in developmental activities, should attack on this hopeless dependence of the poor as once it is removed or even reduced considerably, the poor will be in a position to participate. The needs of the poor therefore should be assessed from this point of view. However, the planners' assessment of the needs seem to be different. They have emphasized asset based income generating programmes for the poor without understanding the real constraints of the poor. As our empirical study has shown there is a considerable gap between the perceptions of the planners and of the poor regarding defining poverty. And this is also an important factor responsible for the non-participation by the poor.
The IRDP strategy aims at bringing the poor in the main stream of the economy by encouraging their participation. However, it does not remove the real constraints of the poor. That is, it does not attack the structural characteristics of the rural economy; it does not attempt to reduce the dependence of the poor on the rural rich. It tries to give asset-based income generating schemes to the poor which are not really likely to reach the real poor on one hand and the poor are not likely to be able to participate in them on the other. Consequently, not many poor are likely to take advantage of the schemes. And even those who take advantage may not observe the financial discipline needed and therefore may not get the expected benefits from the schemes. The net gains of such a strategy are likely to be very limited in terms of bringing the poor in the main stream of the economy.
THE PROCESS OF PERCOLATION

The various inputs needed for growth can be listed as information about new technology, supplies of new inputs, credit and infrastructural facilities; and other institutional help for getting supplies of implements etc. and marketing products. The organisations that provide these inputs and thereby bring new development programmes in a rural area are, the development administration (VIW, Patwari, extension officers etc.), the farmers service society (FSS), credit institution (i.e. cooperative credit societies, banks etc.), some times big farmers, shopkeepers or money lenders etc., who are in touch with the outside world may also bring the new programmes to the village.

As all these organizations are under the control of the rural rich, the entry of new programmes, in a rural area is always directly or indirectly, through this group. In fact, if a programme/technology etc. is not advantageous to them, they try to prevent it's entry into the village.

Thus the process of percolation of a new programme/technology etc. starts from this group. The factors that govern the direction of the process thereafter are, (a) class interest, (b) caste solidarity and (c) power politics.
The economic class that recovers the benefits first is the class of the rural rich who are interested in keeping the benefits to themselves as the strength of their position depends on their exclusive gains. Consequently, the class of the big land holders will be the first class to gain the benefits. The percolation to other classes will take place as long they have common class interests and have accessibility to the credit market. The upper classes, therefore, will be main beneficiaries of the benefits, the upper-most classes being maximum gainers. The percolation to the lower classes will be almost nil.

Caste solidarity is another factor that governs the process of percolation. The kinship relation and the pollution - purity rules are the major bases of caste solidarity. Caste-wise housing pattern in rural areas strengthens the caste solidarity. There is therefore a tendency on the part of the elite group to include their caste-fellows in sharing the benefits. The percolation process will direct the benefits to high caste-households. The accessibility of other castes to the gains will depend on the distance between their social status and the social status of the elite group. The lesser the distance, the greater will be their chance of gaining the benefits.

Power politics is essentially the game of those in power to remain in power. Consequently those who support the rural elite to remain in power will be the beneficiaries of new economic programmes. These beneficiaries will be the members of FSS, NCS, the village panchayat etc. etc.
In the same way as shown in figure 1, if the number of strata that enjoy high status in any pattern of stratification is one or very small, the extent of percolation of benefits will be less as there will be only a few strata to share the benefits. If, on the other hand, the number of strata is high, the process of percolation will cover a large number of households.

To sum up therefore, (1) The maximum benefits of new economic programmes/technology etc. will go to the rural elite, (2) the process of percolation will follow three horizontal directions based on class interest, caste, solidarity and power groups. The households to be benefitted by any new technology/programme will be those who belong to upper strata of three types of stratifications.

The rest of the population will remain almost outside the purview of percolation in a normal situation.

In the final analysis, the process of percolation will tend to strengthen the position of the strong and weaken the position of the weak.

The case of Berthal(K)village reveals this clearly. The village has only one dominant caste, namely, the Jats. As the Jats own over more than 85% of the land and are heading all the important village organisations, they have huge powers in their hands, the high % of non-participants (64%) and high levels of frustration of the poor are due to this one caste dominance.
The gains are not likely to be percolated to the masses who have no power as the masses are of no consequence in the power politics. On the contrary, the rural elite will be in a stronger position if the masses do not gain anything.

The flow chart on the opposite page depicts the flow of benefits to different sections of rural population. It shows that the percolation of gains is limited only to those
(a) who have some minimum level of assets,
(b) who belong to high castes or dominant castes and
(c) who have direct or indirect influence on decision making.

It seems that the households which belong to lower castes and lower classes and who hold no power on any decision making organization are likely to be left out of the process of percolation. In other words, large masses of the lower strata of the rural society are not likely to be benefited by various economic programmes that enter the rural economy.

The extent of percolation of benefits in a village will largely depend on the nature of the stratifications. One can formulate two rules in this respect. (a) The higher is the extent of overlapping of the higher strata of different types, the lower will be the extent of percolation and vice versa, and (b) the greater is the number of strata at the higher level, the greater will be the percolation. Figures 2 and 3 explain the rules clearly. As shown in figure 2, if the highest economic classes and highest castes coincide to a great extent, the process of percolation from both the directions—class interest and caste solidarity—will cover the same households to a large extent. In other words, if the concentration of socio-economic-political power is more, the benefits of economic growth are likely to reach a limited number of households.
NOTE: ABCD = Total population

Horizontal divisions of the population indicate caste stratification.

Each caste group is divided into three classes

- High Class
- Low Class
- Lowest Class

Indicates the households who hold power i.e., who influence the decision making organizations.
A indicates overlapping of the highest strata vis. class, caste and power groups. The benefits therefore are likely to reach mainly the households belonging to the highest strata.

B indicates lesser degree of overlapping of the highest strata of different types of stratifications. The benefits therefore are likely to reach a large number of households belonging to high castes, classes and power groups.
The number of High Castes that enjoy highest economic status and belong to the power group is only two. Consequently, the number of households to be benefitted by new economic programmes is relatively small.

The number of high castes that enjoy highest economic status and belong to the power groups is four. The number of households that will be concerned by the process of percolation is therefore high.
BROAD CONCLUSIONS

1. The rural society is stratified on the basis of Caste, Class and Power.

2. The intensity of poverty and inequality is more in villages where economic power is concentrated in the hands of a small group.

3. There is convergence of Class, Caste and Power groups.

4. Class has the most significant influence on the percolation of development benefits.

5. Organisational-institutional structural factors go against the interests of target groups and impede the percolation of benefits to them.

6. Economic policy under IRDP has failed to raise the target groups above the poverty line.
IMPLICATIONS FOR AGRARIAN ECONOMIC POLICY

The following should be the objectives of an equity-oriented structural policy for poverty alleviation in rural India.

(a) Maximum production of wealth or eradication of poverty.

With that end in view (along with a transformation in our social and economic attitudes), India requires a system of agriculture which will produce or help produce more and more food and raw materials as time passes.

(b) Provision of full employment. Although the ultimate aim is to have fewer and still fewer men working on the soil so that more and more workers are released from agriculture for absorption in production of industrial goods and services that a civilized society needs, as long as there are millions upon millions of unemployed and underemployed persons in the country waiting for employment or full employment, we need to have an agrarian system which, compared to all others, provides the largest employment possible per acre.

(c) Equitable distribution of wealth or avoidance of under disparities in income. With that end in view, ceilings will have to be imposed on present possessions and future acquisitions of land—if possible a floor will also have to be laid down.

It is contended that a system of independent peasantry owning the small patches of land it holds, linked together by service cooperatives, will fulfil the above three objectives.
This will require that every cultivator is given a stake in the land he holds which means that he will be made its proprietor and no threat of ejectment will keep hanging over his head any longer.

"Unless those who work own the land, or are at least secure on the land as tenants," says W.A. Ladejinsky, "all the rest is likely to be writ in water. And this is the most difficult step to achieve. It is relatively easy to use science to increase production, but only if the cultivator's relationship to the land and the state's treatment of him and of agriculture create incentives to invest, to improve the land and to raise productivity."

Farm tenancy, therefore, needs to be replaced by peasant proprietorship which means that landlordism has to be abolished lock, stock and barrel. Every cultivator of the soil, irrespective of his status under the existing law, has to be given permanent rights and brought into direct relationship with the state. No intermediary of landlord shall be permitted to resume land from tenants for self-cultivation, and no farmer to lease out his land.

Our agrarian organization has, therefore, to be such as would lend itself to the maximum exploitation of land, that is, as will give us maximum yield per acre even though it may not be consistent with the maximum exploitation of labour and capital. In other words, that economy alone will suit us where we have to apply to land more, or increasing number of
units of labour or capital, or of both in order that the fullest use may be made of the former, bigger yields realized per acre.

Our aim must be obviously not the highest possible production per man or agricultural worker, but the highest possible production per acre. That is what will give us the largest total for India as a whole and thus eradicate poverty or want of wealth in the absolute.

On the other hand, in countries like the USA, Canada, Australia or New Zealand where land is not a limiting factor and labour is relatively scarce, it may be in the national interest to obtain the maximum output per worker rather than maximum yield per acre.

Farm Management Studies prove that yields per acre accruing to a farmer decline as the size of his farm increases. The reason lies in the fact that agricultural production is a life process and, like living beings, is greatly affected by the care and devotion it receives, and that application of human labour and supervision per acre decreases as the area of the farm increases.

Output per acre is higher on small farms than on large farms. Thus, if a crowded country like India has a choice between a single 100-acre farm and 40 2.5 acre farms, the capital cost to the national economy will be less if the country chooses the 40 small farms. There is a second reason also in favour of the small farm. India is faced with the problem of unemployment. National interest, therefore, demands an agrarian economy which, while serving to extract
the maximum out of the land that constitutes the limiting factor in our circumstances, will provide the optimum of employment for the rural folk.

Largely because of diseconomies of management and difficulty in supervision of a large number of hired workers, large holdings attract the use of large machines, thus employing more human labour. The number of workers employed per 100 acres in regions or countries where small holdings predominate is greater than that employed in countries where large holdings form a large percentage. For example, Japan, Taiwan, and South Korea, with an average holding of 2.92, 3.14 and 5.12 acres, carry a population per 100 acres (of arable land and land under permanent crops) of 87, 79, and 89 workers respectively. Whereas the corresponding figures for the USA, Mexico, and Brazil stand at 302.65, 305.93, and 178.95 acres and 1, 12, and 17 workers respectively.

Thirdly, in as much as a system of agriculture where the worker himself is the owner of the land under his plough, peasant proprietorship serves so faster an egalitarian society under which there can be no concentration of property and, therefore, disparities in wealth and incomes are not wide.

Lastly, in as much as a peasant's vocation, season in and season out, can be carried on with a pair of bullocks or a small machine in the solitude of nature without the necessity of having to give orders to, or take orders from anybody, the system creates a population of independent outlook and action in the social and political fields. Thus, peasant proprietorship emerges as the greatest bulwark of democracy.

So that to sum up; a system of peasant proprietorship not only produces more wealth, provides more employment, and removes glaring disparities from land but will also prove the most secure base of democracy.
## Comparative Levels of Agricultural Output and Productivity in 1965

<table>
<thead>
<tr>
<th>Country</th>
<th>Gross value added in agriculture</th>
<th>Gross value added per person engaged in agriculture</th>
<th>Gross value added per male person engaged in agriculture</th>
<th>Gross value added in per hectare of arable land</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>5,000</td>
<td>1,573</td>
<td>2,334</td>
<td>154</td>
</tr>
<tr>
<td>Germany (FR)</td>
<td>2,482</td>
<td>837</td>
<td>1,321</td>
<td>160</td>
</tr>
<tr>
<td>Italy</td>
<td>4,297</td>
<td>867</td>
<td>1,268</td>
<td>203</td>
</tr>
<tr>
<td>Japan</td>
<td>5,468</td>
<td>451</td>
<td>948</td>
<td>523</td>
</tr>
<tr>
<td>UK</td>
<td>2,849</td>
<td>3,223</td>
<td>3,686</td>
<td>132</td>
</tr>
<tr>
<td>USA</td>
<td>23,587</td>
<td>5,429</td>
<td>6,678</td>
<td>50</td>
</tr>
</tbody>
</table>

**Source:** Angus Maddison, Economic Progress in Japan and USSR, George Allen and Unwin Ltd., London, 1969, p. 65
Had large machinery by itself contributed to agricultural production, the yield per unit of land in the USA and the USSR, where the chief means employed in working a farm is the use of large machinery, would have been greater than in Western Europe and Japan where much less machinery is used. But we find that the reverse is the case. Although an average landholding per cultivating family in Japan is the smallest of these countries, viz, three acres or so; it will be seen that its output per unit of land is four times higher than in the UK, ten times higher than in the USA, and 16 times higher than in the USSR. That the production per unit of labour in France, the UK, the United States is several times higher than in Japan is irrelevant. Mechanisation of farming operations does improve considerably the yield per unit of labour, but it does not increase the yield per unit of land, and it is this that matters in India more than anything else.

Agricultural production being a biological process, there are no economies of time and scale in agriculture farm. Modern farm technology is scale-neutral. Enlargement of the size of an undertaking, therefore, does not lead to increased production in agriculture.

**Ideal Size of a Farm:**

The upper limit of the farm shall be governed by the working capacity of one worker or one unit of manpower and the lower limit, by the productive capacity of one unit of land,
In our country, therefore, (a) where it is land that is the limiting factor, not labour; (b) where the area of land a cultivating family (usually consisting of two workers) holds on average today amounts to a bare 6.25 acres or so; (c) where the rate of population growth is very high, viz., nearly 2.5 per cent per annum, and (d) where industrialization or development of non-agriculture is proceeding at such a slow pace that the land-man ratio of the farming population is going down instead of going up, it is in the interest of the people that:

(a) a ceiling on present possessions of land is imposed at a level not more than 27.5 acres per adult worker (including, of course, his wife and minor children, if any) and the area that thus becomes available is distributed to those who possess no land at all or possess less than 2.5 acres each;

(b) a floor is laid at 2.5 acres, that is, the law relating to transfer and partition of land in reduced below 2.5 acres; and

(c) future acquisitions of land are so regulated that, along with what he may be already possessing, the total area a man comes to hold does not exceed a particular limit which may be fixed somewhere between the ceiling and the floor.

Both the actual ceiling and the floor may differ with the circumstances of a region concerned, such as the land-man ratio of its farming population and quality or productivity of the soil. For example, in sandy areas the two figures may stand at 25 and 5 acres respectively whereas in irrigated areas, having good soil, these may be brought down to 12.5 and 2.5 acres.
LAND REDISTRIBUTION:

Inexhaustibility of land gives those directly engaged in working it a feeling of security, which no other means of occupation can offer. Land never disillusions a man completely the hope of plenty in the future always remains, and is not infrequently realized. Understandably enough, therefore, there has been much clamour, rather scramble for ownership of land in the county.

Of the 67.4 per cent male workers engaged in directly working the land, only 46.35 per cent are cultivators, that is, enjoy rights of ownership or possession over the land; the rest, 21.05 per cent, are agricultural labourers with no rights in land, proprietary or possessory. As regards disparities in the area of land held by the cultivators inter se, we will refer the reader to the Report on Agricultural Census (Government of India, 1970-71). He will find that while as many as 50.6 per cent of the cultivators together held only 3.9 per cent of the cultivators held as much as 30.9 per cent.

Emphasising two of the arguments in favour of the small size of the farm, P.S. Appu, Joint Secretary, Agriculture and Land Reforms Commissioner, in his report of Ceiling on Large Holdings, submitted to the Government of India in April 1971, said:

There is a point of view that the fixing of a ceiling on agricultural holdings at low levels and the redistribution of surplus land in countries of heavy population pressure and inadequate avenues of productive employment like India, is
likely to lead to an increase in overall agricultural production and fuller utilization of the available man-power. The explanation for both these results is that the owners of high holdings generally depend on wage labour and, therefore, they will employ labour only, up to the point where the increase in output resulting from the employment of the last unit of labour is at least slightly above the wage level. No such consideration exists in the case of smaller holdings which are generally operated by family labour. There being no alternative sources of employment, family labour will continue to be employed, far beyond the point when output per unit of labour is equal to the wage level. In fact, as long as there is any hope of increased production, additional holdings will be cultivated more intensively leading to enhanced overall production. Simultaneously there is also fuller utilization of the available man-power.

The assumption frequently made that there is a conflict between the two goals of economic growth and social justice or greater economic equality has no basis, at least, in the sphere of agricultural production; rather as we have already seen, they are in harmony. Greater equality in distribution of land would also lead to greater economic growth in the countryside.

Whatever utility or potentiality the land redistribution programme had was compounded first by the power structure of the ruling party and, second, by its inefficiency. Wolf Ladejinsky in a report to the Planning Commission says:
Not the least in the controversy about land ceilings, is the fact that the rich and well-to-do farm groups in India count very much in the inner counsels of the Congress Party both in the centre and the states, specially on election day....Though the number of those subject to the ceiling is small, their influence is widespread through the control of local seats of power and much else... The so-called "vote banks" are still controlled by them as illustrated by the fact that in the Punjab Assembly 45 out of 64 members are rated as big owners, in Haryana the respective numbers are 30 and 52, and in Madhya Pradesh 96 out of 220 Congress legislators are reported to have landholdings in excess of the declared limit. Many an other state would show roughly the same relationship.

A task force set up by the Planning Commission in 1972 under the chairmanship of the Land Reforms Commissioner, P.S. Appu, to make a critical assessment of the experience in land reform during the previous plan periods, arrived at the same conclusion when it warned the government that "there could be no progress in land reforms in the absence of the requisite political will"

(Report, March 1973)
UNIMODAL STRATEGY

The most fundamental issue of agricultural strategy faced by the late developing countries is to choose between a bimodal strategy whereby resources are concentrated within a subsector of large, capital-intensive units or a unimodal strategy which seeks to encourage a more progressive and wider diffusion of technical innovations adapted to the factor proportions of the sector as a whole. The essential distinction between the two approaches is that the unimodal strategy emphasizes sequences of innovations that are highly divisible and largely scale-neutral. Therefore, these innovations can be used efficiently by small-scale farmers and adopted progressively.

The historical experience of Japan and Taiwan demonstrates that a bimodal pattern is not an inevitable outcome. A unimodal strategy appears to have significant advantages with respect to "total efficiency" as well as in its effects on income distribution and equity.

Under a bimodal frontier firms with their high capital to labour ratio would account for the bulk of commercial production and would have the cash income required to make extensive use of purchased inputs. Inasmuch as the aggregate demand curve for agricultural products is inelastic and its rightward shift over time is essentially a function of the rate of structural transformation, to concentrate resources within a subsector of agriculture inevitably implies a reduction in the ability of farm households outside that subsector to adopt new purchased inputs and technologies.
Under the bimodal approach the divergence between the factor intensities and the technical efficiency of "best" and average firms is likely to become progressively greater as agricultural transformation takes place. Moreover, both the initial and subsequent divergence between the technologies used in the two sectors is likely to be accentuated because the factor prices, faced by the modern sector diverge from social opportunity cost.

Under the unimodal strategy with its emphasis on highly divisible and scale-neutral innovations, the best firms in the agrarian sector display essentially the same factor intensities as average firms. More firms within the agricultural sector are able to expand their use of fertilizer and the other divisible inputs. Thus, the diffusion of innovations and associated inputs will be more broadly based, and the divergence in factor intensities between frontier firms and average firms will be moderate.

It is apparent that the two strategies will have significantly different impacts on many dimensions of economic and social change. Most obvious are the differences in the nature of demand for farm inputs, but the structure of rural demand for consumer goods will also be very different under a unimodal as compared to a bimodal strategy.

A major difference in income distribution is to be expected because of the likelihood that under a bimodal
strategy the difficult problem of absorbing a rapidly growing labour force into productive employment would be exacerbated whereas under a unimodal strategy there is a good prospect that the rate of increase in demand for labour would be more rapid than the growth of the labour force. This would mean that under-employment and unemployment could be reduced as a result of wider participation of the rural population in improved income earning opportunities.

The unimodal strategy appears to offer greater promise for the development of local manufacturing which is less demanding in its technical requirements and which is characterized by lower capital/labour ratios and lower foreign exchange content. On the basis of experience in Japan and Taiwan, it seems clear that a unimodal strategy will have a much more favourable impact on the growth of output and especially on the growth of employment in local manufacturing and supporting service industries.

The thrust of a unimodal strategy is to encourage general diffusion of yield-increasing innovations and such mechanical innovations as are complementary with the new seed fertilizer technology. The bimodal strategy emphasizes simultaneous adoption of innovations that increase substantially the amount of land which individual cultivators can efficiently work in addition of the yield-increasing innovations emphasized in the unimodal approach.

Redistributive land-reform is a necessary condition for a unimodal strategy. It can be emphasized that an effectively implemented land reform programme that brings about a more equal distribution of landed wealth will not only contribute to the goal of equity but will also tend to facilitate low-cost expansion of farm output based primarily on yield-increasing innovations and erode the existing highly exploitative rural power structure.
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