

CHAPTER I

INTRODUCTION

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1.1 Focus on Village Studies

It is heartening to note that the villages of the Third World have quite recently been the focal point of social science research.¹ The justification for studies on villages rests primarily on their being a significant administrative and social unit so close to the majority of the people in a developing country.² Amidst momentous changes all around, the villages of the developing countries, particularly in South and South-East Asia have preserved their traditional modes of living and thinking.³

Some scholars argue that the revival of interest in village studies reflects the disenchantment strategies and percolation theories and knowledge of the deteriorating conditions of the rural poor.⁴ There are some who appreciate the need for identification of the 'target groups', their linkages with the other socio-economic groups, and formulation

¹ B. Dasgupta, Village Studies in the Third World, pp.1-3.

² Lewis Oscar, Village Life in Northern India, P. 152.

³ Hossain, Surveys for Development, P. 202.

⁴ Sinha, Indian Villages in Transition, P. 167.

of suitable programmes.⁵ Village studies undertaken by the social scientists, anthropologists and economists during the fifties and sixties have provided insights into some basic questions of rural poverty.⁶ There is now need for unified approaches to understand the dynamics of village society, and framing typologies of villages in terms of suitability of new techniques of technology vis-a-vis our concern with redistribution with growth. There should be a shift to problem-oriented studies for rural India.⁷

1.2 Who are the Small Farmers ?

Those who own land between 0.01 to 5.00 acres are considered as small farmers for the present study.⁸

The official concept of small farmer in the district is also the same as given above.⁹

The official concept of small farmer has been used in the present study. No effort has, however, been made to examine the efficacy and justification of the above concept.

⁵ Bhattacharya, S.N., Rural Conditions in Agricultural North Bengal during 1963-'69, P. iii.

⁶ Mishra, Some Aspects of Change in Agrarian Structure, P. 109.

⁷ Loomis, C.P. and Beagle, A., Rural Social Systems, P.159.

⁸ Bhattacharya, S.N., Rural Conditions in Agricultural North Bengal, Calcutta University, P. 68.

⁹ Planning Committee Report, Jalpaiguri, 1975, P. 15.

Bhattacharya, S. N., is one of the members of the Planning Committee of Jalpaiguri district and it was pointed out by him at the very outset that much discussion had taken place on the above concept in various meetings of the aforesaid committee and a consensus had been reached on the above concept among members and hence, the same might be accepted and used for the present study.

One has to decide, however, whether one should go for a scholarly work without making a thorough and requisite groundwork preparation and analysis of the concept which is the main pillar upon which the present project depends. One may raise the following questions : why should one accept that from 0.01 to 5.00 acres landholding group is to be accepted as small farming households ? What is the economic justification of it ?

To this, one may say that the acceptance of the official concept may give rise to less controversies in this regard. Bhattacharya, S. N., informed the present investigator that before reaching such a definition, much thought had been given by the members of the District Planning Committee and in those discussions, strengths and weaknesses of the official definition had been examined in the light of agro-economic conditions of the district and an unanimous decision in the committee was to accept the above definition. So, he suggested to the present investigator that the aforesaid definition

might be used for this project.

It may be said then, that a recognised official body in the district has accepted the above definition and hence, our acceptance may claim some justification which may, however, be questioned.

1.3 What is Financing for Small Farmers ?

Small farmers have to maintain their families and also they may have to spend some amount of money for recreations to make their lives enjoyable as far as possible. For these, they need to incur expenditure expressed in rupees and this expenditure is considered as consumption expenditure of these families during a year under consideration. The total expenditure in this regard throughout a year will give total consumption expenditure for these families during the year under consideration. This forms a part of the analysis of financing of small farmers for the sample families during the period under review.

The second part includes the following : these farmers will have to earn and their main occupation in the sample villages is agriculture. They have to incur expenditure to produce crops (any attempt to improve the method of cultivation, etc., during a year under review, should be considered in this connection) expressed in rupees and total Investment Expenditure in this regard throughout a year by these families will give total Investment Expenditure for these families during the

year under consideration.

The third part includes the efforts of these families to earn through various subsidiary occupations identified during a year under consideration and the total amount of money (expressed in rupees) earned from these occupations during a year under review will have to be carefully noted as far as possible.

The fourth part considers the sources through which they raise resources to meet up their total consumption and investment expenditures during a year under review. Nature, extent and problems of the sources identified will have to be known as far as feasible as well as any impact of such sources (impact of any one of the sources identified may be studied in depth) may also be examined.

The fifth part includes one's attempt to test some hypothesis following suitable methodology for each.

Summation of all these parts may reveal what the present investigator proposes to say with regard to financing of sample families during the period under study.

1.4 What do we mean by Cost of Cultivation in Agriculture ?

What do we really mean by cost of cultivation in agriculture ? What are the problems and the usual solutions

for these problems ? "By costs, economists mean expenditures for labour and materials, together with interest at current rates on capital investment, and the current remuneration for management."¹⁰ These may be considered the elements of cost corresponding to the basic factors of production. In this group of the elements of costs, it has been recognised that the last item, i.e. current remuneration for management, is a difficult one to determine even in agriculture. "Since each farmer differs from his neighbours in the success with which he performs these services there can be, obviously, no standard rate for remuneration."¹¹ The same reasoning is also applied to the item, returns on investment on land -- more specifically the element of rent. "The difficulty here comes from the fact that the value of land depends on the value of what it produces, not the other way round."¹² "The people who maintain that rent should be included in price, are, in effect, simply demanding a continuation of the price structure of the recent past (which, in turn, determined the rate of rent)."¹³

The customary usage of the term "cost of cultivation" in agriculture takes into account the allocation of the expenditures to the different products which the farmer produces as, for example, cost to the different productive units like cost per acre.

¹⁰ M. K. Bennett, Farm cost studies in the United States : Their Development, Applications and Limitations, California, P. 201.

¹¹ J. A. Hopkins and P. A. Taylor, "Cost of Production in Agriculture", Research Bulletin, No.184, Iowa, P.400.

¹² Ibid.

¹³ Ibid, PP. 400-1.

It may be worthwhile to quote here the remarks of W.W. McPherson which aptly summarises the various difficulties connected with studies of cost of cultivation in agriculture. He says : "Incomplete and misleading conclusions in numerous cost of production studies can be traced to : (1) the erroneous allocation of costs among products or among periods of time, (2) a failure to make an economically accurate evaluation of opportunity returns for factors owned and for additional factors that might be obtained, (3) a failure to view from an ex-ante position the conditions facing those individuals who make the economic decisions, and (4) a failure to give due consideration to the role of classification which is necessary for accurate and meaningful measurement. The first problem can be solved within a properly designed accounting system ; for solutions to the last three, the economist must search outside the field of accounting and within the field of economics, logic, technology and social behaviour."¹⁴

Cost of cultivation in agriculture may include the following items : (i) human labour - hired as well as imputed values of family labour ; (ii) owned and hired bullock labour ; (iii) seed - both produced and purchased ; (iv) manures - farm produced and purchased ; (v) interest paid on loans for crop and also on owned fixed capital (if information and data are available); (vi) land revenue and other taxes (for the present study this

¹⁴ W.W. McPherson, "Some Fundamental Economic Concepts and Economic Analysis of Costs", Journal of Farm Economics, U.S.A., Vol. 33, No. 2, P. 192.

element has not been included due to lack of requisite data and information in this regard); (vii) depreciation of implements and other implement charges (this element has not been included for the present study due to lack of requisite data and information in this regard); (viii) rent paid on land taken on lease and rental value of owned land (this element has not been considered for the present study due to lack of requisite data and information in this regard); and (ix) miscellaneous expenditure.*

In relevant chapter on cost of cultivation in Agriculture, items considered for determining the cost have been given alongwith various problems of such a determination and they are not repeated here for obvious reasons.

How can these technical difficulties which are present in advanced agricultural economy¹⁵ and non-technical difficulties which are peculiar to a backward subsistence economy¹⁶ be overcome? A standardised technique may be evolved depending on the variables factors like tenancy, size and nature of farm land, and type of farming. And from the standpoint of statistical accuracy, owing to the great diversity and

* For other details, please see (i) studies in Economics of Farm Management in Punjab; (ii) Studies in Economics of Farm Management in Madras; (iii) Studies in Economics of Farm Management in Uttar Pradesh; and (iv) Studies in Economics of Farm Management in West Bengal — Reports for the year 1954-'55. Ministry of Food and Agriculture, Government of India, New Delhi, 1957. Also recent farm management studies may also be consulted.

¹⁵W. E. Heath, "Agricultural Economics in Scotland" in International Journal of Agrarian Affairs", Vol. 1, No. 2, Oxford University Press, P. 73.

¹⁶S. Bose, Sankhya, Vol. 2, No. 2, PP. 105-24.

variability of most of the factors entering into the cost of production, a sample of a large size and of a sufficiently representative character may be taken "to allow [] for the [] average being calculated with a fair degree of accuracy."¹⁷

1.5 Different Concepts and Terms Used

The following is an attempt to present different concepts and terms used for this study.

1.5.1 A Co-operative Credit Society

The original aim of the co-operative movement was to extend and develop some facilities of rural credit in India.¹⁸ For the effective elimination of the money-lender, it was necessary to develop an alternative agency which would compete with him and ultimately oust him.¹⁹ From this point of view the co-operative credit society, whose motive is not to pile up profits but to render valuable service, was considered to be the most suitable agency.²⁰

A co-operative credit society, commonly known as the primary credit society, may be started with ten or more persons,

¹⁷ P. C. Mahalanobis, "Editorial Note on the Margin of Error in the Calculation of the Cost of Cultivation and Profit," Sankhya, Vol.2, P. 124.

¹⁸ United Nations, Rural Progress Through Co-operatives, New York, 1954, P. 74.

¹⁹ Thorner, Daniel, The Agrarian Prospect in India, Delhi University Press, 1956, P.127.

²⁰ Khusro, A.M. (ed.), Readings in Agricultural Development, Bombay, Vora & Co., 1970, P. 42.

normally belonging to a village. The value of each share is generally nominal so as to enable even the poorest farmer to become a member. The members have unlimited liability, that is, each member is fully responsible for the entire loss of the society, in the event of the failure. This will mean that all the members should know intimately one another. The management of the society is under an elected body consisting of President, Secretary and Treasurer. The management is honorary, the only paid member being, normally, the accountant (in case the society is large and requires a paid whole-time accountant). Loans are given for short periods, normally for one year, for carrying out agricultural operations by charging rate of interest which is statutorily fixed. Profits are not distributed as dividend to shareholders but are used for the welfare of the village, in the construction of a well, or maintenance of a school and so on.²¹

The village primary society is expected to promote thrift among the farmers and secure deposits from them.²²

Considerable attention was given during the past few decades to build the primary agricultural credit societies into strong institutions, for "the primary credit society continued to remain the weakest link in the entire co-operative structure."²³

Co-operative Central Banks are federations of Primary Credit Societies in a specified area, normally extending to the

²¹ Reserve Bank of India, Report on Currency and Finance, 1973-'74, P. 139.

²² Report of the Ministry of Agriculture, Department of Co-operative, 1974-'75 and Reserve Bank of India, Annual Report, 1976-'77, P. 54.

²³ Report of the Banking Commission, 1972, P. 13.

whole district (hence, they are sometimes known as district co-operative banks).

State co-operative Bank, also known as the apex bank, forms the apex of the co-operative credit structure in each state. It finances and controls the working of the central co-operative banks in the state. It serves as a link between the Reserve Bank of India from which it borrows and the co-operative central banks and village primary societies on the other.

1.5.2 Co-operative Credit at Primary Society

The amount borrowed in cash or in kind by members from the Primary Co-operative Society for a given period and such amount will have to be paid back along with the interest accrued thereof after a stipulated period by the borrowers.

The amount of credit increases with the failure of repayment by the loanee after the expiry of the stipulated period. The interest added with the original amount borrowed becomes the principal for the next period specified by mutual agreement. From that time, the interest (already included in the principal) earns interest.

1.5.3 Leadership in Rural Co-operative Credit Society

Leadership in a rural co-operative credit society may be defined as influence. More specifically, it has been equated with any positive influence act, with behaviour

required to direct the members of the credit society in the countryside ; and with behaviour making a difference among members. It is conceived in the presence of interaction rather than an act by a leader.

It is a process of focussing the attention and releasing the energies of the rural people in a desired direction by changing motivations or changing habitual modes of responding.

1.5.4 Self-cultivator²⁴

For the present study self-cultivator means to cultivate on one's own account --

- (i) by one's own labour ; or
- (ii) by the labour of any member of one's family ; or
- (iii) by servants on wages payable in cash or in kind, but not in crop-share under one's personal supervision or the personal supervision of any member of one's family.

In the case of an undivided Hindu family, land shall be deemed to be cultivated personally, if it is cultivated by any member of such family.

1.5.5 Bargadar²⁵

Persons who cultivate the land of others on payment of rent in cash or in kind are treated as 'Bargadars' or 'tenants'.

²⁴ Planning Commission, Government of India, Second Five Year Plan, P. 186.

²⁵ Ibid.

In West Bengal, on the abolition of Zamindari, landlords were not allowed to resume lands held by raiyats or under-raiyats. Share-croppers (known as 'Bargadars' or 'Bhagchasis' in West Bengal) were not treated as under-raiyats and little protection was extended to them until July, 1970 when the West Bengal Land Reforms Act was amended (it was further amended in 1977) to accord limited protection to the 'Bargadars'.

1.5.6 Farm

For the present study, agricultural farm has been considered as a tract of land cultivated by a tenant on an agreed or contracted terms and conditions usually determined by the law and or local practice or cultivated by the owner himself with or without the assistance of hired labour. The presence of any go-between (there may be cases where a person takes lease of a piece of land i.e. farm and manages himself or by others) has not been considered and in the sample families, there is no such family other than either owner, share-cropper or hired labour.

1.5.7 Farm Management

We have not made any distinction between farm and the management (farm-families) because of the fact that it appears that the farms are either owned or managed or operated by the sample farm-families.

1.5.8 Attitude²⁶

Attitudes have a number of criteria. In the first place, they always involve the relation of the individual to specific situation in his environment. These may consist of 'object', such as one's automobile ; 'persons', such as oneself or another ; 'groups', such as the family or the community ; 'institution', such as a club or a church ; and 'values' or norms, formed or conditioned in the individual's contact with his environment, such as capitalism or socialism. In the second place, attitudes are formed or conditioned in the individual's contact with his environment. In the third place, attitudes have affective properties. They are affectively charged because they are usually held in connection with such important values as the home, nation, temple, etc. In the fourth place, attitudes are relatively enduring states of readiness. Lastly, attitudes are numerous and varied as the stimuli to which they refer.

Every social relationship involves in fact, an adjustment of attitudes on the part of those who enter the relationship.

1.5.9 Institutions²⁷

Institutions may be defined as recognised and established forms of procedure governing the relations between individuals or groups.

²⁶ Smetif and Cantril, *The Psychology of Ego-Involvements*, New York, PP. 19-20.

²⁷ *Ibid*, P. 21.

Institutions are machinery through which human society organises, directs, and executes the multifarious activities required to satisfy human needs.

1.5.10 Customs²⁸

Customs are long established usages or modes of behaviour. They refer primarily to practices — such as eating, conversing, shaking or joining hands to greet other people, etc. ; — these have been oft repeated by many generations.

1.5.11 Social Group²⁹

A social group may be defined as an aggregation of individuals who are associated with one another in a certain network of reciprocal relationships for a specific purpose or a set of purposes.

1.5.12 Scheduled Castes and Tribes³⁰

While the constitution of India has abolished representation on communal lines, it has included safeguards for the advancement of the backward classes amongst the residents of India (irrespective of their religious affiliations), so that the country may be ensured of an all round development. A major section of such backward classes have been specified in the constitution as scheduled castes and scheduled tribes because their backwardness is present.

²⁸ Ibid, P. 22.

²⁹ Bhattacharya, D.C., "Sociology", Calcutta, P. 7.

³⁰ Basu, Durga Das, Introduction to the Constitution of India, PP. 328-329.

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There is no definition of scheduled castes and tribes in the constitution itself. But the President of India is empowered to draw up a list in consultation with Governor of each State, subject to revision by Parliament (Articles 341-342). The President has already made orders, specifying the Scheduled Castes and Tribes in the different States in India. These orders have since been amended by the Scheduled Castes and Scheduled Tribes Orders (Amendment) Act, 1956.

1.5.13 Marginal³¹ Farmers

Those who own land between 0.01 acres to 2.50 acres are conceived as marginal farmers.

1.5.14 Agricultural Labourer³²

Cultivators without any landholdings but having a homestead and deriving more than fifty per cent of income as agricultural wages.

The small/marginal farmers and agricultural labourers should themselves be cultivators. The landholding limits will be applied on the basis of ownership holdings, ownership being taken on men transferable on heritable rights. The family should be treated as a unit for this. In respect of share-croppers and tenants such of them as have recorded rights should be identified as small and marginal farmers, those with substantial off-farm

³¹ Jalpaiguri, 1973, Final Year of the Fourth Five Year Plan, published by Office of the Deputy Commissioner, Jalpaiguri, P. 67.

³² Bhattacharya, S. N., op cit, P. 15.

income of Rs. 200.00 per month or more for the family may not be included.

1.5.15 Agricultural Innovation³³

Innovation involves the degree to which one is capable of bearing risk and readiness that makes a cultivator an early adopter.

1.5.16 Agricultural Imitation³⁴

It is the extent to which an individual farmer is comparatively slow to adopt innovations.

1.5.17 Field Research³⁵

Pauline Young in his "Scientific Social Surveys and Research" has defined Field Research as "a method of discovering specifically and realistically what actually is, and not what something should be ; it is a matter of ascertaining intimately social attitudes, values and other forces which motivate the person and the group ; a method of depicting society as an organic social process."

1.5.18 Household³⁶

Household means a group of persons, males and females, related or otherwise, having a common kitchen and pooling all or

³³ Ibid, P. 16.

³⁴ Ibid.

³⁵ Pauline Young, Scientific Social Surveys and Research, P.85.

³⁶ Gibson, Some Implications of Research, P. 9.

part of their earnings and incomes.

Head of the household is the person accepted as such by members of the household.

1.5.19 Field Data³⁷

The term 'field data' comprises the facts gathered by a direct survey in the field.

Field data may lead to the collection of currently unknown or unavailable facts ; or may relate to facets of a problem which have not been adequately enquired into ; or often, they might be merely in the nature of verification of known facts and conclusions. The field data always involve direct contact between the researcher and the investigated 'subject' or 'field' either through a schedule or a mailed questionnaire or interview or observation or case study methods.

Gathering and processing data being raw and mixed needs a special kind of research ability and qualities such as patience, tact, perseverance and so on.

1.5.20 Social Survey³⁸

A. F. Wells in his "The Local Survey in Great Britain", Allen and Unwin, London, 1935, has defined social survey as "a fact-finding survey dealing with the nature and problems of the community".

³⁷ Sydney and Beatrice Webb, Methods of Social Study, P. 206.

³⁸ A. F. Wells, The Local Survey in Great Britain, P. 13.

The primary aim of social survey is, in fact, to make an accurate and impartial collection and presentation of facts, the results of careful observation and not of hearsay. It is perhaps, better to regard it as a study of social institutions and activities of a group of persons living in a particular locality.

1.5.21 Medium Farmers

Those farm-families which own landholding from 5.01 to 10.00 acres are considered as Medium Farmers.

1.5.22 Big Farmers

Those farm-families which own landholding from 10.01 and above are considered as Big Farmers.

1.5.23 Self Plus Bargadar Plus Hired-Labour

A part of the land is cultivated personally on one's own account : (i) by one's labour ; or (ii) by the labour of any member of one's family ; or (iii) by hired labour under one's personal cultivation of any member of one's family and a part of the land of the said owner is cultivated by persons who cultivate the land of the aforesaid owner on payment of rent in cash and or in kind.

1.5.24 Rural Credit

The term rural credit has been used in a restricted sense. For the present dissertation, it means loans and advances,

interest bearing or non-interest bearing extended to the sample farm-families in cash and or in kind for agriculture and allied purposes like animal husbandry, fishery, etc. It does not, however, include loans and advances extended to rural industries.

Further, the term rural credit includes loans and advances in cash and or in kind from institutional agencies like commercial banks, co-operatives, etc. as well as from individuals.

1.6 Methodology and Sampling Design

At the first stage, the district was divided into three broad zones in consideration with their distinct agro-economic characteristics like climate, nature of soil, fertility of land, land-holding pattern, average yield of the soil, cropping pattern, etc.

At the second stage, six villages in all were sampled, the villages being allocated among the zones roughly in proportion to the size of cultivating population in each zone. From each zone, two villages were sampled. The villages were selected at random from within each zone by giving each village a probability proportional to the cultivating households in it according to 1971 Census.

At the third stage, after the selection of the villages, all the cultivating households of the sample villages were listed and arranged in an ascending order in terms of size of holdings.

At the fourth stage, out of these cultivating households in sample villages, those who possess land from 0.01 to 5.00 acres were separated and they constituted our sample for the present study (for total number of sample, please see below, where total numbers of small farmers in each village have been given).

At the fifth stage, the sample families were divided into two groups : (a) those who possess land from 0.01 to 2.50 acres ; and (b) those who possess land from 2.51 to 5.00 acres.

Direct interview method was used to collect data, information, etc. relevant for the present study.

Average of the estimates of the two groups already referred to, had been considered for the present study.

Total sample is as follows :

Name of villages	From 0.01 to 2.5 acres	From 2.6 to 5.0 acres	Total	
1.	2.	3.	4.	
V ₁	40	13	53	V ₁ = Majhabari ;
V ₂	43	27	65	V ₂ = Moralpara ;
V ₃	70	34	104	V ₃ = Purbakumargram / Purbakumarpara ;
V ₄	60	22	82	V ₄ = Bahutnagar ;
V ₅	65	35	90	V ₅ = Arajiguralbari; and
V ₆	63	30	93	V ₆ = Baskunthia.
Total			492	

1.7 Interview Method

The interview is a conversation with a purpose and therefore, is more than a mere oral exchange of information. Its importance arises from the necessity to come into contact with individuals to get access to facts and opinions and to receive them directly from the persons. Where the source is accessible to the investigator, the interview is the device to tap it,³⁹ and if it is not easily reachable, the questionnaire is the means.⁴⁰ Apart from accessibility, the controlling factor in the success of the interview is the reaction of the personalities involved — the investigator and the respondent.⁴¹

1.8 Nature of Training Undertaken to Use Interview Method Meaningfully

At the very outset, the supervisor of this dissertation advised the present investigator to go through some literature that may enlighten some insight into the present work. The sources from which such insights were developed have been duly acknowledged in 'Bibliography'. The list is, however, not exhaustive.

At the second stage, the supervisor advised the present investigator to know various problems as far as

³⁹ H. S. Trivedi, Scheduled Caste Women : Studies in Exploitation, P. 32.

⁴⁰ R. Varadaranjan, Rural Housing in Tamil Nadu, P. 47.

⁴¹ P. Ramchandra Keshan, Appraisal of rural development projects through system analysis : a case study of rural electrification programme, P. 41.

possible, of the farming community of the sample villages to have mental base that might help to appreciate the place of study and its problems of which the present project is a part. In chapter II, various information with regard to sample villages have been given. Such information are not, however, exhaustive.

At the third stage, before starting to use interview method, he (the supervisor) advised to make an attempt to be a man of them as far as possible. Initially, care had been taken not to put forward questions in a systematic manner. Casual gossips, conversation, participation in some of their socio-cultural functions/ceremonies, etc. in the initial stage had been made.

At the fourth stage, when it was realised that gradually they were frank to the present investigator to a reasonable extent, gradually, select questionnaire (some of which have been appended with this thesis) relevant for the study were put forward to them through interview method.

At the fifth stage, checks and rechecks through tact, intelligence, patience, etc. to balance conflicting remarks/opinions/expressions were applied and the average of the findings was recorded for writing.

At the sixth stage, data, information, etc. gathered for this study, were systematically studied, interpreted, logically arranged and re-arranged before finally writing for the project.

The above is a brief reference to a lengthy and rigorous training undertaken to use the tool under reference for the present study. In between, there are intermediary stages which, however, have not been stated here (Broad nature of training under reference has only been given).

1.9 The Unit of Data Collection

The unit of investigation for this study is the household, which connotes numbers of a family having a common living house, and a common hearth for their meals.

To keep the sample manageable, it was decided to interview the heads of all the sample families. The head of the household, besides being the chief of the family, is also identifiable from the other members of the family as one who pays the tax to the Panchayat.

A household may comprise a single family or an extended family, living in separate rooms but sharing a common hearth.⁴² This family is reckoned to be unit of social organisation in rural communities,⁴³ and the head of the household exercises a great influence on all other members.⁴⁴ Besides this, the head of the household is responsible for intra and inter-family relationships⁴⁵ and is thus the representative of his household in the developmental activities of the village.⁴⁶

⁴² L. S. Robertson and K. T. Wright, Research Procedure in Agricultural Economics, P. 60.

⁴³ P. Young, Scientific Social Surveys and Research, P.158.

⁴⁴ Fry, The Techniques of Social Investigations, PP. 7-8.

⁴⁵ B. Ramamurthi, Report of the Agricultural Labour Enquiry, New Delhi, 1954, P. 107.

⁴⁶ P. Young, Op cit, P. 20.

The head of the household is the chief actor of the familial group, and is the most enlightened person⁴⁷ to provide information on village life.

The decision to interview all the heads of the sample families was taken with a view to avoid respondent bias or limited awareness of the capability of certain individuals.

1.10 Instruments of Data Collection

It was planned to design the following schedules :

Scheduled 'A', designated as the "Village" schedule, was administered to the sample farm-families to gather select information on sample villages.

Scheduled 'B', designated as the "Consumption" schedule, was administered to the sample farm-families to gather information on consumption expenditure of the sample families during the period under study.

Scheduled 'C', designated as the "Cost of cultivation in Agriculture" schedule, was also administered to the sample to make an estimate of investment expenditure in agriculture of the sample families during the period under study.

Scheduled 'D', labelled as "Subsidiary Occupation" schedule, was administered to the same sample to know income from subsidiary sources of sample families during the period under study.

⁴⁷ Gibson, Some Implications of Research, P.9.

Schedule 'E', labelled as "Sources of Finance" schedule, was administered to the same sample to know various sources of financing and their problems of the sample families during the period under study.

Schedule 'F', designated as "Schedule of Testing Hypothesis", was administered to the sample families and the information, data, etc. obtained through the aforesaid schedule were used to test the hypothesis for this project.

1.11 Collection of Data — Some Problems

One of the problems appeared to emanate from the dearth of requisite data and information. Collection of primary data appeared to be hazardous and the present investigator had to face various problems in gathering these.

A brief mention of a few such problems may be interesting to note in this connection.

In general, the apprehensive and evasive nature of the village people seemed to be a great stumbling block in the way of meaningful collection of primary data from the field. Some of the people did not appear to be adequately willing to divulge information to a stranger on the plea that those information might create complications leading to their suffering. The existence of widespread illiteracy and ignorance appeared to create problems in getting precise information.

During the initial stages of the survey, some adverse and unpleasant situations had to be encountered which were mostly averted by tact and endurance only. The present investigator fruitfully remembered that during training before going to collect the requisite information his supervisor very often advised to make it a point that he had to deal with rural people and rural sentiments and hence, sufficient tact, intelligence, foresight and above all an amicable and pleasing behaviour to win the hearts of the yokels were indeed, necessary and at no stage of such collections, one should not show any sign of desparatism or displeasure even if such situations might arise.

An introduction to some of the prominent members of sample villages by certain well-known personalities helped to a great extent to make the situation more congenial for the present investigator. These influential persons (social and political leaders) tried to impress upon the rural people the real purpose of the visits and requested them to co-operate in all possible ways. This procedure appeared to make a favourable impact upon them. It helped to efface from their minds many sceptic ideas about the purpose of the study.

The aforesaid strategy paid a rich dividend to overcome initial difficulties. The problems eased out further due to frequent routine visits to these villages and free talks with rural people on personal as well as general problems of the locality and these drew them close to each other to a

certain extent. This resulted positive results and gradually it was possible to become a man of their confidence who could be often consulted on intricate problems of the village. This gave an added opportunity to know the rural folks more intensively and helped to establish a rapport between the two.

It may be pointed out here that, these impacts were not uniform on all sample rural people and at the time of investigations a few were found to be hard nut to crack. They appeared to be a little bit hesitant to express the actual condition as they felt on the queries made by the present investigator. However, sufficient care was taken to see that the investigation was not in any way vitiated.

1.12 Period of the Study

The period of the study is 1975-'78.

1.13 Problems of Evaluation of non-monetary income and outgoings in a Small Farmer Enterprise

"It is because family and household bound activities take place away from the yardstick of the market, because the market mechanisms record the flow of goods not once but several times during a year and record also items that by no stretch of the imagination can be classified as goods, because the weights attached by markets to identical goods vary widely

from time to time and place to place -- that problems of scope, duplication and valuation arise."⁴³

One of the difficulties is the separation of the activities of the household and the farm. This difficulty is also present even in modern agricultural systems in Canada and the U. S. A.⁴⁴

J. D. Black maintains that the farm and the household should be treated as one enterprise in all realistic analyses. He states: "When this total enterprise is approached from the farm end by persons interested in studying the farm operations as such, it will be proper to consider the household operations as complementary to it, supplying it with a market for a part of its output, with board and lodging for labour, with family labour, etc. Similarly when the subject in hand is the household end of the enterprise, the farm may be considered as complementary in the sense of supplying it with food, fuel, etc."⁵⁰

Considering now the nature and treatment of household labour with the above argument, we find that there is lack of adequate single criterion for distinguishing unpaid family labour which contributes to the operation of an economic enterprise from household duties not connected with the family enterprise. This difficulty is most evident in farm households.

⁴³ "Problems in the Study of Economic Growth", National Bureau Committee on Economic Research, New York, 1949, P. 149.

⁴⁴ J. D. Black (ed.), Farm Family Living, Social Science Research Council, New York, 1933, P. 19.

⁵⁰ Ibid.

Between the cultivation of the fields and the care of the homestead lies a wide range of activity which may or may not be regarded as connected with the operation of the farm. It is possible only to outline in general terms the type of work which can be considered as contributing to the operation of a family enterprise, e.g. in the case of a firm "work done in connection with cultivation -- harvesting, preparation of products for sale, care of livestock and repair of farm equipment."⁵¹ Some unpaid family workers in Jalpaiguri District may not think of themselves as employed or as having an occupation and may not be so regarded by other members of the family, although they are engaged in work which contributes directly to the operation of the small farmers' family enterprise in the sample villages.

Another difficulty is that a very large proportion of unpaid and family workers do only a little work connected with the small farmers' family enterprise. A solution is suggested by the recommendations of the population committee and committee on the 1950 Census of the Americans, that unpaid family workers should be defined as those who spend a stated minimum amount of time working without pay in a family enterprise. The minimum amount of time can be specified either in terms of hours per day, week, etc., or in terms of a given proportion of a full-time day, week, etc. The F.A.O. proposal in connection with the 1950 Census of Agriculture calls for a

⁵¹ "Population Census Methods," Population Studies No. 4, United Nations, 1949.

count of persons employed on each agricultural holding during a specified week including members of the landholders' family who spent the equivalent in hours of one-third of a normal work-week without wages in agricultural work connected with the holding.

Coming to the problem of evaluation of the work of unpaid family labour, we find all labour in agriculture is remunerated in some way, but not all labour is paid in cash.

"The farmer in many cases depends on his own effort in the first place and in the second place, on the assistance of his son or wife ; the hired labour comes only in the third place and the farm is in all respects properly classed as a family farm."⁵² J. D. Black observes : "Attempts to break up the farm and the family combination into a farm enterprise and a family enterprise and to charge the farmer for the labour of the proprietor or of young people in the family produces more or less hypothetical results at best."⁵³

Problems of evaluation of non-monetary income and outgoings in a small farmer enterprise in sample villages have been pointed out as far as possible, in the chapters to follow, where such evaluations have been made and these are not repeated here for obvious reasons.

1.14 What Types of Price-Data Do We Want ?

There are mainly three types of price-data usually

⁵² World Agriculture, Royal Institute of International Affairs, Oxford University Press, 1932, P. 61.

⁵³ J. D. Black, Agricultural Income, New York, 1933, P. 29.

collected. These are : wholesale, retail and farm prices. The wholesale prices rule in the central organised markets. The retail prices are quoted by the different distribution agencies and are always related to a particular context of the nature of the intermediary who is handling the product and the place where it is being disposed of. The farm prices generally mean the selling price of products at the farm.

The wholesale price-data can be collected more or less accurately without much difficulty in the advanced agricultural economy. But even there, a trend can be observed to find out the relation of quality to market prices. In the U.S.A., the procedure in some of the States has been (i) to work out measures for the quality factors of the commodity being studied, (ii) to obtain first-hand records of the price and quality of particular lots and then (iii) to correlate the measures of quality with prices to obtain the relationship between each quality factor and the price.

The situation in India is quite different. The present method of collecting such wholesale prices as are necessary with regard to national (but not local) economic problems is defective and it has not moved very much from the practice followed in 1934 when Bowley and Robertson made their remarks.⁵⁴ "Market wholesale prices of agricultural produce are reported at frequent intervals for many smaller towns in each market. Attention should be given to the exact description of the grade, and the statements should be for particular days and not average over a period."⁵⁵

⁵⁴ Bowley-Robertson Report, Collection of Agricultural prices in India, Ministry of Government of India, 1954, P.46.

⁵⁵ Ibid.

Similar criticism may be made about the retail-price quotations in India.⁵⁶ As regards farm prices, the difficulties are everywhere the same whether it is an advanced agricultural economy or an underdeveloped one. H. R. Tolley observes that data for local prices for a period of years and local production and supply of the commodity under study are usually not readily available and cannot be obtained by the procedure ordinarily used in collecting current data. And studies for relating quality and retail prices and quality and farm prices have not been undertaken at all.⁵⁷ K. A. H. Murray also remarked that in the United Kingdom, farm prices "which affect the farm and to which production responds" have not been methodically collected. He states that "there are many difficulties in the collection of such data (i. e. regarding farm prices), but it is an aspect of price-data which has been too long neglected and which deserves attention."⁵⁸

If this is the situation in the two most developed agricultural systems of the world, the difficulties in collecting the farm prices in the underdeveloped countries may well be imagined.⁵⁹ A Report of the Statistical Enquiry Committee appointed by the Government of Madras observes that "we are strongly of the opinion that it is impossible to obtain

⁵⁶ Ibid

⁵⁷ H. R. Tolley, "Recent Developments in Research Methods and Procedure in Agricultural Economics", in *Journal of Farm Economics*, U. S. A., 1930, P. 213.

⁵⁸ K. A. H. Murray, "The Study of Prices in Agricultural Economic Research", in *Journal of Farm Economics*, U. S. A., Vol. II, No. 3, 1933, P. 135.

⁵⁹ A feature common in the underdeveloped countries is the apparent independence of the price-levels of different places not widely separated geographically.

reliable figures of the ryot's selling price In view of the great divergence in the method of sale owing to which the selling price does not always represent the same kind of transaction, reliable figures have never been collected. The ryot sometimes sells the crop on the land, sometimes in bags in the village, sometimes at the market, and he may sell his rice crop after 'hulling it for fee in the local mill'.⁶⁰

The term "harvest price" is more in use in India than "farm price". It is similar to "farm price". But because (i) there is a widespread practice of selling the crops just after the harvest ; and (ii) it is not in any way related to the "market price" as "farm price" is, "farm price" in the usual sense, plus the cost of transportation, approximates to market price.⁶¹

It has been generally found that the agriculturists cannot hold their produce for long because of limited resources at their disposal.⁶² And so the bulk of the sales occur just after the harvest period, depressing the prices of agricultural products very much. There is also another interesting feature. Prices again have a general tendency to rise from the beginning of the next sowing season. Two factors help to bring about this

⁶⁰ Report of the Statistical Enquiry Committee, Government of Madras, G.O. No. 1000, 11th May, 1932, P. 9.

⁶¹ W. W. McPherson, "Some Fundamental Economic Concepts and Economic Analysis of Cost," Journal of Farm Economics, U.S.A., Vol. 33, 1951.

⁶² "Research on Agricultural Income", Bulletin from the Social Science Research Council, J. D. Black (ed.), New York, 1933, P. 48.

situation : (i) the manipulation of the money-lender-cum-stockists ; and (ii) the greater demand from the semi-starved peasantry who have already exhausted their food stock procured from the previous market.

It will be necessary to collect retail prices of food and non-food articles in the temporary 'hats' and in the village shops and also those quoted by transport agents. What is important is to collect the 'harvest prices' from the sample families. One may always keep in mind that what is required is the record of actual prices of a certain commodity in a definite market and at stated period of time. "Even though averaging may be necessary later, it is desirable that the basic records include not coverages of price-quotations prevailing at different times or in different markets, but simple observation related to stated times and stated markets."⁶³ We should also note the nature of transaction, i.e. method of sale, unit of account, etc.

1.15 Methods of Evaluating some Farm Assets, Outputs and Inputs

A. Evaluation of Farm Assets

1. Farm Lands

Self cultivated lands have been evaluated at the rates

⁶³ Encyclopaedia of Social Sciences, Vol. 12, P. 334. Especially in underdeveloped territories, this is most important, since different sets of prices prevail in places not widely separated geographically.

prevalent in the village at the time of enquiry, taking into account the individual differences with regard to type of soil, distance from village, source of irrigation available, etc.

2. Dwelling Houses, Cattle Sheds, Storage Sheds, Wells, etc.

These have been evaluated at market prices prevailing at the time of enquiry.

3. Implements and Machinery

Evaluated at market value prevailing at the time of enquiry.

4. Livestock

Evaluated at market price. Even if the age of the animal exceeds 13 years the prevailing market value of the animal at the time of enquiry is taken.

B. Evaluation of Farm Output

1. Crops : Both main products and by-products have been evaluated at the prevailing prices at the time of harvest.

2. Fodders other than Crops : Fodders have been evaluated at the rates prevailing in the village.

3. Milk : Valued at current prices prevailing in the village.

C. Evaluation of Farm Inputs

1. Human Labour

(a) Casual Hired Labour

Actual amounts paid in cash and or value of kind payments evaluated at harvest prices.

(b) Permanent Hired Labour

Actual amounts paid in cash and or the value of payments made in kind estimated at the harvest prices has been taken to be the total wage paid to the servant. Payments in kinds include meals, clothes, chappals, etc., consumption of foodgrain (paddy) has been estimated at 6 maunds per meal per year and evaluated at harvest price. As regards the other prerequisites like clothes, chappals, etc. amounts actually incurred on these things have been taken. The wage-rate per annual servant per labour day is arrived at by dividing the total wages paid to the servant in cash and or kind by the total number of 8 hours working days, irrespective of type of work. The wage-rates for annual servant mainly engaged for crop production and mainly employed for livestock maintenance have been calculated.

(c) Family Labour

i) Men : The cost of labour days has been evaluated at the village average wage-rate for annual servants.

ii) Women and Children : Wage-rates prevailing in the village for hired women and children (casual labour) have been used for family labour.

(d) Exchange of gratis labour

Evaluated at family labour rates.

(e) Supervision

Supervision charges have not been included.

(f) Conversion

All human labour hours have been converted into man-hours on the basis of the following ratios :

One Woman Labour - $\frac{4}{5}$ man-hour

One Child Labour - $\frac{1}{2}$ man-hour.

The above ratios have been arrived at on the basis of average wage-rates during the year. All man-hours have again been converted into man-days (8 man-hours = 1 man-day).

2. Bullock Labour**(a) Hired Bullock Labour**

Actual amount paid-out for hiring in bullocks in cash and or the value of kind payments estimated at harvest prices.

(b) Owned Bullock Labour

Bullock labour includes work done by all drought cattle. The cost of maintenance of bullocks includes the following items :

i) Cost of green and dry feeders ;

ii) Cost of concentrates ;

iii) Depreciation and interest on the value of animals ;

- iv) Depreciation and interest on the value of cattle sheds ;
- v) Sewing, veterinary charges, ropes ; and
- vi) Upkeep labour charges.

Receipts

- i) Value of farm-yard manure including dung is estimated at the prevailing village price.
- ii) Amount received for hiring out bullocks.

Net cost of Maintenance

Total cost of maintenance minus receipts.

The cost of bullock pair labour day is arrived at by dividing the total net cost of maintenance per pair in the year by total number of 8 hours work days of bullock pair in the year.

3. Seed

For crops which are generally transplanted with seedlings such as paddy, tobacco, etc. the cost of raising seedlings is taken into account. For other crops, the methods of evaluation have been stated in respective places.

1.16 Plan of the Research Project

The Plan of this research project is as follows :

In chapter I, focus on village studies, who are the small farmers, what is financing for small farmers, what do we mean by cost cultivation in agriculture, different concepts

and terms used, methodology and sampling design, interview method, nature of training undertaken to use interview method meaningfully, the unit of data collection, instruments of data collection, collection of data - some problems, period of study, problem of evaluation of non-monetary income and outings in a small farmer enterprise, what types of price-data do we want, methods of evaluating some farm assets, outputs and inputs, plan of the research project, logical arrangement of this thesis and limitations of this thesis have been briefly discussed.

In chapter II, sample villages have been briefly introduced.

In chapter III, an attempt has been made to study consumption pattern of the small farmers of the sample villages.

In chapter IV, a further attempt has been made to find an estimate of the cost of cultivation of different crops produced by sample small farmers in sample villages.

The purpose of chapter V is to make an estimate of the total financial requirements of the sample small farmers in sample villages by adding consumption finance and production finance of these farmers (the information and data are available from chapter III and IV).

In chapter VI, attempt has been made to find an estimate of income from subsidiary occupations and other farm sources of the sample farm-families during the period of the study.

In chapter VII, a further attempt has been made to make an estimate of total income from farm and non-farm sources of the sample farm-families during the period of the study.

In order to finance their consumption and production expenditures, sample farm-families tapped different sources during the period of the study. In chapter VIII, a study has been made to know these different sources and to analyse these critically.

In chapter IX, a hypothesis has been tested following the methodology stated in this chapter.

In Appendix I, a brief background information of the sample district have been given in order to enable one to appreciate this project better. These information may be considered necessary to have some idea of the sample district.

In Appendix II, a select questionnaire have been given. Not all the questions asked/used during the field survey have been given. One needs to pick and choose in this regard so that attention may fall on what is more important than the rest. Moreover, for the sake of brevity, select questionnaire have been appended with this thesis.

A select 'Bibliography' has been appended with this thesis to acknowledge intellectual debts of the present investigator to some select books, articles, etc. from which he has fruitfully appropriated insights for the present work though the present study is basically not an armchair research.

1.17 Logical Arrangement of this Thesis

First of all, knowing the consumption finance and production finance of the small farmers, an attempt has been made to know their total financial requirements during the period under study.

Secondly, a further attempt has been made to know their farm and non-farm incomes.

Thirdly, an attempt has also been made to study the various sources from which they finance their consumption and production expenditures. To study this, information available from the first two stages, have been utilised.

Fourthly, a hypothesis has been tested. It is expected that the results of these hypothesis may prove useful to stimulate further ideas and thought in this regard.

1.18 Limitations of this Thesis

(i) The period of the study may be extended beyond the study period to enrich this study further. But the time, energy, money, etc. of the present investigator are the inhibiting factors that stand in the way of extending the same beyond the study period ;

(ii) Various limitations pointed out in appropriate places in some chapters appear to reveal that, some conclusions, estimates, suggestions, etc. have been arrived at, which are to

a certain extent, not based on adequate data, information etc. (Vide, 1.11) and some of these may even be challenged due to methodological and conceptual lacuna to a certain extent. Every possible effort has, however, been made, to minimise the effect of such a lacuna but the present investigator is not sure of the extent of his success in this regard ;

(iii) The findings were mainly applicable to sample villages though these were selected through random sampling technique and may be considered as representatives of the other villages in the sample district ; and

(iv) The data obtained in the present study were mainly from the head of the households of the small farmers. The reaction of other members of sample were not known where necessary. But the information gathered for the present study may reveal that the unit of investigation being the head of the households does not affect the essence of the study appreciably.