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Agrarian Relation and the Maoist Movement in India

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Abstract

The paper tries to locate the Maoist movement in the distorted agrarian structure of the Indian economy as opposed to the widely accepted belief of failure of neo-liberal policies. It was believed within the left circle that the advent of neo-liberalism would change the agrarian relation therefore the agrarian structure of the economy so the ‘land to the tillers’ has no relevance in present day globally integrated developing economies like India. The paper in contrast argues that the neo-liberal policy only intensified the contradiction which is fundamentally between the feudal forces and the masses, rather than changing the relation of production which is pre-dominantly semi feudal and semi-colonial in character, that in turn accelerated the momentum of the movement in India as ever before. The paper concludes with the note that ‘land to the tiller’ continues to be relevant, if not taken seriously the specter of Maoism will continue to hunt India.
Introduction

The debate surrounding characterization of the Indian economy, particularly the agrarian sector of the economy, is not new in Indian communist movement or in the world. The undivided Communist Party of India (CPI) in its second congress held in 1948 characterized Indian economy as “semi feudal semi colonial”. The new Central Committee (CC) elected in the congress upheld “British Imperialism bestowed sham independence on India and the big bourgeoisie who are closely linked with feudal elements and usurious capital and which from its very inception has been closely bound up with British Imperialism’ (C.f. Ghosh, 2009). The new CC formulated agrarian revolution as the axis of Indian revolution. This formulation, however, was not new, since early 1940’s CPI had been engaged in forming united front of peasants, youth, traders and other middle class people in Telangana against feudal oppression and Nizam of Hyderabad. CPI led the historic armed struggle of the peasants against the feudal lords of Telangana region between 1946 and 1951.

The movement soon spread to most part of Telangana and remained successful to such an extent that it was able put on hold the “forced unpaid labour”, “illegal extraction and compulsory grain levies” and “land were redistributed”. The CC of CPI in their Party Program of 1951 described that the immediate objective of CPI is to abolish feudalism…full national independence cannot be achieved through ‘peaceful parliamentary way’ but ‘only through armed revolution of the people’. However, the Telangana peasant armed struggle and the whole strategy of revolutionary transformation of ‘semi feudal and semi colonial’ India was substituted by the “peaceful parliamentary path to socialism” in 1951 itself (Ghosh 2009; Diwakar 1994). The split within CPI in the early 60’s into two parties- CPI and CPI( Marxist)- had nothing to do with the ideological-political differences in characterization of Indian society but on the ground of soviet-china disputes. The ideological difference within CPIM was always there and it reached its logical conclusion only in late 60’s in the wake of Naxalbari armed peasants struggle in the district of Darjeeling, India. Some expelled members of CPIM formed CPI (Marxist-Leninist) in 1969 by “semi-feudal semi colonial” characterisation and vehemently rejected CPI and CPIM thesis of “peaceful transition to socialism”. The peasants movement led by CPI (M-L) spread all over the country (see. Ghosh 2009). The movement was brutally crushed and suppressed by Indian state in early 70’s. After its failure to build armed movement many of its leaders divided into various fraction owing to inner-party ideological struggle and differences. Many chose parliamentary road to socialism, e.g. CPI (liberation), while some continued organizing rural masses in countryside, for instance, Maoist Communist Centre (MCC) and People’s War Group (PWG). After three decades, with the merger of erstwhile PWG and MCC in 2004 the Communist Party of India (Maoist) came into existence emphasizing again agrarian revolution as the axis of Indian Revolution.

Although all “left” parties in India continue to stress upon resolving the agrarian question in their party programs (see. Harris 2013) unlike others it is only the Maoist in India, who totally rejected any possibility of revolutionary transformation through parliamentary democracy, and seemed to have reached out to the masses, particularly rural poor with the program of alternative model of development for past four decades. The former Prime Minister of India Manmohan Singh called the Maoists as “single biggest internal security threat” to India. Indian state has deployed large paramilitary forces to wipe out the Maoists from their “Red Corridor”. The answer of whether the Maoist revolutionaries will finally succeed in establishing the “New Democratic India” or they will face similar defeat as in 1970’s lies in the political economy of rural India which Maoists claim the axis of New Democratic Revolution. The Maoists in their party program document (2004) characterized the countryside dominated by:

…landlord, usurers, merchants and the religious institutions. These exploiting sections are the mainstay of the semi-feudal relations of production in the country. All these
facts show that out country is a semi-feudal country. This class of feudal lords protects and instigate casteism, communalism, superstition and maintains private armies, or goonda forces, perpetuates medieval oppression on the rural masses. and oppressed dalits, adivasis and women through often perpetrating massacres, rape etc. It is this class of oppressors who hold social and political power.... (p.13)

...increasing penetration of imperialist finance capital. Introduced some capitalist relations of production, but this capitalism is very much distorted and disarticulated. Moreover, the land question has not been fundamentally solved..this so called capitalist development has brought nothing except misery and resultant discontentment among the peasant masses, that too, on a massive scale... despite some changes in the areas of the “Green Revolution”, no significant change has occurred in the semi-feudal relations of India as a whole.. (p.14)

One of the task of people’s democratic state will be... confiscate all land belonging to the landlords and religious institution and distribute among the landless, poor peasants and agricultural laborers on the slogan of ‘land to the tillers’... taking agriculture as the foundation, it will advance towards building strong industrial economy... (p.30)

The document of Maoist party suggests some development of capitalism in agriculture particularly in areas where Green Revolution was successful. They also opined that these developments have been very much distorted and disarticulated. However, what is intriguing in their analysis is the dominance of landlord, usury and merchants in country side. Hence, one of the prime tasks of revolutionary people's government is to re-distribute land to the tillers- i.e., landless, poor peasants and agricultural laborers. In this paper I will try to analyze some of these claim of CPI (Maoist) with the latest NSSO 70th round data and village survey conducted by scholars. Scholars in recent years have rejected the Maoist party characterisation by saying it may have validity in the late 1960’s but at present context “landlordism” has significantly declined (Harris 2013) and the agrarian sector is now more or less dominated by capitalist relations of productions (Basole and Basu 2011a; Basu and Das 2013).

At the outset it is important to mention that the Indian economy is very much complex in which different structures may co-exist together, so for any analysis of these structure, for instance tribal economy, same economic analysis (logic) may not be applicable (applied). This paper is confined to agrarian structure of the economy particularly from 1980’s onwards.

**Agrarian Transition in Historical Perspective**

Agrarian transition has always remained the central concern in the history of communist movements all over the world particularly in economies where significant portion of the population was attached to agriculture and were exploited by feudal relations of production. Although capitalist development in the countryside was inevitable what concerned them most was the “nature” and “pace” of such development.

Lenin formulates two possibilities of capitalist transition. The transition may take place either as a result of transformation of landlord economy (capitalism from above) or with the abolition of the landlord estates (capitalism from below). He describes the former as “Prussian Path” and later as “American Path”. According to him, Prussian path is reactionary path as its evolution is slower and retains the semi-feudal features...this process ‘condemns the peasants to decades of most
expropriation and bondage while at the same time a small minority of Grossbauern (‘big peasants’) arises (Lenin, 1972: 239). In case of American path with the abolition of feudal lords feudal estates is redistributed among the peasant who ‘becomes the sole agent of agriculture and evolves into a capitalist farmer’. The Prussian path limits home market, and therefore the capitalist industrialization, and by offering lower wages it fails to develop the productive forces rapidly again constraining home market. However, in the American path ‘the development of capitalism and the growth of productive forces would be wider and more rapid’ and more importantly it secures for the peasantry the ‘greatest degree of prosperity with the existing level of agriculture…’.

The historical experience tends to suggest that American path guarantees the development of capitalism and the Prussian path may or may not guarantee it. In Japan, for instance, after Meiji restoration landlord turned capitalist class experimented with capitalist production relations by hiring wage labour but later when they saw high profitability in the tenancy market they chose to remain landlord class rather than turning into capitalist.

Agrarian Transition “from above”?

At the time of “independence of India” majority of the population were attached to agriculture. The share of agriculture in the total gross value added (GDP) at factor cost was highest followed by service and Industrial sectors. India needed industrialization in which agriculture could play vital role. The political need of the hour was to completely dismantle the barrier of ‘Imperialist capital, nationalization of comprador bourgeois capital and the abolition of feudalism’ (Ghosh 2009: 33). The agrarian sector of the economy was dominated by rentier, usury and the merchant class which acted as a barrier to agricultural investment and development of productive capacity. Therefore, the task at hand was to completely dismantle these parasitic classes through egalitarian re-distribution of land. In addition to this the building up of cooperative farming and commune would have substantially lead to the higher increase in production of agricultural goods and this in turn would have further generated the market for industrial goods. The agricultural surplus could have been outsourced in augmenting capital for building industry which would have again market for the agricultural goods. The development of industrial sector would have absorbed surplus laborer arising from agriculture that would result in the all-round economics and social development.

Similar path of development was followed by the newly formed People’s Republic of China in October, 1949. The economically backward China transformed itself into a strong, self-reliant China within a short span of time. World Bank noted that “China’s agricultural sector accounts for less than 8 percent of the world arable land but provides enough food for about 22 percent of the world population…..Industrialization have been very rapid all of which have been financed through domestic saving….almost the entire range of modern industries has been set up…practically every significant industry, major plants have been built in several part of the country and special effort have been made to spread manufacturing into backward regions and rural areas…In few areas, however, China has developed a technological lead” (C.f. Ghosh 2009: 34)

India pursued rather more conservative path. There was no egalitarian land redistribution which constrained home market and economy as a whole. The land reform that sought to benefit only Rich farmer and landlord class at the expense of majority of rural population was a complete failure that the “post-independence” era witnessed. Not much effort were made in creating technical capabilities instead depended heavily on the mercy of imperialist nations for technologies and Capital which have had much political and military repercussion to it.

Despite conservative path of land reform state did try to curtail the influence of parasitic classes such as landowner by imposing ceiling and protecting tenant. Zamindari Abolition Act was brought in to abolish intermediaries between state and the actual cultivators. Through legislation land rent was
regulated which was not to exceed from 1/5th to 1/4th of the total produce. In addition to this banking networks were promoted to take hold of moneylenders. Efforts were made to increase irrigation and power facilities. Following all these, particularly in the post- Green Revolution phase agrarian sector witnessed sharp increase in agricultural production, capital investment, mechanization and commodification of agricultural product.

Therefore, all these developments at the “macro-level” tend to suggest that, at least in the 1970’s, there was a “tendency” towards capitalist development “from above” in Indian agriculture which was heavily backed by State. On the other hand, the scholars in their village survey found different picture or at least presence of capitalism in agriculture. This contrasting result both at micro and macro level generated, what later come to be known as, the “mode of production debate” during the same period. The debate, however, remained “inconclusive” (Rudra, 1992: 326) both at theoretical and conceptual ground. The present paper does not intend to review “mode of production” debate instead what it intends to do is to seek whether or not substantial change has taken place in the relations of production since 1980’s onwards.

**Agrarian Structure in India**

For any analysis of the agrarian sector and the nature of its change the starting point should be identifying economic status of various classes. This is not merely because developmental processes impact various classes differently but also because it has its own political implication. That is in making the general analysis of the economic status of the various classes the attitude towards change varies from classes to classes. Scholars in the past have identified five classes in the agrarian structure: 1) Landlord Class; 2) Rich Peasants class; 3) Middle peasants class; 4) Poor Peasants class and 5) Agricultural Labour class.

<table>
<thead>
<tr>
<th>Size Class</th>
<th>Area Owned (in ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landless</td>
<td>less than 0.002</td>
</tr>
<tr>
<td>Marginal</td>
<td>less than 1</td>
</tr>
<tr>
<td>Small</td>
<td>1-2</td>
</tr>
<tr>
<td>Semi medium</td>
<td>2-4</td>
</tr>
<tr>
<td>Medium</td>
<td>4-10</td>
</tr>
<tr>
<td>Large</td>
<td>&gt;10</td>
</tr>
</tbody>
</table>

The Landlord class does not engage itself with the production process but appropriates surplus in the form of rent from the peasants. The Rich Peasant Class (RP) may or may not own land but has enough instrument of production, capital and the knowledge of organizing production processes. He might himself engage in the production process but his sole existence depends on the exploitation of wage laborer. RP is the demander of wage laborer in the rural labour market. Rich Peasants may also lease out land and advance money to the landless (includes agricultural laborer) and the poor peasants. They are highly market oriented with large potential to generate market and has the capacity to change the whole production relations. The Middle Peasants Class is least market oriented and dependent. He is the creation of himself. His survival depends on his own and family labour.

The Poor Peasant Class may or may not own land but owns few instruments of production. Income from cultivation may not be sufficient, hence, their “surplus labour” can be realized either by entering into labour market or in the tenancy market. They are temporary supplier of labour. The Agricultural Laborer Class being “free” from any kind of means of production forms the permanent supply side of the labour in the rural labour market which, of course, depends on the dynamism
(growth) of the Rich Peasants (and prospective capitalist class). In the absence of such dynamism they might enter in the land lease market as a pure tenant.

<table>
<thead>
<tr>
<th>HH. Size-class</th>
<th>Income</th>
<th>Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>marginal</td>
<td>1659</td>
<td>2482</td>
</tr>
<tr>
<td>Small</td>
<td>2493</td>
<td>3148</td>
</tr>
<tr>
<td>Semi-Medium</td>
<td>3589</td>
<td>3685</td>
</tr>
<tr>
<td>Medium</td>
<td>5681</td>
<td>4628</td>
</tr>
<tr>
<td>Large</td>
<td>9667</td>
<td>6418</td>
</tr>
</tbody>
</table>

Source: Situation Assessment Survey of Farmer, 2003

The classification of households into various groups on the basis of land owned or operated has been the method employed by the National Sample Survey Organization (NSSO) in India. The NSSO classifies the households having Landless, Marginal, Small, Simi-Medium, Medium and the large land holdings (Table 1). The classification of households on the basis of land and labour would have made our analysis much easier. Therefore, class analysis of agrarian structure requires careful attention before drawing any conclusion from NSSO data.

According to NSSO data (2003), households with less than 0.41 hectares (ha.) of land use 90 per cent of their land as homestead. Therefore, substantial number of these households may form permanent supply side of labour in the labour market. NSSO (2003) also note that many of these households are engaged in cultivation and supply almost 40 per cent of their output. This makes the identification of agricultural Labour households from landholding NSSO data difficult. With this limitation we may think of Agricultural Labour households (AL) as households with less than 0.41 ha. in order to have rough idea about the change taking place in the agrarian structure. The marginal and small households (with 0.41 to 2 ha. of land) may constitute the poor peasant households since their income (Table 2) is less from cultivation and their surplus labour can be realised in the labour market or by entering into tenancy market.

The semi-medium households of NSSO may constitute Marginal Peasants households with 2 to 4 ha. of land. They have considerable amount of land (2 ha. to 4 ha.) and need not supply labour in the labour market. The third category in our classification is the Rich Peasants households (RP) who own 4 to 10 ha. The households, with more than 10 ha. of land, may be capitalist or feudal landlord class depending on market assessment. Within RP there could be some household that may join this category by entering into tenancy market. For stability in the system, one would expect the increasing importance of RP and landlord turn capitalist class and the system should also generate increasing number of agricultural labour households for its continuity.

**Changing Pattern of Ownership Holdings**

Land is not only one of the important means of production in the agrarian sector of the economy but also an important determinant of the social-political status of its holder in countryside. Ownership of land determines to a considerable degree-widening in some case and restricting in other-the range of choices effectively open to different members of agrarian societies (Raj, 1975). Sharma (1994) opines that ‘to those who possess land, especially the higher echelon among them, not only the local level institutions such as panchayats, co-operative and so on are more easily accessible but a better
negotiating is available to them to with the world’. In India certain caste groups are traditionally kept outside the reach of land ownership. Land was used as a means of “exploitation” and “subjugation” of these oppressed caste groups and also for “maintaining” the caste hierarchy. The land reform in India was also supposed to weaken this feudal caste hierarchy.

The latest 70th round NSSO data suggests that the top 7 percent of the rural household continue to own almost half of the total owned area and the rest 93 percent from the bottom own remaining half. There is a steady decline in the share of Medium and Large households (with more than 4 ha.) from 12 percent in 1961-62 to only 2.17 percent in 2012-13. The share of semi-medium households after maintaining constant share at around 10 percent for four decades witnessed decline to almost 5 percent in the post reform period. The share of small households after marginal increased till 1980 and remained constant thereafter at 10 percent.

However, what is intriguing (table 3) is that the share of households with less than 0.41 ha. (1 acres) of land, whom Basu and Basole (2011a) termed as “effectively landless”, has declined from 60.15 percent in 2003 to 39.60 percent in 2012-13. On the other hand, marginal households after witnessing marginal decline in it households share from 21.81 per cent in 1961-62 to 19.52 per cent in 2003 saw abrupt increase to 43.20 percent in 2012-13. It looks like the “effectively landless” households have joined the category of marginal households since the percentage of small and semi medium households remained constant for last two decades. The decline in the share of landless households presents a different picture to agrarian structure.

The trend in the households share also correspond the trend in households land ownerships holdings. The large households with more than 4 ha. of land held almost 25 per cent of the total land in 2012-13 while their share in 1960-61 was 60 percent. For the last two decades the semi medium households maintained its share in total area owned. The small households witnessed marginal improvement over 2003. Nearly landless households accounted for 0.68 per cent in 2012-13 while their share in 1960-61 was 1.59 percent while the marginal households have registered significant rise in their share from 6 per cent in 1960-61 to 29 per cent in 2012-13. However, this does not mean the land distribution has become more “equitable” since the share of marginal households has also increased almost by 50 per cent (in 2012-13) over the previous round (2003) and the average area owned by them has actually declined from 0.880 ha. in 2003 to 0.672 ha. in 2012-13. Notwithstanding this, one can argue in favor of the increasing dominance of marginal and small households and the increasing importance of small scale production in the agrarian structure of the economy.
Table 3: Percentage Distribution of Households and area owned over size classes of households ownerships holdings in different NSS reports

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>% of households</td>
<td>% of area owned</td>
<td>% of households</td>
<td>% of area owned</td>
<td>% of households</td>
<td>% of area owned</td>
<td>% of households</td>
</tr>
<tr>
<td>&lt; 0.41</td>
<td>44.21</td>
<td>1.59</td>
<td>44.87</td>
<td>2.07</td>
<td>48.21</td>
<td>2.75</td>
</tr>
<tr>
<td>0.41-1.0</td>
<td>21.81</td>
<td>6.00</td>
<td>17.13</td>
<td>7.69</td>
<td>18.43</td>
<td>9.47</td>
</tr>
<tr>
<td>1.0-2.0</td>
<td>9.16</td>
<td>12.39</td>
<td>15.49</td>
<td>14.68</td>
<td>14.7</td>
<td>16.49</td>
</tr>
<tr>
<td>2.0-4.0</td>
<td>12.86</td>
<td>20.54</td>
<td>11.89</td>
<td>21.92</td>
<td>10.78</td>
<td>23.38</td>
</tr>
<tr>
<td>4.0-10.0</td>
<td>9.07</td>
<td>31.23</td>
<td>7.88</td>
<td>30.73</td>
<td>6.45</td>
<td>29.9</td>
</tr>
<tr>
<td>&gt;10.0</td>
<td>2.85</td>
<td>28.25</td>
<td>2.12</td>
<td>22.91</td>
<td>1.43</td>
<td>18.01</td>
</tr>
</tbody>
</table>

Source: Authors own calculation from NNS 59th Round Report No. 491 (59/18.1/4) & NSS 70th Round KI (70/18.1)

In the process of agrarian transition, preferably from pre-capitalist to capitalist relations of productions, one would at least expect the polarization of rural households into two directly opposing classes: agricultural proletariat and capitalist farmer. The Land being the important means of production the developing capitalist relations in agriculture “from above” would mean, according to Lenin (1917), the ruin of “small scale producer” in the face of tough competition perpetrated by capitalist farmer with scale advantage and superior technique of production. This would lead to the continuous differentiation of peasantry in the sense that the land gets concentrated in few hands and the class of agricultural laborer would increase in number.

However, contrast to our expectation the Indian agriculture has observed the increasing share of both marginal and small households (small scale production). The recent data also suggest that the “effectively landless” households have declined, in its total households share, from 60 per cent to 40 per cent. The stable system led by the rich and the landlord turn capitalist farmer would have prevent this tendency. The increasing number of the “effectively landless” households does not imply the capitalist development per se since same is equally possible even in the feudal setting where land is concentrated in few hands. What it only implies is that there increasing share may create suitable condition for rich and pro-capitalist farmer to direct the system in their favor.

Nevertheless, this seems to have been far from reality. As we have already observed that the share of large farmer households have declined over the decades and the concentration of land is also not taking place in substantial amount for this category of households. The households who actually seemed to have picked up in the system are marginal and small households. If one is interested in finding the “representative of capitalist class” (Takahashi 1976) in Indian agriculture then it is to be found within these households. The important implication of increasing importance of small scale production in agriculture is the declining role of Rich (and prospective capitalist) class in the system.
This may have adverse effect on the agricultural labour class in the rural labour market.

“Unwanted Army” of Labor?

The Rural economy can be seen as composed of two sectors- Farm Sector and Non-Farm Sector. In the process of structural transformation one would expect the increasing importance of non-farm sector in terms of its share in output and employment. The shift in the labour force from farm to non-farm sector not only benefits labour (wage increase) in both sectors, but it also calls for major structural change within farm sector. As expected, the share of agriculture in the gross domestic product (GDP at factor cost) has sharply declined from 30% in 1980 to about 12% in 2010 while the share of total workforce engaged in agricultural activities has displayed a much slower decline from 68% to 55% during the same period. It implies that still the majority of the work force continues to rely on agriculture, which is characterized by low productivity and low income, in the absence of employment opportunity in non-farm sector.

Table 4: Sectorial Distribution of Rural NDP in %

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>AGRICULTURE AND ALLIED SECTOR</td>
<td>64.36</td>
<td>56.99</td>
<td>51.42</td>
<td>38.34</td>
</tr>
<tr>
<td>MANUFACTURING</td>
<td>9.16</td>
<td>8.15</td>
<td>11.13</td>
<td>11.86</td>
</tr>
<tr>
<td>INDUSTRY</td>
<td>10.96</td>
<td>11.63</td>
<td>14.13</td>
<td>16.22</td>
</tr>
<tr>
<td>CONSTRUCTION</td>
<td>4.05</td>
<td>4.61</td>
<td>5.59</td>
<td>7.91</td>
</tr>
<tr>
<td>SERVICE</td>
<td>20.63</td>
<td>26.75</td>
<td>28.63</td>
<td>37.52</td>
</tr>
</tbody>
</table>

SOURCE: Author own calculation from various NSSO and secondary data

The share of farm sector (Table 4) in Rural Net Domestic Product (RNDP) (see. Table 4) sharply declined from 64.36 percent in 1980-81 to 38.34 per cent in 2004-05 while the share of non-farm sector increased from 35.64 percent to 61.66 during the same period.

Even though the non-farm sector is acquiring increasing importance in its share in RNDP the sectorial shift in the labour force has been sluggish. Agriculture (Table 5) accounted for 78.43 percent of total work force in 1993 whereas the share of non-farm sector was 21.57 per cent. In 2009-10 the workforce in agriculture declined to 67.93 per cent and non-farm increased its share to 32.77 per cent. Between 1993-94 to 2004-05 the reduction in the labour force from agriculture has been less than 9 percent, however, it showed marginal improvement after 2004-05 in the wake of construction sector. It is clear from the table that the shift of workforce from agriculture happened in construction sector which shared 9.40 percent of workforce in 2009-10 (Its share was 2.37 percent in 1993-94). The industrial sector hardly generated any employment in the last two decades.

Table 5: Sectorial Share of Total Rural (Usual Status) Employment (in %)

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>1993-94</th>
<th>1999-00</th>
<th>2009-10 change</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGRICULTURE</td>
<td>78.43</td>
<td>76.23</td>
<td>-10.5</td>
</tr>
<tr>
<td>INDUSTRY</td>
<td>7.80</td>
<td>8.04</td>
<td>0.15</td>
</tr>
<tr>
<td>MANUFACTURING</td>
<td>7.00</td>
<td>7.40</td>
<td>0.15</td>
</tr>
<tr>
<td>CONSTRUCTION</td>
<td>2.37</td>
<td>3.31</td>
<td>7.03</td>
</tr>
<tr>
<td>SERVICE</td>
<td>11.40</td>
<td>12.42</td>
<td>3.32</td>
</tr>
<tr>
<td>NON-FARM SECTOR</td>
<td>21.57</td>
<td>23.77</td>
<td>10.5</td>
</tr>
</tbody>
</table>

Source: Authors own calculation from various NSSO an Secondary data
The inter-sectorial variation in worker productivity among various sectors determines the movement of labour. The laborers generally prefer to move to sectors where the productivity per worker is higher with the expectation of earning higher income. The productivity per worker is much higher in the Industrial and service sector (Table 6) with 6.7 percent and 5.3 percent respectively. The productivity per worker in the agriculture is 2.9 percent. The movement away from agriculture should have occurred in industry and service but quite oppositely it happened in the least productive sector of all, i.e., Construction sector. Recent studies tend to suggest that the majority of construction workers spend their income in repaying their debt. Movement away from agriculture owing to “indebtedness” is associated with seasonal or informal employment (Binswanger 2013; Shah 2006).

Now the question is who are moving out of agriculture? Eswaran et al (2009: 50-53) suggested that it is mostly educated-youth of the age between 18-26 years who are moving out of non-farm sector. Chand and Srivastava (2014: 52) also suggest that one of the reasons for low movement away from agriculture to Industry and Service is the requirement of skill and certain education level in these sectors. Vijay (2012) from aggregate level NSSO data showed that it is not the agricultural labour households who are moving out of agriculture rather the cultivators without losing their peasants origin. Binswanger-Mkhize (2013) also suggests that it is the farmer household who are benefiting from self-employment in non-farm sector. He further argue that the ‘manufacturing sector in the urban area has been inadequate…great informality of employment in the Indian economy and in the organized sector and deepening of urban poverty sharply reduces the attractiveness of urban area for rural migrant…urban poles that attracts highly skilled workers .the poor employment prospect for low skilled workers mean that male and especially female workers are struck in rural areas’. The declining role of rich peasant (and prospective capitalist) class in farm sector and the inability of non-farm sector to recruit them even as “reserve army” of labour reinforces the agricultural labour households and the poor peasantry to “re-invent” itself in the land lease market.

Increasing Importance of Tenancy

The tenancy is one of the oldest institutions that facilitate the expropriation of surplus by the landlord class in the form of ground rent from actual producer. It is the monopoly right over land that allows the landlord class to acquire a substantial share in the total “produce” from his tenants. The Ground rent acts as a barrier to investment and hampers productive capacity. The tenancy reform in India was confined to only legislation unlike newly industrialized countries where landlordism completely disappeared through the distribution of land/assets more or less on equal basis to former tenants which, in turn, gave them new incentive and contributed much in their development processes.

The tenancy being the pre-capitalist arrangement its gradual disappearance is thought by many Marxist scholars as an indicator of declining importance of pre capitalist relationship in rural economy. This may be because if the profitability condition exists for the landlord they may prefer to transform into capitalist farmers rather than leasing out land. The poor peasantry may lease out land (if not sale) to the rich farmer if system is more or less stable. In other words, if the poor peasants class earns more income through wage labour rather than from cultivation, he may lease out land to maximize his income. This is the situation of “reverse tenancy”. The entry of agricultural labour households and the poor peasants in land lease market as a “lessee” provides a different dynamic to whole agrarian setup. Their increasing participation and demand for land raises “rent” which, in turn, may augments the prospect of landlord class to remain as a “rentier” class. The increase in rental part of surplus may reduce profitability for Rich peasants and prospective capitalist class. They may even be pushed out of lease market. The increasing participation of agricultural laborer and poor peasantry class in tenancy market may raise wages thus may further deteriorate the profitability condition. Therefore, the close
analysis of tenancy becomes important especially in Indian context where in land is still concentrated in few hands.

The aggregate level data tend to suggest that the percentage of households leasing in land have declined from 25 percent in 1971-72 to 12 in 2003 but there is a slight increase in 2012-13 over 2003. The percentage of area leased in to total area owned has declined from 12 per cent in 1971 to 7 per cent in 2003 while 2012-13 witnessed significant increase in area leased in to total area owned. In 2012-13 area leased in was almost 12 percent which is equivalent to the area leased-in in 1971. The percentage of area leased out to total area owned has declined from 6 percent in 1971 to 3 % in 2003 while in 2012-13 it witnessed further increase. However, the 2003 round needs to be interpreted very carefully as it was not a “normal” year (see. Vijay 2012).

Table 7. Estimate of reported incidence of leasing out and leasing in of land by households from various rounds of NSS

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</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Percentage of households leasing in land</td>
<td>25%</td>
<td>18%</td>
<td>15%</td>
<td>12%</td>
<td>13.52%</td>
<td>14%</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Percentage of area leased in to total area owned</td>
<td>12%</td>
<td>7%</td>
<td>9%</td>
<td>7%</td>
<td>11.23%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Percentage of area leased out to total area owned</td>
<td>6%</td>
<td>4%</td>
<td>5%</td>
<td>3%</td>
<td>4.38</td>
<td>4.42</td>
<td></td>
</tr>
</tbody>
</table>

Source: NSSO report 2003 and 70th Unit level data

At all India level the percentages of leased in area to total operate area has witnessed continuous rise from 80’s onwards except in 2003 (Table 8). However, there is much variation at the state level. States like Andhra Pradesh, Gujarat, Kerala, Orissa, Punjab, Rajasthan, and Tamil Nadu seemed to have followed the national trend whereas states like Bihar followed the secular trend throughout the post reform period. States like Bihar, Andhra Pradesh, and Punjab respectively registered more than 25 percent of area owned under tenancy in first visit in 2012-13 while Orissa, Haryana, Tamil Nadu, West Bengal each registered more than 15 of operated area under tenancy. The states which witnessed less tenancy were Maharashtra and Uttar Pradesh with 3.51 percent and 4.18 percent respectively in 2012-13. Interestingly, these two states witness decline in tenancy over the previous round (2003). Notwithstanding these figures of 70th NSS round scholars have criticized NSS for underestimating extent of tenancy (see. Ramachandran 2011, Rawal 2008). According to Aspect of Indian Economy (AIE 2007) ‘the landowner does not want to create tenancy rights; and even tenants do not reveal the facts to official surveyors, since they fear the landowners will evict them if the learn of it….studies of states such as Bihar, Orissa and A.P. reveal the incidence of tenancy 2 to 4 times than the rate reflected in NSS data’.
The recent village studies by many scholars on tenancy seemed to have corresponded to the aggregate level data by NSS. A village study in the Guntur District of Andhra Pradesh Ramachandran et al (2010) found significant increase in land under tenancy. The tenant households have increased from 18 percent in 1974 to 37 percent in 2004-05 and the land leased in as a proportion of total land operated rose from 22 percent to 67 percent between the two periods. Rao and Bharathi (2010) in their study of ten villages in Andhra Pradesh found that 14 percent of the households are tenant households leasing in 16 percent of the total owned land. They found that the canal irrigated villages of west Godavari have a phenomenal share of land leased in. Rawal (2010) in his study in three villages of Ananthavaram (coastal Andhra Pradesh), Harevli (western Uttar Pradesh) and Birdhana (Haryana) found high incidence of tenancy in the post-reform period.

The disaggregated 70th round NSSO data (Table 9) suggest that out of total tenant households 57.7 per cent were from landless or near landless, 22.37 from marginal households, 24.54 per cent were from small households and rest from the households with more than 2 hectares of land. Therefore, the tenancy market is dominated by the landless or the marginal and small households with 92.61 percent. Of the total Leased-in land (9853649 hectares) the so called “effectively landless” households constituted 15.10 per cent in 2012-13 while in 2002-04 it accounted for 3.04 per cent. Basu and Basole (2011 a) would have termed this as “pure tenants” households. The marginal and small households accounted for 22.37 per cent and 24.94 per cent of total leased in land respectively. Therefore, in aggregate almost 63 per cent of the tenanted land was owned by landless, marginal and small households. Although the Middle peasants (2 to 4 ha of land) are leasing in 19.64 per cent of total leased in land but interestingly within this stratum it is the households with 2 to 3 hectares of land who are leasing in almost 70 per cent of leased in land. One can argue that there is much land hunger among landless (includes laborer), marginal and small households. The agrarian structure witnessed “resurgence of tenancy” particularly in the post reform period.

### Table 8: % of Leased in area to total Operate Area

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Andra Pradesh</td>
<td>6.23</td>
<td>9.57</td>
<td>9</td>
<td>34.96</td>
</tr>
<tr>
<td>Assam</td>
<td>6.35</td>
<td>8.87</td>
<td>5.3</td>
<td>5.81</td>
</tr>
<tr>
<td>Bihar</td>
<td>10.27</td>
<td>3.91</td>
<td>8.9</td>
<td>25.59</td>
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<tr>
<td>Gujarat</td>
<td>1.95</td>
<td>3.34</td>
<td>5.1</td>
<td>5.95</td>
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<td>Haryana</td>
<td>18.22</td>
<td>33.74</td>
<td>14.4</td>
<td>16.55</td>
</tr>
<tr>
<td>Karnataka</td>
<td>6.04</td>
<td>7.43</td>
<td>3.6</td>
<td>6.63</td>
</tr>
<tr>
<td>Kerala</td>
<td>2.05</td>
<td>2.88</td>
<td>4</td>
<td>9.36</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>3.56</td>
<td>6.3</td>
<td>3.6</td>
<td>5.21</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>9.92</td>
<td>5.48</td>
<td>4.7</td>
<td>3.51</td>
</tr>
<tr>
<td>Orissa</td>
<td>9.92</td>
<td>9.48</td>
<td>13</td>
<td>19.29</td>
</tr>
<tr>
<td>Punjab</td>
<td>16.07</td>
<td>18.83</td>
<td>16.8</td>
<td>30</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>4.31</td>
<td>5.19</td>
<td>2.8</td>
<td>7.75</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>10.92</td>
<td>10.89</td>
<td>6</td>
<td>15.61</td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>10.24</td>
<td>10.49</td>
<td>9.5</td>
<td>4.18</td>
</tr>
<tr>
<td>West Bengal</td>
<td>12.34</td>
<td>10.4</td>
<td>9.3</td>
<td>16.21</td>
</tr>
<tr>
<td>All India</td>
<td>7.18</td>
<td>8.28</td>
<td>6.5</td>
<td>11.23</td>
</tr>
</tbody>
</table>

**SOURCE:** NSS (2003) report and Key Indicator 70th round; data for 2012-13 is based on visit-1 of 70th Round NSSO survey, however, Visit -2 will also give similar result.
Withering Away of “Land Redistribution”?

Keeping aside CPI (Maoist), the progressive (includes academic) section and the “parliamentary” left took up the issue of redistributive land reform seriously only in the wake of millions of farmers suicide recently. However, Basu and Basole (2011a: 41-58) notwithstanding recognizing the fact that land is still concentrated in few pockets in rural India arrives to the conclusion that capitalist relations of production as the dominant features of Indian agriculture hence ambiguously rejects the program of “redistributive land reform” in India. Basu and Das (2013: 365-381) further made “stronger” argument that the average size of holdings has come down from 2.63 hectares to 1.03 hectares between 1961-2 and 2003-04 and the share of large landholders have also declined considerably over the decades. The latest 70th round NSSO data shows further decline. They seemed to have been more concerned with “supply side” constraint.

The redistributive land reform arises from the presence of burden of rent on tenant-peasants that act as a barrier for capital investment. If one claims that the agriculture is dominated by capitalist production relations then there is no need for redistributive land reform. This is solely because the major part of surplus is accrued in the form of “profit” by capitalist farmer. One would be interested in identifying this capitalist class. This, however, is missing in Basu and Basole (2011a) analysis. They on the basis of wage income being higher for unknown “effectively landless” households arrives at the conclusion that capitalism as dominant form of production relation in agriculture. Chatterjee, on the other hand, would have rejected wage form of employment as the necessary and sufficient condition for characterizing agricultural development as capitalistic (C.f Rao 1995: 24). Patnaik (1989: 41) also seems to have same understanding as Chatterjee where she argues “operation on the basis of wage-labour is a necessary but not sufficient condition of capitalist organization”. Patnaik (1989: 44) further opined that “the characteristics of the capitalist is not merely appropriating of surplus value generated by the wage labour he employs, but also accumulation and re-investment of surplus value in order to generate more surplus value….the whole reason d’etre of capitalist operation is generation of surplus value on an ever expanding scale….”. Therefore, what connotes the capitalist farmer’s character is the increasing accumulation of capital (Rao 1989: 35). The accumulation of capital practically implies the re-investment of surplus value by capitalist farmer.

The agricultural investment since 1980’s have seen a significant slowed down as a proportion of total investment in the economy. Its contribution to the total capital formation in the economy has declined from 18 per cent to almost 6 per cent at the end of millennia. Many scholars argue that these

<table>
<thead>
<tr>
<th>Size of Households (HH) Class (hectare)</th>
<th>% of HH leasing-in</th>
<th>% total Leased land</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 0.41</td>
<td>57.7</td>
<td>15.10</td>
</tr>
<tr>
<td>0.41-1.0</td>
<td>22.80</td>
<td>22.37</td>
</tr>
<tr>
<td>1.0-2.0</td>
<td>12.54</td>
<td>24.94</td>
</tr>
<tr>
<td>2.0-4.0</td>
<td>5.12</td>
<td>19.64</td>
</tr>
<tr>
<td>4.0-10</td>
<td>1.58</td>
<td>13.01</td>
</tr>
<tr>
<td>above 10</td>
<td>0.25</td>
<td>5.08</td>
</tr>
</tbody>
</table>

Pure Tenancy:
2002-03: **3.04** per cent
2012-13: **15.10** per cent
Source: 70th Round NSSO unit level data for visit 1 from June to December 2012
came as a result of contractionary fiscal policy of the central government. According to Kar (2014) big land owning class- possessing more than 10 hectares of land- on an average invest only about 10.5 percent of the total surplus hence bulk of surplus does not return to the productive investment. Das (2010)- himself noted that ‘…public investment spending began to decline in absolute terms from 1980’s which in turn affected growth of private and total investment. Rising population pressure on land combined with flagging investment resulted in the fragmentation of landholdings. Agriculture yield started to get affected from early nineties. Output growth has also stagnated in the last two decades.’. The growing fragmentation of holdings implies the accumulation is low which can become a hurdle for capitalist development in agriculture. Surprisingly, Basu and Das (2013) note that ‘momentum for capitalist relations of production is not very strong; hence the possibility of a transition to large scale capitalist production will happen in the agrarian economy seems rather low….the agrarian economic structure is marked by a preponderance of small scale farm, non-farm petty production and a ceaseless circulation of footloose labour’. The 70th round also shows the increasing importance of small scale farm production. However, if one is to anticipate capitalist development from within small scale production as it happened in many other countries in the past (see. Byres, 2002: 54-83) then there should be a tendency for accumulation of capital through hired wage laborer.

Although, the small scale farm production dominates the market in terms of share of “marketed surplus” their average income from all source-cultivation, wage, farm animal and petty production- is less than their average consumption as is shown by Situation Assessment Survey of Farmer (SASF) data of NSS (2003) (see Table 2). Most of these small scale peasants’ households are heavily indebted to landlord, money lenders and traders hence question of capital accumulation and capitalism emerging through them looks far from material reality at least at present. Another feature of these small scale peasant households (including Agricultural laborer) is that they show much “hunger for land” particularly in the post-1980. The agricultural labour households and the poor peasantry prefer to enter tenancy market in the absence of strong leadership by Rich peasant households (and prospective capitalist class).

On the supply side of tenancy market there will be households whose prime objective may be earn high rental income. On the demand side, peasants households-rich peasants, middle peasants and the poor peasants (includes laborer) may participate with very different objective. The rich peasant may participate only if it is profitable for him. The profit may not be the prime objective of poor peasant households. As we have seen from recent NSS data that tenancy market is dominated by landless, marginal and small households. The recent village level survey by scholars compliments this aggregate level picture. Vijay (2013, 42-49) in his survey of nine villages in Andhra Pradesh finds that the poor peasants dominate the land lease market both in terms of contracts as well as the extent of land leased in. The poor peasants are followed by middle peasant households whose share of contract is 30 per cent and leasing in almost 30 per cent of land. The percentage of rich household is just 7.14 percent leasing in almost 15 per cent of land. The author makes an important observation ‘it seems that labour supplying households prefer to enter the land lease market rather than the labor market to meet their survival needs’. He also shows that the households that had paid higher rent, the lease market allocated land accordingly. The interesting aspect of his survey is the increasing importance of “Non Cultivating Peasants Households” since 1980’s. The percentage of NCPH in total non-cultivating households was 19.1 per cent in 1981and and it increased its share by almost 37 percent in 2002. Simultaneously,

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1 Rao and Bharathi (2010) defines NCPH as those households who themselves do not cultivate the land but are peasants to the extent that they are moving away from cultivation practices to non-farm activities without completely breaking from their peasants origin.
the percentage of value of land owned by NCPH has increased from 3.8 per cent to 9.8 per cent during the same period (all India). The importance of NCPH in the lease market is that they form the supply side of the lease market and increase in non-cultivating households would lead to an increase in the importance of tenancy.

Rawal et. al (unpublished) in their study of three villages- Ananthavaram (Andhra Pradesh), Harevli (Uttar Pradesh) and Birdhana (Haryana)- found that owing to limited employment opportunity and the low earning from casual labour the landless and poor peasant households enters into the tenancy market at a very high “rental price”. In Ananthavaram, located in the coastal region of Andhra Pradesh, 28.5 per cent of all households and 64.8 per cent of all cultivating households are tenant households. In this village 52 percent of total operated land was under tenancy. They found two types of tenancy contracts in the mentioned village. First, land where paddy was cultivated a fixed annual rent was paid in kind at the end of the season (Kharif) and all cost of cultivation was met by the tenant. It is found that the landless and the poor peasant households were more engaged in this kind of contract. On the other hand, it is found that the poor and small households leased out land to the rich peasant at a low fixed annual rent paid. The peculiar feature of the first type of tenancy contracts was, according to Rawal et. al, the rent constituted, on average 78.5 per cent of the average yield of paddy (5.7 tons per hectare) while tenant had to bear the entire cost of cultivation. The supplier in the lease market was from Kamma caste whose annual rental earning was about Rs 1.7 lakhs. The Kamma households that leased out some agricultural land earned Rs 35,636 as rental income per year.

In Harevli they found three different types of tenancy contracts. First, non-resident Tyagi, the dominant caste in the village, leasing out land to resident Tyagi on cash paid fixed rent basis. In this contract 26.6 per cent of gross value of output from leased in land went in the form of rent to landlord. Second, the resident Tyagi households leases out to Dalit landless households. In this contract about 60 per cent of average gross value of output per acre is appropriated by the landlord from tenant. Third, Chamar households, owing to lack of sufficient capital to cultivate, leases out to other Dalit (Dheemar) households at a very low rent. In Birdhana (Haryana) almost 77 percent of the households were landless while top two per cent of the households owned about 42 per cent of the land. Because of lack of employment opportunity the poor landless households entered into Siri contract with the landlord. Most of these Siri are indebted to the landlords and were not allowed to quit working for the landlord until their debts are cleared. They were required to work not only in agricultural field but also for non-agricultural works of the landlords with or without payment. According to Rawal (2006), the Siri contract is designed in such a way that most of the surplus is appropriated by the landlord in the form of rent or in the form of interest.

Surjit (2014) in his study of Palakurichi village in Tamil Nadu finds 43 per cent of the total operated land under tenancy. He mentions that historically the tenancy has not been prominent in Palakurichi. However, since 1980’s Palakurichi witnessed rise in incidence of tenancy. This, according to author, is mainly because 1) the traditional land owner, young adult member moved out of the village and settled in cities; and 2) some large cultivator who depended on wage labour for cultivation shifted to tenancy arrangement in absence of profitability and inadequacy of irrigation water. Another interesting feature of his study is that the temple and religious institutions that owned

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2 According to Rawal (2006) the Siri contract resembles a sharecropping contract in terms of the mode of payment. The Siri and the landowner share the material cost of production and the agricultural produce in a pre-decided proportion.
the (wet) land was leased out to mostly caste Hindu tenants and Dalit was found only as sub-tenants of the official tenants. In 2003-04, the average rent paid by tenants was 988 kg per hectare which constituted 79 per cent of the average yield which was higher than the corresponding share paid in 1983.

Vakulabhranam et al. (2011:13-16) notes the increasing phenomena of absentee landlordism since 1980’s in Konaseema region of coastal Andhra Pradesh. According to them tenants constitute about 75 percent of the farmer. Land rent (in kind) varied between Rs 18,000 and Rs 25,000 per acre in 2010-11. They note that since the landowner are entitled to institutional credit and any other form of state support it has been the practice of the landowners in the last few decades to take bank loans at lower interest rate (7%) and give it to tenants at higher interests rate (24-36%). According to them, moneylender advance investment for crop to the tenant and they in turn make direct payments to the input and seed dealers; and as part of the informal agreement, tenants will have to invariably sell the produced to the same “shavukars” which suggest the interlinking of the various market and the extraction of large part of surplus by this parasitic class.

The NSS data and the village level survey by these scholars suggest that there is increasing “demand for land” among the landless (including agricultural laborer) and the poor-peasants. The dominant propertied classes that control the land, credit, and the market for input and produce are able to extract large surplus from these “land hunger class” without the hope of re-investment in agriculture. This is precisely the reason that “redistributive land reform” becomes highly relevant today.

**Conclusion**

The aggregate level data and the village survey by scholars seemed to augment the Maoist party formulation that no significant change has occurred in the agrarian structure instead it witnessed increasing trends towards rentierism, usury and Merchant capital since 1980’s. The NSS data suggest the declining share of large landholders over the decades. This led many to conclude the declining power of landlord in the rural India (see. Harriss 2013). It is true that landlord as an ‘individual’ holding large size of land have declined over the decades (shown by NSSO) but the landlord as a surplus appropriating ‘class’ have been in rise. The agrarian structure is also witnessing the increasing importance of poor peasantry (marginal and small households). The land less (includes agricultural laborer) and the poor peasants (with their surplus labour) enter the land lease market in the absence of employment opportunity accepting high rent (see. Ramachandran 2011). The presence of these “land hunger” may price out rich and prospective capitalist class from the lease market. Apart from high rent they are also exploited through the mechanism of unequal exchange in the interlinked product, credit and input market (Basu and Basole 2011a, Vakulabhranam et. al 2011). The NSS (2003) data suggest that these small scale households share in the total marketable surplus is around 60 per cent. Hence, the system looks very much stable and need no change. The agricultural laborer and the poor peasantry on whose expense the system is being stabilize have less income than what is required for consumptions. They are heavily indebted. They constitute almost 60-70 per cent of the rural households. The parasitic classes consider them as a source of surplus whereas the Maoist party, on the other hand, sought in them the revolutionary potential for change.

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**Reports**


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The purpose of the 2015 Chiang Mai conference is to contribute to deepening and broadening of our understanding of global land deals, resource conflict and agrarian-environmental transformations – in the specific regional context of Southeast and East Asia, with special attention to climate change mitigation and adaptation policies as well as the role of China and other middle income countries (MICs) within the region.

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About the Author

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