PART I

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INTRODUCTION

1.1. The importance of sectoral analysis:

The rural economy in India has witnessed significant structural changes during the period of Five Year Plans. The changes that have taken place in villages are going to be of profound significance for many years to come. Both economic and social changes are influencing each other and are further influenced by their mutual interaction. However, the benefit of the changes going to the economy is unevenly appropriated by different social and economic sectors. Bertrand Russel has aptly put that the technological improvement may bring benefit to men, but which particular man it benefits depends on the social system. Economic development may lead to social change and the quickness with which it will happen depends upon the structure of the society.¹

Since the Independence, the Government of India and the various state governments have been

taking so many steps, adopting various strategies and implementing different programmes with a view to bringing about rapid rural development. However, it has been observed that due to the unchanging institutional structure of the villages the intended gain of the several planned efforts has not been accessible to the target section of the rural economy. This has led the Government to scan the village economy into different sections like big, medium, small and marginal farmers, agricultural labourers, artisans and weaker sections and to change the programmes with different criteria, objectives and coverages. This includes fixing minimum wage rates, granting loans, providing finances with differential interest rates, supplying the inputs, cattle and agricultural machineries. In fact these policy measures and consistent planned efforts have assisted the improvement in the level of production, but

surprisingly, leaving the alarming inequality of income and the resultant miserable poverty. If one goes through the problems of rural economy in particular, this is obvious that the causes for all the maladies are the improper allocation of means of production among the sections of the society. This can undoubtedly be examined and explained by tracing the flow of income among those sections.

The flow of income may take place between individuals, organisations, sections essentially under three stages (i) Production, (ii) Consumption and (iii) Capital accumulation. The flow of income in the stage of production determines the factor shares and that is determined by innumerable socio-economic factors at the present situation. The change in the size of factor share can explain the development of economy, the problems of unemployment, inequality of

income distribution, poverty and so on. The factor share is the determining factor of consumption and capital accumulation as well. Therefore, it becomes essential to understand the flow of income among the various sections of the society which are agents of production.

1.2. Historical Perspectives of the Income Flow Analysis

The dimensions of the flow of resources and the discussions of the flow of resources in economic theories had the parallel occurrence in the economic history of development. In the primitive times, when the specialisation in production activity was not developed, the flow of resources was very simple and less important. As there was development in the division of labour and specialisation of works, the magnitude of the flow of funds for the purchase of resources for different types of production also expanded simultaneously.

4. This section mainly depends on G Kozlov, Political Economy: Capitalism, Progress Publishers, Moscow, 1977, p.35.
After the hunting period was over, the communal ownership of the means of production was the basis for the production relations. Therefore, there was communal interdependence for the resources and services. There were only very limited flows of resources, when the man was not able to create much surplus over and above his bare necessities. The specialisation and division of work, actually, raised the productivity of labour and production resulting in surplus produces. These conditions ultimately led to the stock raising and exchanges of resources.

Then together with the agriculture and cattle raising, handicraft production began to develop and more and more specialised production activity took place based on the comparative advantages. With these developments, the control over the resources also emerged. This led to the organisations of the harmonious groups, and competition among the various groups. Then, the bargaining
power was the determinant of the exchange of resources. Further, advancement occurred in the technique of production resulting in varying quantity and quality of the produce. Under this system the efficacious groups started owning more and more resources and to enjoy the surplus. As a result, the less-resource-owning group had to continuously depend on the more-resource-owning-group for survival. In the field of agriculture, the efficacy was considered by the size of land owned. It caused the landless to depend on the landlords and to pay the surplus labour power as labour rent for land. In the similar way, production relations like the merchants and craftsmen in the town and feudal lords and peasants in the country area emerged. And there was interdependence between various occupational groups.
As the development of flows of resources expanded, the discussions of the same in economic theories also developed and expanded. The interdependence of economic groups is known from the physiocrats. They have identified interrelationships of economic activities and also the utilisation of surplus funds. These relationships were discussed with reference to that between labourer and lord; tenant and landlord. Similarly, theories of wages, rent, interest rate, and profit came up. In the due course, the theories of exchange (theories of funds or worth of goods and services) demonstrated how the exchanges are determined between two individuals. The theories concurring the marginal utility, indifference curves, marginal rate of substitution and marginal rate of technical substitution and so on are some of such instances. The flow of resources between two countries, defined as trade, has been talked in absolute and comparative advantage theories. By and large, as the income flow has become more
and more complex and widened, the discussions also
gave equal importance to the income flows.

1.3. Theoretical Background of the Study

The evolution of income flow has for quite
sometime been taken note of by theorists through
the micro and macro distribution theories. It is
well known that the income flow is one of the main
determinants of decision making of individual, a
group of population or a set of agents of produc-
tion. This has direct and indirect effects on
level of production, employment, income, consump-
tion and so on. In such a situation every indivi-
dual would try to maximize level of satisfaction
or profit through the exchanges of goods, services
and funds.

The classical economists considered land,
labour and capital as the main sources of income
flows and rent, wage and profit as the forms of
income flows. Besides, determining factors of the
size of flows were also discussed. Adam Smith has
explained the determining factors of income
flows between the agents of production. He
demonstrates that a landlord or a farmer, though
they do not employ a single worker could generally
live a year or two upon the stocks which they have
already acquired. However, many workers cannot
subsist even a week without employment. Thus,
he tries to explain, as Ashok Mitra argues, the
contradictions and antagonism between landlord
and labourers through the income flows. Similarly,
Ricardo, through the changing structure of the
share of income, has exposed that with each exten-
sion of production the rent will rise, wage will
remain constant as a result the profit will shrink,
which would lead to unavoidable stationary state
of an economy. However, Hicks suggests that

6. Ashok Mitra, Terms of Trade and Class Relations, Rupa and Co., Calcutta, 1979 (Ch.2).
it would be possible only under a special circumstance where the elasticity of substitution between labour and land is less than unity.

In this line of extension of knowledge, Karl Marx identifies a different but most essential and presently relevant dimension i.e., the surplus value. He demonstrates that in the course of capitalistic mode of materialistic production, different types of flows will take place. As a result, the differential amount that occurs between the value of labour power and the value created by it (i.e., surplus value) will be appropriated by the landlord or capitalist, as a result, again, the process of capitalistic production will be accentuated.

Hicks also emphasises that like Adam Smith, in the course of mercantilisation of agriculture, if the landlord wants to make extortions the


pressure must be kept up; if it is relaxed the peasants will slip back into giving no more than they think to be customary. Similarly, the technical progress and degrees of elasticities of substitution between factors of production were taken as the crucial factors in determining the size of income flows by Meade. 11

Turning to the micro level theories, the exchange of goods, services and funds based on the marginalistic approach of pricing and transactions at various types of markets are discussed. The same kind of marginalistic explanations are given to the factor-shares also. However, there are some, who have tried to refine those marginalistic theories.

The marginalists demonstrate that it is the marginal productivity which is sought to determine the reward for labour and other factors of production. However, the development of this theory

culminates when A W Flux\textsuperscript{12} shows that when the sum of the marginal products added up exactly to the total output then neither surplus nor deficit will be left.

Confining the theories only to the wage income, which is the only share flows to the labour power of human factor, several theories have attempted to explain the determinants of wage level. Along with the other theories, Felner\textsuperscript{13} has explained that the supply and demand conditions in the labour market determine the wage rate. Though it may be true to some extent, the most relevant to the present conditions is the Dunlop's\textsuperscript{14} collective bargaining theory. To him, labour unions play an important role in determining the wage rate. Relating to the combinations of factors of production like capital


\textsuperscript{14} Joan Dunlop, \textit{Wage Determination Under Trade Unions}. Augustus H Kelley, Inc., New York, 1950
(Cobb and Douglas, 15 Arrow et al., 16) technological advancement and the structural characteristic feature of markets (Kalecki, 17), some theories have tried to explain the share of labour in the total income.

Similar types of discussions have been presented in economic literature for the reward for land and other assets namely, rent. For Ricardo, 18 rent is the portion of the produce of the earth which is paid to the landlord for the use of original and indestructible power of the soil. In his view, rent is the differential surplus that some plots of


land earn over and above the least fertile land under cultivation. Marshall\textsuperscript{19} admits the validity of the marginal approach for the theoretical purposes in his "Mathematical Appendix" and used it in one place in his textual materials. In more recent years another concept of rent has gained prominence among English speaking economists including H D Henderson, Joan Robinson and Kenneth Boulding. They defined rent as the return to any agent of production greater than that required to keep it in its present employment.\textsuperscript{20} Mill\textsuperscript{21} assessed the economic impact of the rent and argued that it typically raised the price of goods.

Confining to the relationship between tenants and landlords, the effect of the tenurial system on the development of production has been discussed in

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different places. Any discussion of the theoretical literature on tenurial system conventionally begins with Adam Smith. Most of the literature on the tenurial system approaches the issue from the perspective of Smithian argument. Adam Smith has argued that the tenant would be extremely reluctant to produce more, in as much as the landlord would receive a large part of the product. Arthur Young also argues in the similar way and adds that it would lead to inefficient farming. McCulloch further strengthens their arguments by writing that the practice of letting lands by proportional rents has put a stop to all improvements and has reduced the cultivators to the most abject poverty. To Marx, share cropping should be seen as a particular method of surplus appropriation.

method through which the surplus labour is transferred to the landlord in the form of surplus product. However, Mill\textsuperscript{26} has taken a much more favourable view of this system and has argued that the defects are due to imperfections of the system as practised, not to the operation of a perfect system. Heady\textsuperscript{27} concludes that the tenurial contract system can be perfected under the following conditions: the cost of variable factors must be divided between the landlord and tenant in the proportions that hold for the division of the product. The recent works\textsuperscript{28, 29} have listed out various aspects like entrepreneurial ability, family backgrounds etc., as the determinants of the


Thus it is observed from the available theoretical literature that the crucial issues pertaining to the very important elements of rural economy (i.e. wage and rent) have been dealt with elaborately. However, the lacuna found in those theories is that they have neglected to some extent the occupation groups other than agriculture, which play a significant role in the village activities; secondly the role of the outside economy has not been duly discussed and thirdly the quantification of flows is not attempted. This blank has been to some extent filled up by the recent empirical studies.

1.4. *The empirical Literature:*

Three groups of such literature can be categorized. The first set of studies are based on the socio-economic classification, the second with agricultural versus non-agricultural sectors and the last group is associated with the sub-sector analysis.
Among the studies aimed at analysing the income flows between different socio-economic groups some are descriptive and some others are based on the quantitative analysis from the data collected at primary and secondary level. They generally deal with the flow of funds between different groups of population and point out the factors responsible for the differences in relative bargaining powers of those groups. Some of them have emphasised the caste structure and some others have discussed the importance of the land ownership pattern to explain the relative earning potentialities of the various groups of population.

Most of them have argued that the agricultural income is institutionally conditioned and determined by the agricultural region. They identified various groups of occupants like, feudal appropriator, wage labourers, landowners, tillers,

30. For example:


peasants, money lenders, absentees landlords and tenants. Also, they pointed out that the funds received by these working and non-working population are determined by the factors including, new technologies, government decisions regarding the minimum support prices, less direct taxes, liberal monetary advances and package programmes. However, their exhortatory conclusion is that the factors which are primarily institutional in character, play a vital role in altering the incomes received by the different people in an economy.

Besides, the recent studies have also explained the role of caste structures and the combinations of caste and class structure in determining the level of income and out flows of income on various purchases of consumption of goods and services. They indicated the association between caste and landholdings.

Interdependence of high caste cultivators and Harijan agricultural labourers has been examined by several sociologists. The change in the degree of association between castes and classes has also been noticed. It is so possible, because of the entrance of the land in the market and the growing dominance of middle class trading families, who are able to purchase the lands sold out by the high caste landlords. Comparing wet and dry villages, Epstein has argued that the level of irrigation will also have impact on the income sources and flows. Though these studies have attempted to analyse the village economy into different angles they are not complete as the interdependence of various sections of people is not covered.


The second set of studies give more importance to the price behaviours in the agricultural and non-agricultural produces markets. However, due to the inconsistency in the definitions, concepts, coverage and data base, the inferences derived are varying and in some cases just reverse also. For Thamarajakshi, Venkataramanan and Prakledachar, Ranjit Suv, the important aspect is the flow of funds (prices of produces) between agricultural and non-agricultural sectors. With little variations, they all come to almost the same conclusion that the terms of trade have moved in favour of agricultural sector since 1960-61.


However, they have not failed to indicate the changes in the trend from period to period. In contrast to the above results, Rathors et al., have pointed out, by using the new series of indices of prices (i.e. 1970-71 = 100) that the terms of trade have not been favourable but have rather been against the agricultural sector since 1947-48 to 1977-78 in India.

With these ideas and trends, Ashok Mitra (1979) has further gone into the details like which group in the agricultural sector is getting benefited. He has expounded that, other things remaining the same, each shift in terms of trade in favour of farm products has strengthened the economic power of the top ten per cent of the total farming community. Having given this information, he finds that there are quite a large variations in economic background of the agricultural population. Such results will encourage


one to disaggregate the village economy into
different parts and to see their relative
economic positions and earning potentialities.

The final category of studies, having
overcome many adjustments of Walrasian\textsuperscript{41} general equilibrium model, have attempted to
explain the interdependence of producing
industries through the purchases-sales patterns,
input-output relations and backward and forward
linkages. This type of analysis is done with
the tool of Leontief's input-output model.
It is, as described by Leontief,\textsuperscript{42} a "compro-
mise between unrestricted generalities of
purely theoretical reasoning of Leon Walraas
and others, and the practical limitations of
empirical fact finding".

\textsuperscript{41} L Walras, \textit{Elements of Pure Economics},

\textsuperscript{42} W W Leontief, \textit{The Structure of American
Economy: 1919-1939}, Oxford University
Leontief did empirical inter-industry analysis of American Economy for 1931. This model stimulated the work of framing input-output tables in more than 20 nations. Then this was followed by Koopmans, Dorfman et. al., and Lange with some extension of mathematical tools. Chanery and Clark have indicated the pros and cons of valuing sectoral outputs in producers' and purchasers' price systems. Bramhall has given his contribution to the model through listing out various criteria for sectoral choices. Hirschman has introduced the concepts

of direct and indirect as well as forward and backward linkages to identify the priorities of sectors for development planning. Chenery and Watanabe⁵⁰ have used this model to compare the pattern of sectoral interdependence in countries like Japan, Norway and Italy, they found it was similar and suggested that the results may be applicable to other countries. Yotopoulos and Nugent⁵¹ estimated rank correlations between alternative linkage indices from input-output table of developed and developing countries. The rank correlations between the total backward linkages worked out by different methods were same. Similarly a large number of works with some modifications and alterations have been done in the same line.

The input-output model has been applied to analyse the various types of problems. Leontief⁵²

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himself has expanded the input-output model to analyse the pollution problem. Kwan-Soo Lee has developed a generalised model to environmental protection. Isard Walter has constructed input-output table for analysing the interdependence of inter regional industries. Chandrakanth has developed a model for the study of forestry. Bhatt and Divatia have


used the input-output technique for constructing financial planning model. Ghosh and T K Das\textsuperscript{58} have formulated the application of generalised inverse to fit for the solution of singular coefficient matrix system of equation. Mahajan\textsuperscript{59} has attempted to find out the impact of regional, temporal and size of sector effects on input-output coefficients.

For the Indian economy with different level of aggregations and for the different regions input-output tables have been constructed. The works of Mathur,\textsuperscript{60} Venkatramaiah,\textsuperscript{61}


\textsuperscript{61} P Venkatramaiah et al., "Changes in Input-Output Coefficients and their impact on Production Levels", \textit{Artha Vijñana}, Vol.21 (1), March 1979, pp.56-57.
Baluja and Panchamukhi and others have added to the literature of input-output tables.

A pioneering study by Rajapurohit and Koilpillai has tried to fit the input-output framework for the village level analysis based on the collection of primary data. This study has, by way of analysis tested the hypotheses formed by Epstein, found the differential pattern of income flows in wet and dry villages and predicted the perspectives of the villages in the long run. For this analysis, socio-economic groups have been defined as sectors.


63. V H Panchamukhi, A Study of Inter-industry Tables for Karnataka Economy, Centre for Multidisciplinary Research, Jharwad, 1980.

64. A R Rajapurohit and Mabel Koilpillai, Irrigation and its Socio-Economic Consequences, Shiny Publications, Bangalore, India, 1981.


Though the above study is methodologically innovative, it has some weak points on the following major grounds. First, the total flows are not broken into different activity based flows and types of flows which are essential for understanding the structure and functioning of the rural economy. Secondly, on the basis of the flows recorded in the input-output tables, the study has not made further attempts to analyse the sector-wise inter-dependence.

Taking all the methodological, analytical and practical importance of the existing studies into consideration, the present study makes an attempt to analyse the pace of economic development at different stages of prosperity with different socio-economic structure in village economies; to predict the perspectives of the economy through the flow analysis using newly developed analytical tools and to suggest some policy alternatives.
1.5. *Objectives*

The specific objectives of the study are:
(i) to identify the crucial socio-economic variables that promote or hinder the development process at the village level, and (ii) to examine the nature, direction and dimension of the flow of funds between the sectors within and outside the villages.

1.6. *Sources of Data*

Though the study mainly rests on the primary data collected from the households, to understand the history of villages, secondary data from the Official Statistics from Sub-Registrar's Offices, and Taluk Statistical Offices have also been recorded. While collecting the primary data, to identify the households and to understand their socio-economic background, data regarding caste, size of household and age, level
of education, and occupation of family members and the extent of land owned, leased-in and leased-out, the value of other assets such as buildings, agricultural machineries, jewels, landings-borrowings and deposits have been collected. The present thesis mainly lies on the inflow and outflow of funds. Therefore, the magnitudes, purposes, types and sources of receipts, payments as well as the places and persons from where funds received and to where disbursed have been carefully recorded and scanned. Then, all the receipts and remittances in monetary and non-monetary transactions have been converted into money value based on the prices during 1982-83, which is the reference year for the study.

1.7. Scheme of Presentation

The present study consists of three parts. Part I includes four chapters: (i) Introduction, (ii) Methodology, (iii) socio-Economic structure of the study villages and
(iv) Sectors in the study villages. The Introduction chapter explains the importance of this type of study, reviews the existing literature, puts-forth the objectives of the study and presents the sources of data. Analytical approach to the study, explanation of flows and entries in the table and development of coefficients are dealt in the methodology chapter. Chapter III examines the existing socio-economic structure and the agrarian relations in the study villages. Chapter IV has been set to give the socio-economic positions of the defined sectors and their places in the study villages.

The entire Part II of the thesis which includes four chapters presents the analysis. Chapter V explains the total flows of the sectors. Chapter VI examines two major parts of total flows i.e., production and consumption flows. Moreover this chapter presents the composition of production income and production and consumption expenditure.
The financial flows and assets transactions are analysed in Chapter VII. Monetized and non-monetized transactions are discussed in Chapter VIII.

Part III consists of two chapters. Chapter IX presents the results of the flows, puts forth alternative strategies for development and estimates the impact of the suggested strategies on the flows and on the village economy. The last Chapter, i.e., Chapter X summarises the findings and arrives at conclusions.
CHAPTER II

METHODOLOGY
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2.1. Introduction:

This Chapter intends to provide methodological details regarding the selection of the village, collection of data and tools of analysis. The definitions of operational concepts have been furnished in course of analysis wherever relevant and necessary.

2.2. Selection of Villages and Respondents:

At the first stage, Thanjavur district has been selected as an agriculturally prosperous region in Tamil Nadu, India. This has been done based on the level of irrigation and cropping intensity. This region has been split into two viz., New Delta Zone (NDZ) and Old Delta Zone (ODZ). They are extremely different as far as socio-economic characteristics are concerned.  

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1. For Example:


Among the social factors caste structure (scheduled Caste and non-scheduled Caste population) and level of literacy have been chosen, which are available in the census. The selected economic factors include the occupational structure specifically the proportion of agricultural labourers to the total labour force. Based on these details five villages from each zone have been identified. Moreover, the uniformity in the size of village also has been considered. Then those villages have been personally visited and other particulars such as details regarding basic amenities, infrastructural facilities, number of pumpsets, number of communities etc., have been collected. This trip to all the ten villages has been carried out with a view to knowing the location of villages and other important activities of the villagers. After this visit and discussion with some experts in the same line, one village from each zone has been chosen. The two selected villages have entirely different socio-economic characteristics.
This may be seen in the succeeding chapters. Besides all the other characteristics, the distance from the town also differs for those villages. One is closer to the Taluk headquarters and the other is an interior village. Thus two villages, Vengidengal from Old Delta Zone and Palamputhur from New Delta Zone have been chosen. As it is felt necessary to cover the whole village for the present type of analysis, the census method has been undertaken. All the households have been personally interviewed and also keenly observed for a period of six months from July to December 1983. The informations have been collected for the agricultural year of 1982-83.

2.3. Collection of Data:

As Moser and Kalton\textsuperscript{2} have observed "if information is obtained by questioning informants there is always the possibility that their reports will be inaccurate; they may not know the precise facts or, for one reason or another, they may distort

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This real danger may be avoided by the use of direct observation, although it will be impossible to obtain all the data needed by the observational methods. However, in those occasions both observation and interviewing method can be combined and that is what has been followed for the present purpose. Thus the combined method has the merit of providing a means of studying a whole system with its many inter-relationships in great detail. Moreover, this dual approach may be useful for comparisons of the results by serving as a checking procedure.

After the selection of the villages, the second visit to the villages has been made. During that period, the existence of favourable necessary conditions for the success of combined (interviewing and observation) method such as accessibility of the required information, the cognition and motivation of the respondents have been assessed. The second visit with the preliminary schedule has been helpful for the perusal
of the village activities and the socio-economic conditions of the respondents as well as of the villages. Based on this experience, final steps have been taken. With the clear cut understanding of the qualities of an ideal questionnaire, the framework of the schedules have been outlined. Then the investigator has himself been prepared for making a successful and biasless observation to a possible extent.

The schedules have been useful for recording the informations regarding production, consumption and exchanges. Whereas the observation has been purported to see the existing relationship between different groups of population, to learn the day to day activities of the people, to understand the psychology of the people towards manual work, and to analyse their consumption pattern.

The observations made in the fields, harvesting spots, temples, hotels, streets, and outside the villages have been much useful for explaining the
production relationship, for interpreting the informations collected through structured schedules and for checking the answers of respondents.

2.4. Sectors and Flows

Sector, in this study, does not represent any producing sector as in conventional input-output framework. However, the sectors of the present study are socio-economic sectors including both consuming as well as producing households. The sectors have been arranged both in rows and columns to present the income flows and to reveal the structure of the village economy, the fabric of which is woven together by the flow of funds which ultimately links each socio-economic sector to all others. Again diverging from conventional input-output table, the flows of funds have been presented in a slightly different manner as the flows of funds are found to be important for the present type of study. The transactions are in terms of income-flow, set up on a matrix of horizontal rows and vertical columns. The figures
in the horizontal rows show how the outflow of funds takes place i.e. how the goods and services are sold by the other sectors. The vertical columns show how inflow of funds accrues i.e. how the goods and services are purchased by other sectors. Since each figure in any horizontal row is also a figure in a vertical column, expenditure of each sector is shown to be income of some other sectors.

2.5. analytical tools:

From the income flow tables explained above, percentage of flows have been worked out and based on those percentages various coefficients have been developed for further analysis.

2.5.1. Participation co-efficient: This sort of co-efficient has been developed to assess the participation of a particular sector in the flow
of funds in the village economy for the specific period. This co-efficient is derived as follows:

\[
\text{Participation Coefficient} = \frac{\text{The percentage of flows of sector } i \text{ to the total flows in the village}}{\text{The percentage of population of sector } i \text{ to total population in the village}}
\]

If the value of this co-efficient is less than one, the particular sector may be considered as it is in the disadvantaged position in the village. If this coefficient is more than one, the sector is in the affluent state in the village economy and if this is equal to one, then the sector may be said as it neither dominates nor is dominated by other sectors.

2.5.2. Dependency Co-efficient: This co-efficient has been developed to measure the degree of dependence of a particular sector on other sectors in the village, or on its own village economy or on outside the economy. Moreover, this co-efficient has been worked out for different kinds of activity-
based flows and type-based flows. The formula for dependency co-efficient \((DC_i)\) has been developed as:

\[
DC_i = \frac{\text{The percentage of inflow of funds of sector } i \text{ as percentage to total inflow of funds in the village}}{\text{The percentage of outflow of funds of sector } i \text{ as percentage to total outflow of funds in the village}}
\]

Thus, this ratio may explain the relative inflows and outflows of funds of a particular sector and it may indicate its dependence for getting funds from different sources. The sources of flows are grouped into four. (i) Production flow, (ii) Consumption flow, (iii) Assets formation flows and (iv) Financial transaction flow. Aggregation of all these flows will give the total flow of funds. Similarly, the types of flows have been two. One is monetized transaction and the other is non-monetized transaction. Under the first one the goods and services are exchanged for money and cash is used for transaction. Whereas the second one indicates the exchange of goods and services for the same and money does
not appear there. Thus, in total, including the total flows, seven flows have been identified and dependency co-efficients have been worked out. Moreover, based on the place and sectors where the flow accrues, three types of co-efficients have been set. (i) Co-efficient of dependency for the village economy (DCvi), (ii) Co-efficient of dependency for outside economy (DCoi) and (iii) Co-efficient of dependency for other sectors (DCsi). Therefore, including these, in total, 21 (7 x 3) co-efficients can be worked out for a sector in a village. And since there are 3 sectors, namely, dominant, intermediary and non-dominant in all 63 co-efficients (21 x 3) may be worked out for each of the two villages. The procedure followed for developing the co-efficients and their implications may elaborately be explained as follows (Table 2.1).
While discussing the procedure of constructing flow tables the following points are found to be very interesting. They are meaning of flows, entries in the table, percentage of flows and coefficients.
2.6. Flows:

The term 'flow' refers to both inflow and outflow of funds between sectors and between the village and outside village economies. This may occur for different activities and in different forms. Activities refer to the production, consumption, assets and financial transactions. Forms of flow represent the monetized and non-monetized transactions. This may be shown by the following Chart 2.1.

**Chart 2.1: Pattern of Flows**

<table>
<thead>
<tr>
<th>Activity Based Flows</th>
<th>Types of Flows</th>
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</thead>
<tbody>
<tr>
<td>Production</td>
<td>Financial</td>
</tr>
<tr>
<td>Consumption</td>
<td>Non-monetized</td>
</tr>
<tr>
<td>Assets</td>
<td></td>
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<tr>
<td>Financial Transac-</td>
<td></td>
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<td>tions</td>
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</tbody>
</table>

It is here assumed that every sector releases and receives funds. The receipts are referred as
'inflows' and the disbursements are called 'outflows'. It is also assumed in course of the flows, a part may be saved and/or stored and a part may be dissaved and/or drawn from the old stocks. Therefore at a point of time,

\[
\text{Total inflow + utilization of past savings} = \text{Total outflow + present savings.}
\]

This may be true for a sector or a village at a point of time.

2.7. Entries in the Tables

While making entries in the flow tables one should very carefully tackle the two problems listed below:

(i) The first one is identification of flow. This is relatively difficult as far as the non-monatized transactions are concerned. Since, goods and services are exchanged in the barter system, which is very familiar in the village economy, it seems to be rather difficult to identify which is inflow and
which is outflow.

(ii) The second problem is the possibility of double counting. Sometimes a produce may be exchanged more than once in a year period of time. This will create more than one round of transaction which may be the source of income at more than one stage. However, transactions more than once have been avoided and only a single-stage entry has been made.

2.7.1. Identification of the flow:

The problem of identification of the direction of flow is more related to the non-monetized transactions. For example if a farmer pays Rs.100/- worth of his produce for the service of agricultural labourer both of them are found to be sellers as well as buyers. The farmer has sold his produce and the labourer has sold his service. Similarly the other way round makes both of them buyers. However, it should be recorded as Rs.100/- as inflow of agricultural labourer and outflow for farmer.

However, there may be a case of the following type. The agricultural labourer receives food-grains from the farmer, with the agreement that the payment shall be made after sometimes. If this transaction occurs, then this will be entered as inflow to farmer and outflow for agricultural labourer. However, most often this fails to happen. And the agricultural labourer accepts to serve the farmer. Now, the above entry may not be correct. Here, the money value of produce received has to be entered as inflow to the labourer and outflow for farmer.

2.7.2. **Overcoming the double counting** - While drawing the procedures to avoid the double counting, prime importance has been given to the ways in which the agrarian production relationship can be scanned. For this, different occupation groups and their accounting systems have been taken as examples.
For an owner operator two types of inflows of funds may be found. The money value of agricultural produces that has been reaped may be considered as inflow. Then by selling a part of the produce the owner operator may receive income. This may also be considered as inflow of funds. If both of them are accounted for a particular owner operator, then, obviously, his inflow of funds is double counted. Therefore, the total value of agricultural produces reaped has not been included in the entry. However, this may be obtained by summing up the produces consumed, sold and stored. The similar method is followed for the entry of flows of tenants also. The rent paid in the form of crops is included in the production expenditure. In those cases the volume of agricultural wages and rent paid are more important. Therefore the value of total production are deleted from the flow.
The rentier receives paddy as rent from his tenant, which may be considered as inflow to him. However he sells out surplus produces through which he receives money income. However, inclusion of both of them is obviously double counting. Therefore, value of produces consumed, stored and sold out has been included, which is nothing but the total rent received. Similarly, the account of agricultural labourer is also entered. The agricultural labourer customarily receives wages in kind for all harvesting works. He may keep this for consumption and sometimes may get it substituted for other consumer goods. Here the total value of all agricultural wages alone are accounted as inflow. Such a type of accounting has been done for rentier and agricultural labourer as the total value of rent and wages and also their direction of flows are considered to be imperative for tracing the production relationship.

Most of the miscellaneous occupants receive their wages and income both in the form of cash as well as kind. The imputed value of the kind
wage is added with money wage and included as inflow. If they sell the wage produces it may be the starting point of the second round. Therefore, the sales of kind wages are not included in the inflow. However, generally, this problem does not arise for government employees as they do not get money income by reselling their wages. Thus, the double counting problem is overcome at all stages of transactions for different categories of occupation groups.

2.8. Percentages of Flows:

One of the main tools of the analysis in the study is dependency co-efficient. This co-efficient is worked out from the different types of percentages of flows. Therefore, it is necessary to explain the procedures of working out the various types of percentages for a flow table.

The flow table is composed of three flows. The first one includes the flows within the
village which is brought in the main table. The second one refers to the flows of funds from outside the village and this is the bottom row to the main table. The flows of funds to outside the village has been given in the column right to the main table as third flow. First, the percentage of flows of each sector has been worked out. Then, the contribution of each sector to a particular sector's total inflow has been worked out by taking the column total of the main table for each sector as 100. Similarly, adding the inflow of funds from outside the village also, and making the total inflow as 100, the contribution of village and outside village economy for each sector's inflow position are worked out as percentages. In the same way, it is done for the outflow also. First taking the within village outflow as 100, the percentage outflow of each sector is calculated and with the inclusion of outflow to outside village, the percentages of outflow of funds for each sector are worked out. However, for within
the village flows the percentages with the total inflows and outflows are not given in order to avoid too much of loading of figures in the flow table. Thus, the flow table would explain the contribution and share of each sector as well as the village and outside village economies to the total flows in the particular period.

This type of exercise has been done by splitting the total flow table into activity-based flow table and type of transaction-based flow table.

2.9. Co-efficient of dependency for within the Village:

This is the ratio of inflow of funds accrued in the village for a specific sector to the outflow of funds made by the specific sector in the village. This co-efficient has been developed for all sorts of flows mentioned above. If the inflow of funds is represented by the sales of goods and services and outflow of fund is implied
by the purchase of goods and services, this co-efficient will explain the market structure of a particular sector's demand for and supply of goods and services. This co-efficient of dependency may be worked out for the following flows by using the given formulas.

2.9.1. For total flows: \( TDC_{vi} \)

\[
TDC_{vi} = \frac{TIF_{vi}}{TOF_{vi}}
\]

where, \( TDC_{vi} \) refers to the co-efficient of dependency for the local village economy for a specific period with reference to total flows.

\( TIF_{vi} \) refers to inflow of funds of sector \( i \) as per cent to total inflow of funds of the same sector in the village.

\( TOF_{vi} \) refers to outflow of funds of sector \( i \) as per cent to total outflow of funds of the same sector in the village.
2.9.2. For Production Flow (PÜCvi)

\[ PIFvi = \frac{PÜCvi}{PDFvi} \]

Where \( PÜCvi \) refers to the co-efficient of dependency for the local village economy for sector i with reference to the flows occurred due to production.

\( PIFvi \) refers to the inflow of funds to sector i, as per cent to total inflow of funds to the same sector occurred for production, in the village.

\( PDFvi \) refers to the outflow of funds of sector i, as per cent to total outflow of funds of the same sector occurred for production, in the village.
2.9.3. For Consumption Flows (CUCvi)

\[
\text{CIF}_vi = \frac{CUCvi}{COFvi}
\]

Where \( CUCvi \) represents the coefficient of dependency of sector \( i \) for the local village as far as consumption is concerned in the village.

\( CIFvi \) represents the inflow of funds to sector \( i \) as per cent to total inflow of funds to the same sector due to consumption activity in the village.

\( COFvi \) represents the outflow of funds of sector \( i \) as per cent to total outflow of funds of sector \( i \) due to consumption activity of this sector in the village.
2.9.4. For Assets Formation Flow (ADC\textsubscript{vi})

\[
\text{AIFvi} = \frac{\text{ADCvi}}{\text{AOFvi}}
\]

Where ADC\textsubscript{vi} represents the coefficient of dependency of sector \textit{i} as far as the assets transaction is concerned in the village.

AIF\textsubscript{vi} represents the inflow of funds to sector \textit{i} as per cent to total inflow of funds in the village as a result of sales of assets.

AOF\textsubscript{vi} represents the outflow of funds of sector \textit{i} as per cent to total outflow of funds of the same sector in the village due to the purchase of assets.
2.9.5. For Financial Transaction Flow (FDCvi)

\[
\text{FIFvi} = \frac{\text{FDCvi}}{\text{FOFvi}}
\]

Where \( \text{FDCvi} \) represents the co-efficient of dependency of sector \( i \) for the local village as far as financial transaction is concerned.

\( \text{FIFvi} \) represents the inflow of funds to sector \( i \) as per cent to total inflow of funds to the same sector in the village due to financial transactions.

\( \text{FOFvi} \) represents the outflow of funds of sector \( i \) as per cent to total outflow of funds of the same sector in the village due to financial transactions.
2.9.6. For Monetized Flow (MDCvi)

\[ M_{DCvi} = \frac{M_{IFvi}}{M_{OFvi}} \]

Where \( M_{DCvi} \) represents the co-efficient of dependency of sector i for the local village for its monetized income.

\( M_{IFvi} \) represents the percentage of monetized inflow of sector i in the village to total monetized inflow of the same sector.

\( M_{OFvi} \) represents the monetized outflow of sector i in the village as per cent to total monetized outflow of funds of the same sector.

2.9.7. Non-monetized Flow (NDCvi)

\[ N_{DCvi} = \frac{N_{IFvi}}{N_{OFvi}} \]
Where NDCvi indicates the co-efficient of dependency of sector i for the native village as far as non-monetized transaction is concerned.

NIFvi indicates the non-monetized inflow to sector i in the village as per cent to total inflow of non-monetized funds.

NOFvi indicates the non-monetized outflow of sector i in the village as per cent to total non-monetized outflow of the same sector.

The TDCvi may explain the extent of overall transaction and the resulting financial position of sector i as far as the transactions in the village are concerned. The FUCvi may indicate the position of sector i in the front of production alone is concerned. Similarly the specific dependency coefficients such as CDCvi, ADCvi, FDCvi, MDCvi and NDCvi have the specific implications on the position of sector i.
2.10. Co-efficient of dependency for outside the village:

This co-efficient may be explained as the ratio of inflow of funds accrued outside the village for a specific sector to the outflow of funds made by the specific sector outside the village. This may explain to what extent a particular sector has connection with outside economies for different purposes. Therefore, this co-efficient will be able to highlight the supply and demand conditions of the specific sector as far as outside the village economy is concerned. By taking this into consideration, similar to the above co-efficients, specific co-efficients of dependency for outside the economy may be formed. They are

(i) $\text{TIF}_{oi}^{\text{il}} = \frac{\text{TIF}_{oi}}{\text{TUF}_{oi}}$ for total flows

(ii) $\text{PUC}_{oi}^{\text{il}} = \frac{\text{PIF}_{oi}}{\text{POF}_{oi}}$ for production flows
(iii) \( \text{CDDCI} = \frac{\text{CIFCI}}{\text{CUFCI}} \) for consumption flows

(iv) \( \text{ADDCI} = \frac{\text{AIFCI}}{\text{AOFCI}} \) for assets formation flows

(v) \( \text{FDCCI} = \frac{\text{FIFCI}}{\text{FOFCI}} \) for financial transaction flows

(vi) \( \text{MDCCI} = \frac{\text{MIFCI}}{\text{MOFCI}} \) for monetized flows, and

(v) \( \text{NUCCI} = \frac{\text{NIFCI}}{\text{NOFCI}} \) for non-monetized flows

The explanation for difference between the coefficient of dependency for the village and for outside the village may be given as follows. For the coefficients of within the village the percentage of inflows and outflows accrued in the village alone have been taken into consideration. Whereas for the same on outside the economy, the flows of funds accrued outside the village for different purposes
in different forms have been taken into account. Therefore, this is the ratio of percentage of inflow from outside economy to the percentage of outflow to outside the economy.

2.11. Co-efficient of Dependency for other Sectors:

The co-efficient of dependency for the local village includes the intra-dependence of a specific sector. That is, the transaction and utilization of goods and services of the own sector has also been included. However, the co-efficient of dependency for other sectors excludes the above intrasectoral dependence and includes only the dependence on other sectors. This co-efficient may also be set for different flows as follows:

\[
\begin{align*}
(1) \quad TDC_{si} &= \frac{TIFS_i}{TIFS_i} \quad \text{for total flows} \\
(2) \quad PDC_{si} &= \frac{PIFS_i}{PIFS_i} \quad \text{for production flows}
\end{align*}
\]
(iii) $\text{CIF}_{si} = \frac{\text{CIF}_{si}}{\text{COF}_{si}}$ for consumption flows

(iv) $\text{AIF}_{si} = \frac{\text{AIF}_{si}}{\text{AOF}_{si}}$ for assets accumulation flows

(v) $\text{FIF}_{si} = \frac{\text{FIF}_{si}}{\text{FUF}_{si}}$ for financial transaction flows

(vi) $\text{MIF}_{si} = \frac{\text{MIF}_{si}}{\text{MUF}_{si}}$ for monetized flows, and

(vii) $\text{NIF}_{si} = \frac{\text{NIF}_{si}}{\text{NOF}_{si}}$ for non-monetized flows

Instead of percentage of flows accrued in the native village, for co-efficient of dependency on other sectors, the percentage of outflow of funds to other sectors and the percentage of inflow of funds to specific sector from other sectors alone are concerned. Thus, co-efficient of dependency for other sector is the ratio of the latter to the former. It should, however, be noted that the income
generated by the non-resident owners of resources in the village is not covered by these matrices.

2.12. The Size of the Co-efficients:

The size of the co-efficient is affected both by the numerator as well as denominator. The numerator represents the inflow of funds whereas the denominator refers to the outflow of funds. Therefore, the size of the co-efficient and the volume of inflow of funds are positively associated and that is inversely related with the magnitude of the outflow of funds. The inflow and outflows have been taken here as percentages.

If there is no inflow of funds for a specific sector for a specific activity, it is meant that the percentage of inflow of funds is zero. Therefore, if the percentage outflow of funds for that sector is greater than zero, then the size of co-efficient will assume the value of zero (0). That means, this particular sector does not depend for income from other sources. In other words this particular
sector has not sold its goods and services or obtained any type of fund and resources from other sectors or village as the case may be.

And if the position is just reverse, that is, if the percentage of inflow of funds is greater than zero but the percentage of outflow is zero, then the coefficient will assume value of infinity ($\infty$). That means, this particular sector's dependence is very large. In other words this particular sector makes earnings through the expense of others on the purchase of goods and services produced by the specific sector. The demand for the goods and services of the sector in question exists whereas the specific sector has no demand for the goods and services of others. Thus, it may also be explained that the particular sector is able to extend its market whereas this sector does not serve as market for others goods and services.
If the percentages of inflow and outflow of funds for a sector are equal to one another, then the co-efficient will take the value of one (1). That means, this sector's demand for goods and services of other sector is matched by the demand of others for the specific sector's goods and services. That means the interdependence may be said to be perfect.

In most cases, the percentages of inflows as well as outflows may not approach zero. Therefore the chances for having the size of co-efficient as zero or infinity are very less. In those cases the percentages of inflow and outflow may also not be equal to one another, but may vary to some extent. In such cases, the value of co-efficient assuming the value of slightly less than or greater than one depends upon the differences between the percentage of inflows and outflows. That means the smaller co-efficient of one sector in one case may be compensated by the bigger co-efficient in another case.
The value of co-efficient of dependency may not take the value of less than zero, or in other words negative values. To get the negative value either the percentage of inflow or outflow should be negative. However, in practice it is not possible. There may be a little or no inflow or outflow of funds, but cannot be negative inflow or outflow of funds.

Therefore, the value of dependency co-efficient may vary from zero to positive infinity \((0 \text{ to } +\infty)\). That means the dependence for income may be ranging from very less to very high, depending upon the percentages of inflow and outflow of funds.

2.13. Relationship between Co-efficients:

Three major types of co-efficients for each sector have been explained earlier. They are:

(i) Co-efficient of dependency for the village economy \((UCvi)\), (ii) Co-efficient of dependency for the outside village economy \((OCoi)\), and
(iii) Co-efficient of dependency for other sectors in the village (DCsi). At the first step, the relationship between co-efficients of dependency on the native village (DCvi) and on the outside village (DCoi) may be viewed. Briefly speaking, the sizes of those magnitude for a particular sector for a particular activity are inversely related. That means, if the size of the DCvi is greater than one, that of DCoi should be definitely smaller than one. That means, if the particular sector due to particular activity desires higher percentage of income in the village, that from outside the village will be smaller. Similarly, if that sector for that activity spends more in the native village, that will be relatively less outside the village. Thus, the total outflow and inflow of funds are constant for the specific period. Therefore one and the other will be compensated by each other.
The relationship between the coefficient of dependency on the native village (DCvi) and that on the other sectors (DCai) in the native village may also be worth considering. As already explained, the DCvi tells the dependence of a particular sector on the village as a whole including the interdependence. Whereas the DCai explains the degree of dependence of a particular sector on other sectors in the village, excluding the interdependence of that sector. To this extent, they are different. In most of the cases, they are positively associated. If the DCvi is greater than one the DCai will also be greater than one and vice versa. That means, if a sector receives higher percentage of funds from the village as a whole, this will be constituted by the higher proportion of income received from other sectors compared to that it released to other sectors. However it is not necessarily be the case for all the sectors and for all the activities. In such cases, the value of DCvi may be greater than one (DCvi > 1) and DCai may be smaller than one (DCai < 1) and vice versa. If DCvi > 1 and
Then it means, the particular sector gets more receipts from the village of which major portion is covered by the inflow from other sectors and very less by the intra-sectoral flows. And if the reverse case exists, it may mean that the major portion of the inflows is covered by the intra-sectoral inflows and only very less by the inter-sectoral inflows. Precisely speaking, in most cases they are positively associated.

From the above discussion, the relationship between $L_{Oi}$ and $L_{Si}$ may be quite obvious that in most cases they are found to be inversely associated. If a sector depends more on the income from outside the village, it will definitely depend less on the income from other sectors in the village and vice versa.
2.14. **Gini Concentration Ratio**

The Gini Concentration Co-efficient has been conventionally used to assess the skewed distribution of assets, income etc. This may be given as

\[
CR = \frac{\sum P_{i-1} Q_i - \sum P_i Q_{i-1}}{10000}
\]

Where \( P_i \) represents the cumulative percentage of households and \( Q_i \) represents the cumulative percentage of economic variable.

2.15. **Poverty Line**

To see the size of population and households reeling under rampant poverty, different indicators have been followed. The size of land owned, the consumption expenditure, total income and the values of assets (excluding lands) are used as the main indicators. Finally a crude average has been (by adding the percentages of households below poverty
line shown by different indicators and then by
dividing the above by number of indicators)
worked out.

2.16. Input-Output Framework:

The another method which has been widely
used to analyse the intersectoral flows is the
linkage method. This linkage method is primarily
based on the framework of input-output analysis
developed by Leontief. This model has been used
to analyse several types of problems which are
closely associated with the interdependence. In
the present study also, a similar type of frame­
work (without any change in the arrangement of
sectors) has been constructed to analyse the
flows of resources among the defined sectors in
the village economy. Accordingly, the cash flows
have been converted into resource flows, to suit
the requirement of the analysis.

The production activity of the study village
has been brought under the input-output framework

and linkage effects between the different sectors are evaluated in this section. For production, the defined sectors depend on one another and sell as well as purchase the output and input from other sectors in the village. Similarly, each sector depends on outside the village for the purchase of inputs. It represents the purchase of fertilizers, and other services such as electricity from outside the village. Besides, these sectors sell their outputs also to outside the economy. Thus, the sectors defined in the village are interdependent among each other as well as dependent on outside the village economy also.

Though these sectors seem to produce same type of agricultural produce the composition of produces and the inputs mix are entirely different. Thus it satisfies one of the assumptions of Leontief's, viz., non-substitutability of the produces of sectors. For instance, the dominant sector produces commercial crops as well as subsistence crops mainly through
hired labour. The intermediary sector renders partly agricultural and non-agricultural services. There also the composition of inputs are different. For this sector the direct costs involved in production seem to be less due to the utilization of family workers. Similarly, for non-dominant sector also the output namely the nature of their service differs from the outputs of other sectors. The direct cost involved in releasing the service is comparatively very less. Thus, the outputs of sectors are different from one another. On this background, the input-output framework has been applied to production activity in a village economy.

2.16.1. **Endogenous sectors**: Endogenous sectors are classified as (i) dominant sector, (ii) intermediary sector and (iii) non-dominant sector. The nature of output, the input-mix and the technology, differ for each of these sectors. The dominant sector purchases labour input from intermediary and non-dominant sectors and also sells seeds to those sectors. The intermediary sector also buys labour
input from non-dominant sector and seeds from
dominant sector as well as sells its produces and
services to other sectors. Similarly, the dominant
sector also depends on other sectors and contrib­
utes to the production in the village.

2.16.2. Import and Export: The import includes
the productive resources flowing from outside the
village economy.

The export includes the resources flow from
the village economy due to the production in a
specific year.

2.16.3. Input-Output Model: In the input-output
model, the total output of a sector is equal to the
demand for that output for intermediate use by all
the endogenous sectors including the sector in
question plus the final demand for that sectoral
output. In matrix notation the I-O model can be
represented as:
\[ x_{n,1} = A_{n,n} x_{n,1} + F_{n,1} \quad - (1) \]

Where \( x \) is the \((n,1)\) column vector of total output
\( A \) is the \((n, n)\) technical coefficient matrix
\( F \) is the \((n, 1)\) column vector of exogenous sector.

The subscript 'n' refers to the number of endogenous sectors, which is equal to 3 in the study.

2.16.4. **Direct Backward Linkages**

\[ \sum_{i=1}^{n} x_{ij} \]
\[ \frac{DBL_j}{x_j} = \frac{\sum_{i=1}^{n} a_{ij}}{\sum_{i} a_{ij}} \quad - (2) \]

The DBL\( j \) describes the impact upon the sectors that provide intermediate input to the specific sector. This linkage is governed by the pattern of input requirements and is stimulated by the creation of demand for goods and services. The DBL is originated by the existing demand for goods and services. In other words it is a measure of total inter-sectoral purchases made by a specific sector to
produce one unit of output and it operates through
demand for inputs. This index was developed by
Chenery and Watanabe.

2.16.5. Direct Forward Linkage for ith sector:

\[
\text{DFL}_i = \frac{\sum_j x_{ij}}{x_i} \quad (3)
\]

The DFL measures the total intersectoral
sales made by a specific sector per unit of output
and it operates through the supply of inputs. The
DFL is established when the output of sector i
encourages production in sector j by serving as an
input in jth sector. This index was also developed
by Chenery and Watanabe.

2.16.6. Development strategy:— Hirschman has
operationalised the concept of above linkages and

5. H B Chenery and T Watanabe, Op. Cit., 1958,
pp. 487-521.
developed a relationship between linkages and economic development. He used the above classification to develop priorities for development planning as shown in Table 2.2.

### Table 2.2
**Linkages and Priorities in Development Strategy**

<table>
<thead>
<tr>
<th>Priority</th>
<th>Backward Linkage</th>
<th>Forward Linkage</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>II</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>III</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>IV</td>
<td>Low</td>
<td>Low</td>
</tr>
</tbody>
</table>

According to Hirschman's development strategy, highest priority should be given to those sectors which possess high forward and backward linkages; and the lowest priority to sectors which possess low forward and backward linkages.

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CHAPTER III

SOCIO-ECONOMIC STRUCTURE OF THE STUDY VILLAGES
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3.1. Importance of socio-economic structure:

The main aim of this chapter is to highlight the existing production and exchange relationship which is the result of socio-economic structure of a village and which also determines the nature of income flow across different sections in the village economy. The nature of income flow, in turn, determines the level of development and standard of living of the members of a village economy. In other words, an unequal socio-economic structure leads to biased production and exchange relations which result in misappropriated income flow and miscarry the economic development and which will again reinstate more and more unequal socio-economic structure. By this process if not disturbed, economic inequality will go on widening. This may be given by the following chart 3.1.
Therefore it is essential to comprehend first the socio-economic structure of an economy. This is done first for Palamputhur and then for Vengidengal.

3.2. Palamputhur

Palamputhur is located (at the New Delta Zone) at the tail end of one of the canals of the Cauvery river with 290 households and population of 1655 persons. Canal irrigation has recently been introduced and the level of irrigation is about 90 per
cent and the cropping intensity is around 160 per cent. The sources of irrigation are canal, tank and well. The main crops cultivated are paddy, millets, ground nut, sugar cane, gingersly pulses etc. Cultivation of tapioca, coconut and other vegetables is also quite common.

3.2.1. Land Owning and Operating Households

As it is seen from Table 3.1, in Palampur-thur majority of the households are found to be owning and cultivating lands. Only five per cent of the households are purely tenants and 15 per cent neither own nor operate land. This group consists of landless agricultural labourers artisans, service groups, casual workers and others engaged in non-agricultural pursuits.
<table>
<thead>
<tr>
<th>Description</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land owning and operating households</td>
<td>234</td>
<td>80.68</td>
</tr>
<tr>
<td>Land owning but not operating households</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>Non-land owning but operating households</td>
<td>14</td>
<td>4.83</td>
</tr>
<tr>
<td>Non-land owning and non-operating households</td>
<td>42</td>
<td>14.49</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>290</td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Then coming to the land owned and cultivated by the residents and non-residents it is seen that major portion of land area is owned and cultivated by the residents. However, the extent of land owned by the residents is larger than that cultivated by them. Thus the land area of 30.2 acres owned by the residents is
Total Cultivable Land Area
968.1 Acres

Owned by residents 891.8 acres

Owned by non-residents 76.3 acres

Owned by individual households (12 acres)
(879.8 acres)

Cultivated by residents 837.6 acres
Cultivated by non-residents 42.2 acres
Cultivated by resident-tenants 12 acres

Cultivated by owners tenants
762.17 55.43 acres

cultivated by the non-residents belonging to the neighbouring villages and towns. The explicit reasons for this are: (i) the land is closer to the neighbouring village and town and (ii) some
parts of the lands have been mortgaged out to the outsiders. The residents from Palamputhur village also own and operate lands outside the village, but it is found to be very insignificant.

3.2.2. Size-wise Distribution of Landholdings:

The distribution of landholdings among the village residents is also found to be highly uneven (Table 3.2). Almost 20 per cent of the households do not own any land. Of the households who own land, around 50 per cent own very small area of less than or equal to two acres and only about 20 per cent of the holdings are found to be having more than or equal to 5 acres of land. Thus, the Palamputhur economy is mainly constituted by the small landholding farmers.

However, the distribution of operational holdings seems to be relatively equitable compared to that of owned landholdings. In the case of operational holdings, the bottom group of
### Table 3.2
SIZE-WISE DISTRIBUTION OF LANDHOLDINGS - PALAMPUTHUR

<table>
<thead>
<tr>
<th>Size Class of Landholdings (in acre)</th>
<th>Percentage of land-</th>
<th>Percentage of area</th>
<th>Percentage of culti-</th>
<th>Percentage of ownership holdings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>owning households</td>
<td>owned</td>
<td>vating area</td>
<td></td>
</tr>
<tr>
<td>0.1-1.0</td>
<td>26.21</td>
<td>5.33</td>
<td>26.61</td>
<td>7.02</td>
</tr>
<tr>
<td>1.1-2.0</td>
<td>20.94</td>
<td>10.16</td>
<td>29.44</td>
<td>16.42</td>
</tr>
<tr>
<td>2.1-3.0</td>
<td>12.39</td>
<td>9.79</td>
<td>14.12</td>
<td>12.86</td>
</tr>
<tr>
<td>3.1-4.0</td>
<td>7.59</td>
<td>8.06</td>
<td>8.87</td>
<td>11.35</td>
</tr>
<tr>
<td>4.1-5.0</td>
<td>12.39</td>
<td>15.58</td>
<td>6.05</td>
<td>9.77</td>
</tr>
<tr>
<td>5.1-6.0</td>
<td>7.59</td>
<td>11.24</td>
<td>5.24</td>
<td>10.61</td>
</tr>
<tr>
<td>6.1-7.0</td>
<td>2.56</td>
<td>4.76</td>
<td>4.88</td>
<td>12.94</td>
</tr>
<tr>
<td>7.1-8.0</td>
<td>0.36</td>
<td>1.66</td>
<td>1.21</td>
<td>3.46</td>
</tr>
<tr>
<td>8.1-10.0</td>
<td>1.71</td>
<td>4.48</td>
<td>1.61</td>
<td>6.04</td>
</tr>
<tr>
<td>10.1 and above</td>
<td>5.56</td>
<td>28.94</td>
<td>1.97</td>
<td>9.59</td>
</tr>
</tbody>
</table>

| All sizes                           | 100.00              | 100.00             | 100.00              | 100.00                           |
|                                     | (234)               | (879.08 acre)     | (248)               | (849.60 acre)                    |

26.61 percentage of households operates 7.02 percentage of total cultivated land by the residents. Whereas the corresponding figures for ownership holdings are 26.21.
per cent and 5.33 per cent. This difference may be due to the land transactions based on the leasing systems.

More or less similar trend is witnessed from the data on distributions of other assets, income and consumer expenditure. Thus the above economic indicators show that the presence of some sections may be identified which largely differ from one another in Palamputhur village economy.

3.2.3. Caste-wise Distribution of Landholdings

Palamputhur village is formed by the households from more than 10 castes such as Mudaliar, Naidu, Brahmin, Kallar, Vellala, Ambalahar, Andipandaram, Chattiar, Velluvar, Parayar, Pallar etc. However, there is no significant association between any caste group and economic position. For example, as shown in Table 3.3, excepting backward and scheduled castes, for other castes, the difference between the percentage of households and the percentage of landholdings is very narrow.
### Table 3.3

**Caste-wise Distribution of Land Holdings - Palamputhur**

<table>
<thead>
<tr>
<th>Caste Group</th>
<th>Percentage of House-</th>
<th>Percentage of Area Owned</th>
<th>Percentage of Area Cultivated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>of house-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forward Caste</td>
<td>1.02</td>
<td>0.87</td>
<td>0.95</td>
</tr>
<tr>
<td>Backward Caste</td>
<td>85.62</td>
<td>93.99</td>
<td>93.75</td>
</tr>
<tr>
<td>Mostbackward Caste</td>
<td>2.06</td>
<td>0.38</td>
<td>0.38</td>
</tr>
<tr>
<td>Scheduled Caste</td>
<td>11.30</td>
<td>4.76</td>
<td>4.92</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00</strong></td>
<td><strong>100.00</strong></td>
<td><strong>100.00</strong></td>
</tr>
<tr>
<td></td>
<td>(290)</td>
<td>(879.08 acre)</td>
<td>(849.60 acre)</td>
</tr>
</tbody>
</table>

### 3.2.4. Agrarian Group-wise Distribution of Landholdings:

Before going into the details of agrarian group-wise distribution of holdings, it may be useful to have an idea about the existing agrarian groups in the study villages.

---

1. Caste classification is based on the caste schedule of the Government of Tamil Nadu.
At the first stage, five types of agrarian groups are identified. They are: (1) Owner operator, (2) Rentier, (3) Tenant, (4) Agricultural labourers and (5) Miscellaneous occupants.

(1) Owner operator (O) household is defined as one in which the whole or a large part of the land owned by the household is operated by the household itself.

(2) Rentier (R) household is one which leases out the whole or a large part of the land owned and does not operate it on its own.

(3) The tenant (T) households lease in the whole or a large part of the land they operate.

(4) The agricultural labourer (A) households are those which either do not operate land on their own or operate a very small piece and depend mainly upon agricultural labour as a source of living.
(5) The miscellaneous occupants (M) households are those who do not engage in the above mentioned activities but receive major part of their income from other non-agricultural sources.

However, there are some households in which the members of the household engage in more than one occupation and from which they receive almost equal size of income. In such cases, with the main occupation the next higher income fetching occupation has also been considered for categorisation. In the case of occupation which brings income less than 10 per cent to the total income of the particular household has not been considered for the classification. Therefore, the following combinations are also possible:

(6) Owner operator-cum-rentier (OR),
(7) Owner operator-cum-tenant (OT),
(8) Owner operator-cum-agricultural labourer (OA),
(9) Owner operator-cum-miscellaneous occupants (OM),
(10) Rentier-cum-tenant (RT),
(11) Rentier-cum-agricultural labourer (RA),
Moreover in one village (Palamuthur) a peculiar type of land transaction has also been existing. This type of transaction of land is called usufructuary mortgage. Under this system, large number of households have sold out their cultivating right to some others for some years. In most cases this period varies from 2 to 5 years. In few cases, the household which has purchased the tilling right will buy the land also by paying some more amount to the landowner. Since this type of land transaction is very familiar and most common in Palamuthur, it has been brought into the occupational classifications by adding some more groups as follows:

(12) Tenant-cum-miscellaneous occupants (AM),
(13) Tenant-cum-agricultural labourers (TA),
(14) Tenant-cum-miscellaneous occupants (TM),
(15) Agricultural labourer-cum-miscellaneous occupants (AM).
(16) Usufructuary mortgage rentier-cum-miscellaneous occupants (UMRM),

(17) Usufructuary mortgage rentier-cum-owner operator, (UMRO),

(18) Usufructuary mortgage rentier-cum-agricultural labourer, (UMRA),

(19) Usufructuary mortgage tenant-cum-miscellaneous occupants (UMTM),

(20) Usufructuary mortgage tenant-cum-owner operator (UMTO),

(21) Usufructuary mortgage tenant-cum-agricultural labourer (UMTA).

Finally one more group has been identified in a study village, which own a very small area of land but have an effective control over the village economy. This group consists of agricultural representatives of absentee landlords and money lenders-cum-shop keepers. The agricultural representatives get all kinds of agricultural operations done by the hired agricultural labourers and make farm business decisions on behalf of the non-resident land owners. Similarly the money lenders-cum-shop keepers also play a prominent role in the economy by lending to the most of
the scheduled caste agricultural labourers and tenants. Therefore the last group is:

(22) Agricultural Representatives and money lenders-cum-shop keepers (ARMS).

The table of agrarian group-wise distribution of holdings (Table 3.4) shows that there are in total 16 groups in Palamputhur. However, only three groups such as owner operator (O), usufructuary mortgage rentier-cum-owner operator (UMRO) and usufructuary mortgage tenant-cum-owner operator (UMTO) own and operate disproportionately larger area of landholdings compared to the other groups. Therefore, it may also be assumed that these groups would have larger proportions of income, assets etc., and control over all other groups, in Palamputhur. The groups such as tenants (T), miscellaneous occupants (M), tenant-cum-miscellaneous (TM) and usufructuary mortgage tenant-cum-agricultural labour do not own but cultivate very small area of land. Conversely,
TABLE 3.4
AGRARIAN GROUP-WISE DISTRIBUTION OF LAND HOLDINGS
PALAMU UTHUR

<table>
<thead>
<tr>
<th>Agrarian Group</th>
<th>Percentage of Households</th>
<th>Percentage of Area owned</th>
<th>Percentage of Area cultivated</th>
</tr>
</thead>
<tbody>
<tr>
<td>D</td>
<td>17.59</td>
<td>33.90</td>
<td>35.07</td>
</tr>
<tr>
<td>T</td>
<td>0.69</td>
<td>0.00</td>
<td>0.47</td>
</tr>
<tr>
<td>A</td>
<td>7.59</td>
<td>0.09</td>
<td>0.00</td>
</tr>
<tr>
<td>M</td>
<td>1.38</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>OT</td>
<td>1.72</td>
<td>1.40</td>
<td>2.13</td>
</tr>
<tr>
<td>OA</td>
<td>11.72</td>
<td>4.33</td>
<td>4.59</td>
</tr>
<tr>
<td>OM</td>
<td>10.35</td>
<td>10.57</td>
<td>10.85</td>
</tr>
<tr>
<td>TA</td>
<td>0.35</td>
<td>0.00</td>
<td>0.03</td>
</tr>
<tr>
<td>TM</td>
<td>0.35</td>
<td>0.00</td>
<td>0.08</td>
</tr>
<tr>
<td>AM</td>
<td>10.00</td>
<td>0.45</td>
<td>0.48</td>
</tr>
<tr>
<td>UM</td>
<td>1.03</td>
<td>0.24</td>
<td>0.09</td>
</tr>
<tr>
<td>UMTM</td>
<td>2.41</td>
<td>0.26</td>
<td>0.26</td>
</tr>
<tr>
<td>UMRO</td>
<td>20.35</td>
<td>32.89</td>
<td>26.08</td>
</tr>
<tr>
<td>UMTG</td>
<td>12.41</td>
<td>15.67</td>
<td>19.25</td>
</tr>
<tr>
<td>UMRA</td>
<td>1.03</td>
<td>0.21</td>
<td>0.07</td>
</tr>
<tr>
<td>UMTA</td>
<td>1.03</td>
<td>0.00</td>
<td>0.20</td>
</tr>
</tbody>
</table>

Total 100.00 (290) 100.00 (879.08 acres) 100.00 (849.60 acres)
the agricultural labourer group is the only group which own little bit of land but does not cultivate. And the miscellaneous group is the only group which neither owns nor operate land.

As far as the village Palamputhur is concerned, the usufructuary mortgage system plays a vital role in transferring the cultivating right from one group to the other, and that explains a larger variation in the percentage of owned and operated holdings of the groups namely UMRO and UMTU. The data show that the UMRO group owns 289.10 acre but cultivates only 220.58 acre and the UMTU group cultivates around 165 acres but owns only around 135 acres of land. Moreover, it is observed, that this system may finally lead to widen the inequality by changing the title of the ownership of lands also from one group to the other.

3.2.5. Agrarian relationship in Palamputhur

The concept 'agrarian relationship' means the relationship that exists between different agrarian
groups with reference to the land, labour, capital and produce markets. For Daniel Thorner,\(^2\) it is the "sum total of ways in which each operates in relation to other groups". The motivation and purpose of the different agrarian groups and the factors which determine their participation in the land, labour, capital and produce market are not as explicit as it appears. Though one could explain the price for land, wage for labourers and interest for capital by the supply of and demand for those factors, there are so many other factors which could explain sometimes to a larger extent the nature of supply and demand forces.

For example an agricultural labourer is prepared to sell his labour power for a farmer not only by the wage consideration but also practically by considering his financial, familial and social commitments to the farmer. If the agricul-

---

tural labourer has already got advances (whether interest free or interest in kinds) from the farmer he may be forced to work for him for lower wage rate and also for the extra hours with no additional rewards. Similarly an agricultural labourer may prefer to work for his relatives and other high caste farmers rather than for a lower caste farmer. Also the distance of working place from the residence may determine the decision of a labourer if the labourer is having some other domestic responsibilities.

Likewise the capital, land and produce markets are also affected by innumerable factors, which also determine the production and exchange relations. However, it may safely be assumed that the above markets and determinants can to a large extent be controlled and taken in favour by economically well off and influential farmers.
As far as Palamputhur is concerned, only 10 per cent of the households seem to have higher control over the others. Using that control, the better off and efficient farmers are able to extract surplus fund from the agricultural operations. Initially, the surplus may be used to mortgage-in the lands of those who are less efficient or those who are urgently in need of funds. In this process the less-resource-possessed or less efficient farmers may first be driven to the group of usufructuary mortgaging rentier-cum-owner operator, then to usufructuary mortgaging rentier-cum-agricultural labourer and finally to the landless agricultural labourer group. At the same time the well off and efficient farmers may become usufructuary mortgaging tenant-cum-owner operator and finally owner operator. Now, the difference in economic

3. Efficiency may be assessed by the size of net income produced, saved and invested on economically productive activities. Generally the small farmer is found to be efficient by producing higher net income per unit of land. However, as his size of landholdings is small the total income is not sufficient for his maintenance.
position between those groups would have become widened.

In due course the wealthy farmers may not work on their land and would mainly depend on the hired labourers. If it is costlier, then they may be forced to use capital intensive techniques which may again raise the total surplus income. As the surplus goes on increasing the large farmers would try to make decent living by raising the level of education of the younger generation. They develop an apathy for rural life style and find it difficult to stay in the village and supervise the agricultural operations. This induces such farm families to migrate to nearby urban area. When necessary they may visit the village once in a while to supervise their farm activities. Slowly, the inefficiency element creeps in resulting in lower returns. This makes them to lease out the land (not mortgaging) or to employ an agricultural agent, a reliable and socially acceptable person, to
supervise the agricultural operations. The surplus created from agriculture would be invested on some high profit fetching ventures in the urban areas. Thus if the present system of agrarian relation is not disturbed by any legislative reform or policy the whole surplus created in the rural area would be used only in the urban area leaving the rural mass as poverty sticken tenants and agricultural labourers. This is what exactly has happened in another study village Vengidengal.

3.3. Vengidengal:

Vengidengal, another study village, in Old Delta Zone (ODZ), is located in the island formed by the estuary of the Cauvery river. The number of households is 265 and the size of population is 1160 persons. The cultivable land is solely irrigated by canals which are there since the ancient Chozha regime. The level of irrigation is around 95 per cent and the cropping intensity comes to about 160 per cent. The main crop cultivated is paddy followed by a catch-crop such as pulses.
3.3.1. Land owning and cultivating households:

In Vengidengal only about 22 per cent of the households own and cultivate land. More than 50 per cent of the households neither own nor operate land. The size of tenants population is around one fourth of the total population. This may be seen from Table 3.5.

**Table 3.5**

**Details of cultivating and non-cultivating households, Vengidengal**

<table>
<thead>
<tr>
<th>Description</th>
<th>Number of households</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land owning and cultivating households</td>
<td>57</td>
<td>21.51</td>
</tr>
<tr>
<td>Land owning but not cultivating households</td>
<td>1</td>
<td>0.38</td>
</tr>
<tr>
<td>Non-land owning but cultivating households</td>
<td>71</td>
<td>26.79</td>
</tr>
<tr>
<td>Non-land owning and non-cultivating households</td>
<td>136</td>
<td>51.32</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>265</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Coming to the residence-wise distribution of land holdings, larger extent of area is owned and cultivat-
ted by the non-residents, either directly or through their representatives. Only around 10 per cent of the village land is owned and about 30 per cent is cultivated by the residents.

**Chart 3.3**

Land Area owned and cultivated in Vennidengal

<table>
<thead>
<tr>
<th>Total cultivable Land Area</th>
<th>935.36 acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owned by residents</td>
<td>91.34 acres</td>
</tr>
<tr>
<td>Owned by non-residents</td>
<td>844.02 acres</td>
</tr>
<tr>
<td>Cultivated by residents</td>
<td>91.34 acres</td>
</tr>
<tr>
<td>Cultivated by non-residents tenants</td>
<td>249.74 acres</td>
</tr>
<tr>
<td>Cultivated by non-residents through supervisors</td>
<td>594.28 acres</td>
</tr>
<tr>
<td>Cultivated by owners</td>
<td>80.12 acres</td>
</tr>
<tr>
<td>Cultivated by resident-tenants</td>
<td>11.22 acres</td>
</tr>
</tbody>
</table>
3.3.2. **Size-wise Distribution of Landholdings**

The size-wise distribution of landholdings shows that the top 5 per cent of the residents own more than one fourth of the landholdings owned by the residents, whereas the bottom (size of 0.1 acre to 1.0 acre) 67 per cent households own almost the same proportion of land. Thus it is witnessed from the table that the land ownership is unequally distributed among the residents. This is more or less the same with the distribution of operational holdings also. However, the average size of operational holdings is relatively larger compared to that of ownership holdings. For instance, when the holding size of 0.1 to 1.0 acre is considered, only 25 per cent of the operational holdings fall in this size, whereas the corresponding figure for ownership holdings is 67 per cent. Conversely, only 7 per cent of the land owning households come in holding size of 3.1 to 10.0 acres, whereas the corresponding figure for operational holdings is 29 per cent.
### Table 3.6: Size-Wise Distribution of Land Holdings - Vengidengal

<table>
<thead>
<tr>
<th>Size Class of Land Holdings (in acre)</th>
<th>Percentage of Land owning households</th>
<th>Percentage of Area owned</th>
<th>Percentage of Cultivating households</th>
<th>Percentage of Cultivated area</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.1-1.0</td>
<td>67.24</td>
<td>24.39</td>
<td>25.78</td>
<td>6.01</td>
</tr>
<tr>
<td>1.1-2.0</td>
<td>17.24</td>
<td>23.97</td>
<td>27.34</td>
<td>14.16</td>
</tr>
<tr>
<td>2.1-3.0</td>
<td>3.44</td>
<td>6.02</td>
<td>14.84</td>
<td>13.04</td>
</tr>
<tr>
<td>3.1-4.0</td>
<td>0.00</td>
<td>0.00</td>
<td>7.81</td>
<td>11.68</td>
</tr>
<tr>
<td>4.1-5.0</td>
<td>0.00</td>
<td>0.00</td>
<td>9.38</td>
<td>15.66</td>
</tr>
<tr>
<td>5.1-6.0</td>
<td>1.72</td>
<td>6.34</td>
<td>4.69</td>
<td>7.39</td>
</tr>
<tr>
<td>6.1-7.0</td>
<td>5.17</td>
<td>11.83</td>
<td>5.47</td>
<td>13.45</td>
</tr>
<tr>
<td>7.1-8.0</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>8.1-10.0</td>
<td>0.00</td>
<td>0.00</td>
<td>1.56</td>
<td>5.38</td>
</tr>
<tr>
<td>10.1 and above</td>
<td>5.19</td>
<td>27.45</td>
<td>3.13</td>
<td>13.03</td>
</tr>
</tbody>
</table>

All sizes: 100.00 100.00 100.00 100.00
(58) (91.34 acres) (128) (341.08 acres)
3.3.3. Laat dwision of holdings:

As far as Vengidengal is concerned, the concentration of land is at the hands of the forward caste farmers (Table 3.7). The other caste groups such as backward, most backward and scheduled castes own and cultivate relatively

Table 3.7

 caste-wise distribution of holdings - Vengidengal

<table>
<thead>
<tr>
<th>Caste Group</th>
<th>Percentage of households</th>
<th>Percentage of area owned</th>
<th>Percentage of area cultivated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forward Caste</td>
<td>10.53</td>
<td>45.01</td>
<td>17.20</td>
</tr>
<tr>
<td>Backward Caste</td>
<td>3.01</td>
<td>0.00</td>
<td>1.53</td>
</tr>
<tr>
<td>Most-backward caste</td>
<td>10.15</td>
<td>5.88</td>
<td>7.58</td>
</tr>
<tr>
<td>Scheduled Caste</td>
<td>75.56</td>
<td>49.11</td>
<td>73.69</td>
</tr>
<tr>
<td>Minorities</td>
<td>0.75</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00</strong></td>
<td><strong>100.00</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

(265) (91.34 acres) (341.08 acres)
smaller proportion of land. When the percentages of owned and operated holdings are compared with that of households, it is seen that the backward, most backward and scheduled caste households operate higher percentage of land than what they own. This relationship shows that most of the tenant households are from those caste groups.

3.3.4. Agrarian Group-wise Distribution of holdings:

The explanations for the agrarian groups have already been given. In Vengidengal, as shown in Table 3.8, 11 agrarian groups have been identified. Of them, only some groups such as owner operators, rentiers, owner operator-cum-tenants, owner operator-cum-agricultural labourers and owner operator-cum-miscellaneous occupants own higher proportion of land. Even among those groups, the share of the owner operators is unduly larger. The remaining groups own very smaller proportion of land and depend mainly on the share-crop from leased-in lands or on the wage income. Though the group of
### Table 3.8

**AGRARIAN GROUP-WISE DISTRIBUTION OF HOLDINGS**

<table>
<thead>
<tr>
<th>Agrarian Group</th>
<th>Percentage of Households</th>
<th>Percentage of Area Owned</th>
<th>Percentage of Area Cultivated</th>
</tr>
</thead>
<tbody>
<tr>
<td>O</td>
<td>0.76</td>
<td>6.87</td>
<td>2.40</td>
</tr>
<tr>
<td>R</td>
<td>0.38</td>
<td>5.80</td>
<td>0.00</td>
</tr>
<tr>
<td>T</td>
<td>3.40</td>
<td>0.00</td>
<td>14.06</td>
</tr>
<tr>
<td>A</td>
<td>38.49</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>BT</td>
<td>3.77</td>
<td>60.67</td>
<td>42.05</td>
</tr>
<tr>
<td>OA</td>
<td>5.67</td>
<td>8.94</td>
<td>2.81</td>
</tr>
<tr>
<td>OM</td>
<td>1.89</td>
<td>6.76</td>
<td>2.93</td>
</tr>
<tr>
<td>TA</td>
<td>23.40</td>
<td>2.19</td>
<td>27.84</td>
</tr>
<tr>
<td>TM</td>
<td>4.15</td>
<td>0.41</td>
<td>7.70</td>
</tr>
<tr>
<td>AM</td>
<td>13.96</td>
<td>1.34</td>
<td>0.00</td>
</tr>
<tr>
<td>ARMS</td>
<td>4.15</td>
<td>7.02</td>
<td>0.20</td>
</tr>
</tbody>
</table>

| Total          | 100.00 (265)             | 100.00 (91.34 acres)     | 100.00 (341.08 acres)        |

Agricultural representatives of absentees landlords and money lending-cum-shop keepers operate very small proportion of land, they get higher income from other sources.
3.3.5. Agrarian Relationship in Vengidengal

As far as Vengidengal is concerned, the agrarian structure is found to be unstable over the years.

If one just goes through the history of this village, quite remarkable changes in the agrarian structure would be witnessed, which ultimately led to the deteriorating situation of the village economy. The village received canal irrigation many centuries which brought about prosperity to the land owning class. The palatial buildings which still show their prominent faces at the village site were built by such prosperous landed gentry who cultivated lands using hired labourers. The agricultural surpluses were used for the ostentatious types of feudal living in the village itself. With the rapid urbanisation during the post-independence period, these landed gentry moved to the urban areas with a view to enjoying the newly created urban amenities.
They however continued to cultivate their lands in the village under the supervision of their representatives through hired labourers. Sometimes, the land was split into tiny holdings and was leased out to a large number of tenants on share-cropping basis. With this arrangement, the urbanised landed gentry could exercise its control over the agrarian system. The surpluses were used in investment on agricultural land in other villages and also on non-agricultural urban pursuits.

This ultimately resulted in a peculiar agrarian relationship within the village in which the agrarian groups such as the owner operator-cum-tenants, rentiers, agricultural representatives and money lenders-cum-shop-keepers got an opportunity to gain from the other groups through paying lower wages, charging higher interest rates, utilizing free work and grabbing higher share of produce as rent.
Though the agricultural labourers and tenants suffer a lot and are free to move to any place in search of work and higher wages and income, generally it does not happen. The reason is that they are forced by so many factors to continue their lot there itself. First the tenants are expecting that they will be given the land they cultivate by the Tenancy Regulation Acts. Similarly, the agricultural labourers are also nurturing the hope that the Land Ceiling Act will be implemented and they will get the surplus land.

Secondly as they get advances and food grains from the resident big farmers, they are bound to stay back in the village and to work for them during the busy seasons. Thus they are conditionally bonded. Thirdly, the agricultural labourers and tenants are propertyless, uneducated and unskilled. Therefore, they cannot move anywhere and earn their bread.
Coming to the relationship between agricultural labourers and cultivators, this is found to be more formal one in Vengidengal resulting in unionisation of agricultural labourers. The absentee landlords and resident cultivators depend totally on the hired labourers for all agricultural operations. They and their representatives do not even substitute their domestic labour in the agricultural activities. This condition necessitates the inevitability of the cooperation of the hired labourers. On the other side, the size of the landless population is very large and for them the main source of living is only agricultural wages. Therefore, their subsistence has got direct and close links with the level of wage rate. This vast difference between the two groups viz., landowners and landless labourers has resulted in a detached relationship between them stimulating an awareness among the agricultural labourers. This is found in the neighbouring villages also.
This awareness among agricultural labourers has been favourably used by the leftist political parties. While stimulating the landless to organise for class benefits, the leftists make them to understand and accept a certain degree of tension and conflict as part of their life. Thus the existing agrarian relationship, economic conditions of landless mass and the political influence from outside the village economy has influenced the organized collective struggle with continuous tension. The visible short-term gains of such struggle are seen in the higher wages for the labourers. The leftist political parties have gained a definite edge in the constituency. 4

Coming to the high caste, well off and efficient resident big farmers, who own and cultivate relatively larger area of land, they also intend to follow the foot-path of the absentee landlords and to settle in urban areas.

This is going to happen (if the present system is not disturbed), within next couple of decades, though not immediately. As observed in this village, one big and highly influential farmer has gradually been creeping into urban life. And another large farmer is also harping the same idea. As there are only very few large farmers, the expected change will not take much time. This will, certainly, result in high level of tenancy, larger flow of funds towards the urban area and deep-rooted poverty in the prosperous rural area.

3.4. Conclusion:

The village Vengidengal, which is irrigated for more than two centuries, is controlled by the absentee landlords owning and cultivating major part of the total land area. The important point to be noted here is that those absentee landlords who originally belonged to Vengidengal, have migrated to urban areas during last 75 years or so. Therefore, the income generated in the village
flows to urban area leaving the villagers with acute poverty. This has made the landless agricultural labourers to organize themselves.

In Palamputhur, where lands have been recently irrigated, the majority of the residents are small farmers. The recent land transactions reveal that the transfers are mainly taking place in favour of the medium and big holders. The tendency of the big farmers to possess more land and operate it through their urban residence may bring about a situation that prevails at Vengidengal at present.
CHAPTER IV

SECTORS IN THE SELECTED VILLAGES
CHAPTER IV

SECTORS IN THE SELECTED VILLAGES

4.1. Criteria for Sectorization:

It has been a convention to decompose an economy into different sectors based on some criteria in order to do an in-depth analysis. For the present study, economic factors like per capita size of operated land holdings and per capita net income have been used for the segregation of the village economy. These two variables are found to be very preponderant in determining the production and exchange relations, and economic conditions of different sections in a village.

The combination of the above factors have been chosen as a criterion because, if any one of them is followed it is felt that there will be possibilities for mis-classification. For instance if land alone is considered, the households which earn higher net income through other
than agricultural operations may not be appropriately classified. Again, the per capita size of operated land holdings and net income of every household have been chosen in order to avoid the differences in the size of households. A very big household with relatively larger area of land and net income may sometimes be worse off than the small household with small landholding.

For calculating per capita land and income, the persons aged 15 and above are regarded as one unit and those less than 15 are regarded as one-half of a unit. For working out the size of operated land holdings, the following formula has been used.

\[
\text{Operated land area} = \text{Land owned} + \text{land leased in} - \text{land leased out}
\]

The purpose of taking net income for categorization is to nullify the differences in the cost of production. While calculating the cost of production, only the direct and immediate costs have been taken
into account. The long term investments on asset formation, education etc., have not been considered.

4.2. Land and income - criteria for sectorization

The first criterion chosen for sectorization is the per capita area of operated land holdings. A household which operates a per capita area of land less than 0.40 acre has been included in the non-dominant sector. 0.41 acre to 0.80 acre is considered as it belongs to intermediary sector and 0.81 acre and above comes in the dominant sector (in both the study villages the per capita operated land area is almost 0.5 acre).

As far as the per capita net income is concerned, the demarcations have been made at Rs.1200 and Rs.2400. The households which get per capita net income of less than Rs.1200 have been considered as belonging to non-dominant sector; between Rs.1200 and Rs.2400 as intermediary sector; and Rs.2400 and above as dominant sector.
(The both the study villages the per capita net income is approximately Rs. 1300).

**Table 4.1**

**DEMARcation of households**

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Per Capita net income (in Rs.)</th>
<th>Per head operated land holdings (in acres)</th>
<th>Number of households</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Upto 1200</td>
<td>Up to 0.40</td>
<td>93</td>
</tr>
<tr>
<td><strong>Dominant</strong></td>
<td></td>
<td></td>
<td>129</td>
</tr>
<tr>
<td>Intermediary</td>
<td>1201-2400</td>
<td>0.41-0.80</td>
<td>159</td>
</tr>
<tr>
<td>Non-Dominant</td>
<td>2401 and above</td>
<td>0.81 and above</td>
<td>93</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>93</td>
</tr>
</tbody>
</table>

For final categorization, either the income or the operated area criterion which gives the higher status to the household is taken into account.

For instance, if a household earns per capita net income of less than Rs. 1200 and operates per capita land area of more than 0.8 acre, then that household is considered as dominant.
Following this method, the final sectorization has been made as shown in Table 4.1. In Palamputhur, 33 households from dominant sector, 159 intermediary and 98 non-dominant sector. In Vengidengal, dominant sector is constituted by 22 households, intermediary by 104 households and non-dominant by 139 households.

The economic conditions such as asset position, level of income, consumption and production expenditure and the social background like caste and occupation composition of the defined sectors are presented in the following sections.

4.3. **Size of the sectors**

For assessing the size of sectors two variables - namely (i) Proportion of households to total number of households and (ii) Proportion of population to total village population - have been used. According to the data on these two variables in both the villages the dominant sector is very small in proportion. It is
followed by intermediary sector in Palamputhur and non-dominant sector in Vengidengal.

**Table 4.2**

PROPORTIONS OF POPULATION AND HOUSEHOLDS

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Palamputhur</th>
<th>Vengidengal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percentage</td>
<td>Percentage</td>
</tr>
<tr>
<td></td>
<td>of household</td>
<td>of adult-units</td>
</tr>
<tr>
<td>Dominant</td>
<td>11.38</td>
<td>14.48</td>
</tr>
<tr>
<td>Intermediary</td>
<td>54.83</td>
<td>52.96</td>
</tr>
<tr>
<td>Non-dominant</td>
<td>33.79</td>
<td>32.55</td>
</tr>
<tr>
<td>Total</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td></td>
<td>(290)</td>
<td>(1367)</td>
</tr>
</tbody>
</table>

Notes: The persons belonging to the age group of 15 and above are regarded as one unit, and those who are below 15 are regarded as one half of the unit.

Comparison of the proportion of households and population (Table 4.2) shows that dominant sectors in both the villages and intermediary sectors in Vengidengal have relatively bigger size of families.
This may be so in those sectors because of the existence of joint family system. However, in the remaining sectors, the family size is relatively small because of so many reasons. Among them, absence of land holdings and smaller size of houses are found to be chief determining factors of nucleus families.

4.4. Asset Positions:

Assets refer to the value of livestock, buildings and agricultural and other implements. The extent of land owned has also been included.

Both proportion and per capita value of assets convey that the dominant sector claims higher proportion of total village assets followed by intermediary sector and by non-dominant sector in both the villages. For the comparison, the proportions of households and population of corresponding sectors are referred.

1. It has been expounded by some studies. For example:
The proportions of assets of various sectors in both the villages convey that they are highly associated. Moreover, the size of land has direct relationship with the size of assets also. For example in Palamputhur, the proportions of almost all the types of assets are higher for dominant sector compared to its size of population. However, this is exclusively higher for this sector, as far as the proportion of value of agricultural machineries is considered. This may be because that this sector owns relatively larger area of per capita own holdings (1.28 acres). The same relationship is found in Vengidengal also (see Table 4.3).

The following observations may be made from the comparison of the proportion of assets of sectors.

1) The dominant sector of Vengidengal possesses a higher proportion of assets (56.76%) compared to that of Palamputhur (36.50%).
### Table 7.1
**ASSETS POSITION**

<table>
<thead>
<tr>
<th>Descriptions</th>
<th>Palamputhur</th>
<th></th>
<th></th>
<th>Vengidengal</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dominant</td>
<td>Intermediate</td>
<td>Non-dominant</td>
<td>Total</td>
<td>Dominant</td>
<td>Intermediate</td>
</tr>
<tr>
<td>Value of House (%)</td>
<td>38.51</td>
<td>54.24</td>
<td>7.25</td>
<td>100 (2809922)</td>
<td>65.68</td>
<td>20.37</td>
</tr>
<tr>
<td>Value of Agricultural Machines (%)</td>
<td>43.82</td>
<td>53.09</td>
<td>3.09</td>
<td>100 (827250)</td>
<td>86.16</td>
<td>13.84</td>
</tr>
<tr>
<td>Value of other Assets (%)</td>
<td>30.30</td>
<td>59.70</td>
<td>10.00</td>
<td>100 (1883823)</td>
<td>44.13</td>
<td>44.12</td>
</tr>
<tr>
<td>Land Owned (%)</td>
<td>29.13</td>
<td>65.75</td>
<td>5.12</td>
<td>100 (8699)</td>
<td>64.32</td>
<td>35.68</td>
</tr>
<tr>
<td>Per Capita Value of Assets (in Rs.)</td>
<td>10178</td>
<td>4264</td>
<td>938</td>
<td>4038</td>
<td>6152</td>
<td>784</td>
</tr>
<tr>
<td>Per Capita Land owned (acres)</td>
<td>1.28</td>
<td>0.79</td>
<td>0.10</td>
<td>0.64</td>
<td>1.44</td>
<td>0.47</td>
</tr>
</tbody>
</table>
However, the former has lower value of per capita assets (₹.6510) compared to the latter (₹.10180).

ii) The intermediary sector of Palamputhur claims higher proportion of assets (55.93%) compared to the same sector in Vengidengal (30.62%).

iii) The dominant and intermediary sectors of Palamputhur are closer to each other in possessing the assets compared to Vengidengal.

iv) In both the villages the position of non-dominant sector is worse. However, for the non-dominant sector of Palamputhur the per capita value of assets is significantly higher (₹.940) compared to the same sector of Vengidengal (₹.310). This is also true in respect of the size of land owned.
4.5. Receipts and Income:

As already explained, receipts include income also, the income being one of the receipts. By using the size of income and receipts as well as the per capita value and the proportions of them, the relative power of the sectors can be explained. Moreover, it may be useful to compare the villages also.

Compared to the proportions of population of each sector, the dominant sector receives higher proportion of receipts as well as income followed by intermediary sector. Whereas the non-dominant sectors of both the villages receive lower proportion in both the villages (See Table 4.4). Also, the comparison of the proportion of receipts and the proportion of income gives some interesting results. For dominant sector of Palamputhur and non-dominant sector of both the villages, the proportion of income is greater than the proportion of receipts.
<table>
<thead>
<tr>
<th>Items</th>
<th>Palamputher</th>
<th></th>
<th>Vengidengal</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dominant</td>
<td>Intermediate</td>
<td>Non-dominant</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Receipts (%)</td>
<td>22.72</td>
<td>62.37</td>
<td>14.91</td>
<td>100 (5476966)</td>
</tr>
<tr>
<td>Total Income (%)</td>
<td>27.86</td>
<td>54.95</td>
<td>17.19</td>
<td>100 (2467409)</td>
</tr>
<tr>
<td>Per Capita Receipts (Rs.)</td>
<td>6683</td>
<td>4718</td>
<td>1335</td>
<td>4006 (2467409)</td>
</tr>
<tr>
<td>Per Capita Income (Rs.)</td>
<td>3472</td>
<td>1972</td>
<td>952</td>
<td>1804 (120000)</td>
</tr>
</tbody>
</table>
It reflects that these sectors have earned higher proportion of earnings whereas other sectors have received higher proportion of funds which are to be repaid.

The comparison of villages on the basis of per capita receipts and income raises the following point: The per capita receipts and income of different sectors in Palamputhur are much at higher levels than those in Vengidengal.

The per capita value of assets as well as the proportions of assets are significantly higher for dominant and intermediary sectors in both the villages. Moreover, these sectors have received higher proportions of income compared to their proportions of population. Therefore, it may be concluded that this excessive proportions of income has been accumulated over the period and that has been used for the asset formation. And therefore, at present, their claim over assets is more in both
4.6. Consumption Expenditure:

The size of consumer expenditure of the sectors can, to a large extent, explain the standard of living of the people of the respective sectors. Here the proportions as well as per capita consumer expenditure for all the sectors are given. Besides, same types of informations for the expenditure on food items also are available. For the sake of brevity, the other consumer items have not been individually accounted. However, the total expenditure on other items may be worked out by deducting the expenditure on food items from the total consumption expenditure. The expenditures other than those on food items generally have a direct association among them. Therefore, following the Engel's consumer expenditure law, the standard of living of the sectors may be roughly assessed. The following observations may be made regarding the standard of living of the different sectors from the
consumer expenditure table.

i. In both the villages the consumption levels of similar sectors are also uniform. This can be perceived from the proportions as well as per capita consumer expenditure of those sectors. The figures for the above variables are higher for dominant sectors and very less for non-dominant sectors (Table 4.5).

ii. Coming to the consumption pattern, it is observed that the dominant sectors have spent proportionately less on foodgrains compared to other sectors. The proportions of expenditure on food items for dominant sectors are lower than the proportions of total consumption expenditure. Whereas the corresponding figures are higher for other sectors of Palamputhur and intermediary sector of Vengidengal.
**Table 4.5**

**Consumption Expenditure**

<table>
<thead>
<tr>
<th>Description</th>
<th>Palamputhur</th>
<th>Vengidengal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dominant</td>
<td>Intermediate</td>
</tr>
<tr>
<td>Expenditure on Food Items (%)</td>
<td>9.12</td>
<td>66.09</td>
</tr>
<tr>
<td></td>
<td>(1650030)</td>
<td></td>
</tr>
<tr>
<td>Total Consumer Expenditure (%)</td>
<td>17.17</td>
<td>64.46</td>
</tr>
<tr>
<td></td>
<td>(2942275)</td>
<td></td>
</tr>
<tr>
<td>Per Capita Expenditure on Food Items (Rs.)</td>
<td>801</td>
<td>1506</td>
</tr>
<tr>
<td>Per Capita Consumer Expenditure (Rs.)</td>
<td>2551</td>
<td>2619</td>
</tr>
</tbody>
</table>
The higher standard of living of dominant sectors of both the villages is ensured by the differences between per capita total consumption expenditure and per capita expenditure on food items alone. These differences refer to the per capita amount spent for purchase of non-food items such as cloth, fuel and services such as medical, education etc. This difference is very high for dominant sectors followed by intermediary sector and then by non-dominant sector. This shows nothing but the higher level of living of dominant sector and vice versa.

iii. The comparison of the closeness of sectors in both the villages conveys that there is a vast difference between non-dominant and intermediary sectors, whereas this difference is very narrow between dominant and intermediary sectors.
4.7. Agricultural Production and Expenditure

Leaving aside the non-agricultural production activity, only agricultural production and its expenditure have been analysed. It is due to the following two reasons: first, the village is predominantly agriculture-oriented. Therefore, non-agricultural production activity gets less importance and it may not be of much crucial importance as far as the production and exchanges are considered. Secondly, bringing the non-agricultural production for this type of analysis is more complicated. The intricacy arises in the measurement part of both non-agricultural production and its expenditure.

For this analysis, the proportions of each sector to the totals and the size of agricultural production and its expenditure per acre have been used. The per capita quantum of above are deliberately avoided because, the size of population of each sector will affect the per capita values.
However, the population participating in agriculture from each sector is neither equal in magnitude nor in proportion. Therefore, the per capita averages may not be much of relevance.

The following observations may be made from the Table 4.6.

i. Among all the sectors, the dominant sectors of both the villages contribute significantly higher proportion of agricultural production to total production (more than 20 per cent), whereas the proportions of population of those sectors are around 10 per cent of the total population.

ii. The intermediary sector of Vengidengal, which has relatively smaller proportion of population, contributes higher proportion of agricultural production, compared to its counterpart in Palamputhur. This may be because of the fact that the proportion of population from intermediary
<table>
<thead>
<tr>
<th>Description</th>
<th>Palamuthur</th>
<th>Vengidengal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dominant</td>
<td>Non-dominant</td>
</tr>
<tr>
<td>Agriculture Production (%)</td>
<td>27.77</td>
<td>65.87</td>
</tr>
<tr>
<td></td>
<td>(2201953)</td>
<td></td>
</tr>
<tr>
<td>Agriculture Production Expenditure (%)</td>
<td>24.43</td>
<td>71.27</td>
</tr>
<tr>
<td></td>
<td>(1170519)</td>
<td></td>
</tr>
<tr>
<td>Agriculture Production per operated acre (%)</td>
<td>2552</td>
<td>2641</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agricultural Production expenditure per operated acre (%)</td>
<td>1193</td>
<td>1495</td>
</tr>
<tr>
<td>Net Income from agricultural production per operated acre (%)</td>
<td>1359</td>
<td>1146</td>
</tr>
</tbody>
</table>
sector of Palamputhur engaged in agriculture is less compared to that of its counterpart in Vengidengal. Moreover, the dominant sector of Vengidengal, which consists of miscellaneous occupants, produces relatively less.

iii. Next, the comparison of the agricultural production and the expenditure incurred to produce them shows that some sectors have produced higher amount of production with higher cost, whereas others have lower production with lower cost, and still others have had the combinations of them. Therefore, if the net earning (i.e. production per acre - cost of production per acre) is taken to measure the efficiency of sectors, the following are the results. All the sectors in Palamputhur are more efficient than the sectors in Vengidengal. And among the sectors in Palamputhur, the first place goes to non-dominant sector followed by dominant sector and then by intermediary sector. In Vengidengal the intermediary sector is found to be more efficient and non-dominant sector as less efficient.
In both the villages, the sectors which cultivate relatively smaller holdings are found to be comparatively more efficient.  

In Vengidengal, the dominant sector, which consists of big farmers, big tenants, agricultural representatives and traders, is found to be agriculturally inefficient. It is so because, the tenants, with larger area and traditional methods of cultivation, are not able to increase the net earnings. Moreover, the dominant sector still mainly depends upon the scheduled caste agricultural labourers for cultivation. They are always against the big farmers of dominant sector and they are locally, and to some extent, politically organised, and fight for fixing less working hours and higher wages. Under this condition, as has been informed by a big tenant in this category, it becomes highly difficult to get work done properly in time by the hired labourers. Agricultural work, being such a type which requires strict supervision, cannot be fruitfully carried out without the wholehearted

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2. This idea has been tested by some studies for examples: Ashok Yadav, Indian Agricultural Economics: Myths and Realities, Allied Publishers, New Delhi, 1982, pp.151-173.
cooperation of the labourers. Thus, in Vengi-
dengal, the lack of facilities for using modern
techniques for irrigation purposes and the lack
of cooperation of hired agricultural labourers
are the main factors for the lower productivity
of dominant sector. At the same time, the inter-
mediary sector, mostly consisting of scheduled
caste and petty tenants, is able to produce more
by utilising own family labour as well as the
services of the agricultural labourers belonging
to their own caste. As far as Palamputthur is
concerned, the contradictions between the agri-
cultural labourers and the dominant farmers are
absent. The main reason may be both farmers and
landless labourers to a greater extent belong to
the same caste, i.e. Kallar. From this, the con-
clusion drawn is that, the higher production and
resulting earnings depend upon the techniques
used, the labourer-farmer relations and the size
of holdings.
4.8. **Caste Compositions:**

The castes have been grouped into five, based on the caste classification of Government of Tamil Nadu. They are: (i) forward castes, (ii) backward castes, (iii) most backward castes, (iv) Scheduled castes, and (v) minority communities. The minority communities include the non-Hindu households.

It is seen from the table (Table 4.7) that all the caste groups have their representation in almost all the three sectors. However, it is also found that the representation is not proportionate. First, the backward caste-dominated village viz., Palamputhur may be viewed. The households from forward castes group come both in dominant and intermediary sectors but not in the non-dominant sector. Whereas in the case of backward and scheduled castes groups higher proportions of households are found in the intermediary and non-dominant sector. And in the case of the most backward castes, all the households are non-dominant.
<table>
<thead>
<tr>
<th>Castes</th>
<th>Palamputhur</th>
<th>Vengidengal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dominant</td>
<td>Intermediary</td>
</tr>
<tr>
<td>Forward</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Backward</td>
<td>29</td>
<td>152</td>
</tr>
<tr>
<td>Most backward</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Scheduled Caste</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Minorities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>33</td>
<td>159</td>
</tr>
</tbody>
</table>
In Vengidengal also, the caste influence on the sector hierarchy is obvious. The higher proportion of forward caste group households are dominant and higher proportion of households from other caste groups such as backward, most backward and scheduled castes are found in non-dominant sectors. Thus, from this brief empirical evidence one can safely conclude that there is an association between castes and sector status.

4.9. Occupation Composition:

Table 4.8 shows the occupation composition of the sectors in the study villages. For the classification, the main occupation with the major secondary occupation has been taken. From the table, it is seen that some cases of occupations do not fall in the same sector in both the villages. The reasons for this dissimilarity is differential level of operational holdings and income.

First in the case of tenants in Palamputhur, they are non-dominant whereas in Vengidengal they come in the intermediary sector. The reason is
TABLE 4.8
SECTORS AND OCCUPATION COMPOSITION

<table>
<thead>
<tr>
<th>Agrarian Status</th>
<th>Palamputhuz</th>
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Note: The details of the agrarian status have been given in Chapter III.
only that the tenants in Palamputhur operate as very small holdings compared to the tenants in Vengidengal.

Secondly, the owner operator-cum-tenants come in the intermediary sector in Palamputhur and they are dominant in Vengidengal. This is because, in Palamputhur the pure tenants till mostly the temple lands, which is very less as compared to the land that is cultivated by the tenants in Vengidengal. The owner operator-cum-tenants are mostly big farmers in Vengidengal, as they lease in large pieces of land from the absentee land owners.

Thirdly, in Palamputhur owner operator-cum-agricultural labourers earn very less income through agricultural work whereas they earn relatively more due to an organised movement in Vengidengal.
Thus, though the occupation group remains the same, the area of land cultivated and size of earnings differ within the same occupation group. And that results in varying position in sectors.