

Peasant Class Differentiation and Differentiated Structure of Credit: A Study of West Bengal, India

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ABSTRACT

This paper based on primary field survey deals with the nature and extent of peasant class differentiation and the differentiated structure of credit. Accessibility and distribution of credit will be our major concern of investigation. Particularly, we shall try to explore the role of institutional credit in the process of differentiation. The analysis made in this paper would help us to know first of all, to what extent households are dependent on private sources of credit vis-à-vis the institutional sources, secondly, whether credit absorption has something to do with the intensity of class differentiation.

Key Words: Class Differentiation; Rural Credit; Exploitation; Agrarian Structure.

JEL classification: O13, O16, Q14, Q15

1. INTRODUCTION

West Bengal is an eastern regional state in the Indian federal structure. This state is mainly inhabited with the Bengali speaking population. Before the Indian independence in 1947 the West Bengal and now Bangladesh remained under a unified state Bengal. At the time of independence, West Bengal inherited a de-industrialised structure of the economy and a stagnant agrarian structure. A huge influx of Hindu refugee from East Bengal only multiplied the problem. The agrarian structure was dominated by the retrogressive elements like landlords, moneylenders, traders who found most favourable environment to grow under colonialism. In these context poor peasants in West Bengal along with the other parts of the country started to revolt immediately after the independence under the leadership of peasant organisations of the Left parties. Tebhaga was the name of a famous peasant movement in independent India where poor tenants demanded one third of total crop share. Government of India on the one hand brutally suppressed the peasant movements and passed various pro poor land reform acts on the other favouring the poor peasants. Though, the latter were totally eye-washing in the sense that all these acts were shelved unimplemented. The Left parties gained under this situation. They mobilised the poor peasants against the government's inaction in land reform and ultimately dislodged the Congress Party from power. Both under the United Front Government and Left Front Government the West Bengal experienced important agrarian change that we will discuss in course of our analysis.

Since 1991, the policy of economic liberalization [New Economic Policy (NEP)] was introduced in Indian agriculture. West Bengal as a state of Indian federal structure had to accept this policy of reform even as a bitter pill. The direct and immediate impact of this policy was to cut in food and fertiliser subsidies and therefore a rise in fertiliser price. The reduction in food and fertiliser subsidies came as a direct consequence of the recommendation of the Fund/Bank as a main conditionality of structural adjustment programmes to cut down the non-plan budgetary expenditure in order to reduce fiscal deficits. Since the fertilizer was used on more than 85 per cent of irrigated land and about 50 per cent of un-irrigated land by 1988-89 [Rao and Gulati, 1994], such a unilateral withdrawal of fertiliser subsidies is bound to have a detrimental impact on the economy. In the rural credit front, NEP from its inception was in favour of the abolition of all concessional rates of interest. Narasimham Committee on financial sector reform recommended that the priority sector lending should be slashed down from 40 per cent to

10 per cent. Though the government has postponed action on this particular recommendation, but it has otherwise shown a positive response towards 'progressive dis-involvement in rural credit for commercial bank' [Krishnaswamy, 1994] by taking decision to close down all the loss making branches of the commercial bank located in rural areas. Thus, on rural credit front the NEP implies a policy of a credit squeeze in agriculture. At the same time government wished to strengthen the micro credit alternative. Since the micro credit suits fine with the agenda of liberalization and privatization and it does not involve any state support, government was keen to explore this alternative.

In West Bengal also an attempt has been made to orient the development through the microfinance and Self-Help groups and they are Largely Govt. operated. Our prime motive is to enquire what are the real causes and effects of stress in supplementing development policy oriented towards Rural Finance with the ongoing institutional reforms.

2. SURVEY DESIGN AND METHODOLOGY

This analysis is based on field surveys conducted in the year 2010-11 among 206 sample households in two parts of Birbhum district of West Bengal. We have purposively chosen the Birbhum district as it is able to capture the diversity in the topography and population distribution. Moreover for our purpose Birbhum has some relative advantages over the other districts as it is not proximate to the state capital. It is a common phenomenon that, a district nearer to the state capital will have a higher level of economic development. Again any sample region proximate to the state capital may get added attraction of the policy makers in terms of higher inflow of credit. Therefore any survey conducted in districts nearer to the state capital may give a biased and over-estimated view of the credit distribution in the state.

The other criteria related to overall development which had an influence on selections of the two districts are drafted below-

First, often called "The Land of red soil", Birbhum is noted for its topography as it is somewhat different from that of other districts in West Bengal. Apart from the western part, a part of the Chhota Nagpur plateau, which is a bushy region the major part of the district is covered by the fertile alluvial farmlands with major rivers like Ajay, Mayurakshi, Kopai, Bakreshwar, Brahmani, Dwarka, Hinglo etc. River Ajay forms the boundary between the districts of Birbhum and Bardhaman. Annual average rainfall in Birbhum district is 1,300 millimeters. Secondly, in Birbhum, majority (around 63%) of the inhabitants are dependent on agriculture.

Two sample blocks are selected, namely relatively advanced and the relatively backward block. We have used seven development indicators to identify these blocks, namely Nalhati-II and Illambazar as the most advanced and the most backward respectively. We have chosen two moujas Bara and Chotochak took respectively from Nalhati-II and Illambazar. These two sample moujas (Bara from Nalhati-II and Chhotochalk from Illambazar) are purposively selected on the basis of the size and ethnic distribution of population, level of land reform and other development indicators (Appendix – I).

We use the method of simple random sampling without replacement for selecting the sample households. We classify our 206 sample households (of which 105 households belong to the backward region) on the basis of Patnaik's (1987) E-criterion

(see, Appendix - II), side by side with the usual classification by acreage. A detailed account of the classification of households is given in the next section.

Patnaik's E-criterion is particularly relevant for the ground reality of West Bengal. West Bengal agriculture in recent period has witnessed a massive decline in the proportion of population belonging to the higher size groups. Particularly the NSSO 48th round data revealed a liquidation of the size group 10 acres and above by the year 1991. In our sample we have found a single household above 5 acres of land size. On the other hand 91 out of 206 households (44%) belong to the marginal size group (0.01 to 2.5 acres). On the other hand the census data showed a decline in the agricultural labour population. Considering the acreage classification alone it might appear that the peasant class differentiation has been come to a halt in West Bengal. However our analysis will show how class differentiation is still going on based on the command over assets, irrigation, inputs, outputs, product marketed and to some extent credit. In other words, classification of households based on Patnaik's E criterion would show us the true face of this differentiation based on tiny land holdings and increasing concentration of command over assets. The most disturbing phenomenon is the landless households registered 70 out of 206 households (34%) which according to our survey is the contribution of last two decades of liberalization policy.

3. CLASSIFYING THE HOUSEHOLDS

As mentioned earlier that we have classified the households by two different criteria - farm size and labour use. The distribution of sample households according to the two criteria for the advanced and the backward regions as well as for both regions combined is presented in the Table-1. This table shows the number of the households according to cross-classification using the two criteria namely, economic class and operated land size. Some general observations follow. First, while the two criteria are associated, as we would expect, they are not identical since we get positive non-diagonal elements (especially above the diagonal, not so much below). The number of landless households is however substantial, the category which is identical in both the classifications. 70 households or 34% of the sample was found to be landless in the proper sense of the term, neither owning any land, nor operating any land. This in itself seems to reflect the incidence of immiserisation and landlessness in the sample villages. Secondly, the modal farm size is below 2.5 acres, with 91 out of 206 households, or 44% of the sample falling in this group. This high concentration of farms in the smallest farm size group reflects the fact that a large number of landless households had moved up to the 0.01 to 2.5 acreage group by receiving the vested ceiling-surplus land during the Left Front period after 1977. The majority of the households in this acreage group are poor peasants, since we find that 28 out of the 91 or a little more than 31% fall in this category. However a sizeable proportion, 37 households or nearly 41 % are small or middle peasants, who are mainly self-employed and do not need to sell their labour power to any great extent to the wealthy households. In fact the middle peasants are by definition small net employer of others. Interestingly we find as many as 26 households or 29% of the total in this size-group (0.01-2.5 acre), fall in the rich peasant and landlord category (mainly or wholly using non-family labour) despite the relatively small size of their farms. They make up nearly 46% of all rich peasants and landlords.

Looking at the size grouping, we find only a single farm operating above 5 acres with the land size 6.6 acres or 18.34% of the total area operated (Table 1). The successful acquisition of ceiling surplus land has led to the reduction in the concentration of land in the hands of the erstwhile landlords in the higher acreage groups. But at the same time

implementation of the ceilings might have induced the need for more intensive cultivation of their reduced areas of land on the part of many of these erstwhile landlords, thus promoting a switch over from rent to capitalist cultivation, as a result of which, their dependence on hired in labour has increased. By and large those who do no manual work themselves - the landlord as defined here, the highest group - hail from the class of erstwhile rentiers, though some are of rich peasant origin, who might have improved their position. *Operation Barga* has also curbed the former power of the rentiers as effectively as it has guaranteed occupation to the *bargadars* and reduced the area directly operated by erstwhile landlords (*jotedars*).

The region wise classification of the data gives further insight. It is quite clear that the structures discussed above are the outcome of structural differences between the advanced region and the backward region. Thus 83% per cent of farms are below 2.5 acres in the advanced compared to 73% in the backward region. As much as 51.49% of farmers are of landless and poor peasant status in the advanced region compared to 43.8% in the backward region. The corresponding shares in the total number holdings, of the better-off farmers, mainly or wholly using outside labour (the rich peasants and the landlords) are 20% and 34.29% respectively. Thus the mainly self-employed farmers, or the middle groups constitute i.e. 27.72% and 22% in the advanced and the backward regions respectively.

The picture becomes clearer when the distribution of total area by economic class and farm size is taken into account. Table-1 presents the cross-classification of the farms according to the two grouping criteria on the basis of which the following observations might be made. First, at the upper end of the size group there is only 1 farm operating above 5 acres or 3.66%. This household belongs to middle peasant in the backward region. This partly supports the hypothesis that the concentration of land has declined owing to the successful implementation of the land reform measures.

However, looking into the distribution of the average area, according to farm size it is observed as expected the average farm size increase steadily with rising size groups up to the fifth group. But it reveals a jump from 1.94 acres to 4.65 acres between the third and the fourth group. This reflects the steep pattern of landholding distribution.

Secondly, the average farm size rises from the poor peasant to the rich peasant though then it drops for landlords. Thus the poor peasants operate 0.38 acres on an average - the small peasants 0.75 acres, the middle peasants 1.29 acres, the rich peasants 1.79 acres and the landlords 1.43 acres.

Part of the reason for the drop in the average size of the 'landlord' holdings is that we have not excluded the few 'petty rentier and petty employer' families from this group. The petty rentiers and petty employers do not participate in manual labour. They have small resources and are not in fact big exploiters of outside labour. They are usually obliged to use outside labour owing to the absence of other factors like working in petty service occupations themselves. Strictly speaking these households should not be included in 'landlords' at all since this category is thought of as rentiers and employers.

Table 1: Cross Classification of Number of Households, Average & Total Area by Economic Class & Acreage Group (Area in Acres)

Ec.Class-> Ac.Group	Landless			Poor Peasant			Small Peasant			MiddlePeasant			Rich Peasant			Land Lord			Total		
	NO	AA	TA	NO	AA	TA	NO	AA	TA	NO	AA	TA	NO	AA	TA	NO	AA	TA	NO	AA	TA
All Region																					
0.00	70	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	70	0.00	0.00
0.01to 1.25	0	0.00	0.00	28	0.38	10.63	20	0.53	10.53	17	0.69	11.72	18	0.68	12.16	8	0.63	5.05	91	0.58	53.08
1.25to 2.5	0	0.00	0.00	0	0.00	0.00	2	1.66	3.31	9	1.65	14.87	13	1.82	23.69	7	1.58	11.09	31	1.94	60.23
2.5 to 5	0	0.00	0.00	0	0.00	0.00	1	3.30	3.30	1	2.81	2.81	8	4.27	34.15	3	3.20	9.60	13	4.65	60.42
5 & abv	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	1	6.60	6.60	0	0.00	0.00	0	0.00	0.00	1	6.60	6.60
Total	70	0.00	0.00	28	0.38	10.63	23	0.75	17.14	28	1.29	35.99	39	1.79	69.99	18	1.43	25.74	206	0.88	180.33
Advanced Region																					
0.00	39	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	39	0.00	0.00
0.01to 1.25	0	0.00	0.00	13	0.39	5.01	7	0.57	3.96	12	0.74	8.91	6	0.65	3.91	7	0.65	4.56	45	0.65	29.33
1.25to 2.5	0	0.00	0.00	0	0.00	0.00	1	1.98	1.98	7	1.65	11.55	3	2.09	6.27	2	1.57	3.14	13	2.32	30.22
2.5 to 5	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	1	2.81	2.81	1	4.62	4.62	2	3.14	6.27	4	6.06	24.26
5 & abv	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
Total	39	0.00	0.00	13	0.39	5.01	8	0.74	5.94	20	1.16	23.26	10	1.48	14.80	11	1.27	13.96	101	0.83	83.80
Backward Region																					
0.00	31	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	31	0.00	0.00
0.01to 1.25	0	0.00	0.00	15	0.38	5.63	13	0.51	6.57	5	0.56	2.81	12	0.69	8.25	1	0.50	0.50	46	0.52	23.75
1.25to 2.5	0	0.00	0.00	0	0.00	0.00	1	1.33	1.33	2	1.66	3.32	10	1.74	17.42	5	1.59	7.95	18	1.67	30.02
2.5 to 5	0	0.00	0.00	0	0.00	0.00	1	3.30	3.30	0	0.00	0.00	7	4.22	29.53	1	3.33	3.33	9	4.02	36.16
5 & abv	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	1	6.60	6.60	0	0.00	0.00	0	0.00	0.00	1	6.60	6.60
Total	31	0.00	0.00	15	0.38	5.63	15	0.75	11.20	8	1.59	12.73	29	1.90	55.20	7	1.68	11.78	105	0.92	96.53

NOTE: NO=Number, AA=AVERAGE AREA, TA= TOTAL AREA.

It has been mentioned above that a particular acreage-group is likely to have holdings ranging from poor peasant to rich peasant status. However as we would expect, the proportion of labour-hiring holdings (middle peasants, rich peasants and landlords) in the total holdings by acreage group is found to predominate in the farms above 2.5 acres. However, the converse holds good for the poor and small peasants whose share is higher on smaller farms below 2.5 acres. Thus 100% of poor peasants and 87% of small peasants are on farms below 2.5 acres while 54% of rich peasants and 56% of landlords are on farms above 2.5 acres.

Table 1 shows a steep concentration in landholding both in the advanced and in the backward region. In the combined region 13.59% of households belong to poor peasant have only 5.89% of land under possession. While 18.93% of households belong to rich peasant have 38.81% of land. On the other hand 44% of households belong to the size group below 1.25 acres have land area 29.43% of land area; while 6.31% households belong to the size group 2.5- 5 acres have 33.5% of land area.

Table 2 on the net labour days hired in or out per holding, reveals the variation in the economic status of households within each acreage group. It is quite clear from the table that the class categories successfully isolate holdings of different types with respect to the variables of labour hiring, and therefore show consistently and significantly different mean values for holdings in the different economic classes, regardless of the acreage group they fall into. For example, in the landlord class (in the combined region) labour hiring ranges from 299.8 to 1168 days per annum per holding over the acreage groups, in the rich peasant class the same ranges from 127.5 to 294.5 days per annum per holding over the acreage groups, while for the middle peasant class it ranges from 117.8 to 443.5 days over the acreage groups. For the small-peasants labour hiring ranges from -29.77 to -148. For the landless and poor peasant it has a uniform value at -203.68 and -114.67 respectively.

Table 2 Cross Classification of the Net Labour Days HI/HO Per Holdings

Ec. Class-> Ac. Gp	Landless	Poor Peasant	Small Peasant	Middle Peasant	Rich Peasant	Landlord
ALL REGION						
0.00	-203.68	0.00	0.00	0.00	0.00	0.00
0.01to 1.25	0.00	-114.67	-29.77	117.80	127.50	1168.00
1.25to 2.5	0.00	0.00	-148.00	443.50	251.90	299.80
2.5 to 5	0.00	0.00	0.00	0.00	294.57	1068.00
5 & abv	0.00	0.00	0.00	170.00	0.00	0.00
Total	-203.68	-114.67	-35.67	206.25	210.72	533.57
ADVANCED REGION						
0.00	-107.44	0.00	0.00	0.00	0.00	0.00
0.01to 1.25	0.00	-65.77	-18.43	44.75	93.50	158.29
1.25to 2.5	0.00	0.00	-148.00	103.14	333.00	205.50
2.5 to 5	0.00	0.00	0.00	4.00	235.00	315.50
5 & abv	0.00	0.00	0.00	0.00	0.00	0.00
Total	-107.44	-65.77	-34.63	63.15	179.50	195.45
BACKWARD REGION						
0.00	-30.34	0.00	0.00	0.00	0.00	0.00
0.01to 1.25	0.00	-30.89	-12.90	3.06	53.83	7.50
1.25to 2.5	0.00	0.00	0.00	18.33	116.92	155.43
2.5 to 5	0.00	0.00	0.00	0.00	228.38	145.67
5 & abv	0.00	0.00	0.00	170.00	0.00	0.00
Total	-30.34	-30.89	-11.22	13.82	110.67	88.06

On the other hand, within a given acreage group, such as 0.01-2.5 acres, the labour hiring ranges from -114.67 (hiring out) to 1168 (hiring in). It is clear enough that diametrically opposite types of holdings in terms of labour process get included in every acreage group - both the households which are themselves exploiters of others' labour as well as the households which are themselves exploited. In other words, acreage as an index fails to discriminate between different types of holdings that differs in the crucial respect of labour use and hence the extent to which they remain 'peasant' households.

4. CLASS DIFFERENTIATION IN VARIOUS AGRARIAN STRUCTURES AND CREDIT

A detailed account of the differentiation of the peasantry has been derived from our analysis. The essence of the process of differentiation is that with the advent of the capitalist relation in agriculture, the peasant society gets bifurcated into two broad classes, bourgeois and proletariat. The middle peasants get threatened of liquidation owing to the onslaught of the market. The percentage distribution of different variables among classes has been observed from Table 3. It has been seen that the labour hiring classes, namely the rich peasant and the landlord dominates over all means of production. It has been revealed that all the markets namely, asset, land, irrigation, input, output, product marketed show an acute kind of inequality with respect to the distribution of the households among three categories. It is clear from the Table 3 that the distribution of the variables shows a uniform pattern of concentration, where 60 per cent or more cornered by the labour hiring classes, who constitutes around 28.64 per cent per cent of the total holdings. On the other hand the exploited classes that is 46.6 per cent of total holding

commanding 7 per cent at the most. The self-employed classes on the average have 30 per cent of the resources. However the distribution of credit does not follow this uniform pattern since the exploited classes account for around one-third and the labour-hiring classes below 44 per cent of credit, giving a substantial degree of egalitarianism. Clearly the distribution of institutional credit has not followed the blind logic of the market economy which breeds extreme inequality in the overall structure of production conditions. Yet there is a clear bias towards the labour hiring classes in the existing pattern of credit disbursement. Looking into the Gini Coefficients of different variables it is observed that the institutional credit witnessed the minimum value of Gini coefficients (0.168) while the product marketed exhibited acute concentration with the highest value of Gini coefficient (0.577) followed by output (0.509).

The size group wise distribution shows that despite the largest concentration of households (44 per cent) in the size group 0.01 to 1.25 acres, the size groups above the 1.25 acres appropriates more than 60 per cent of owned and operated land, irrigation facilities, input, output and product marketed. The non-land assets also show a large concentration of 53 per cent in favour of the same. This reflects an emerging aspect of non-land based concentration of means of production with the emergence of a new class of rural rich in West Bengal. The institutional and non-institutional credits reveal relatively lower degree also greater concentration to the lower size group, 0.01 to 2.5 acres. This gives further justification for choosing the labour exploitation criterion as a device for classifying the households. However, in the case of size groupings the Gini coefficient shows the highest value for the owned land (0.649) followed by product-marketed (0.628). The non-institutional credit (0.160) followed by the non-institutional credit (0.176) show the minimum degree of concentration for the reasons explained above.

Table 3: Economic Class & Acreage Gp wise Percentage Distribution of Households, Assets, Land, Irrigation, Input, Output, Product Marketed, Institutional & Non-institutional Credit

Economic Classes/ Acreage Group	Households	Assets	Owned Land	Operated Land	Irrigated Area	Input	Output	Product Marketed	Institutional Credit	Non-Inst. Credit
All Region		{0.328}	{0.553}	{0.480}	{0.464}	{0.482}	{0.509}	{0.577}	{0.168}	{0.187}
Landless	33.98	12.66	0.07	0.00	0.00	0.00	0.00	0.00	23.96	22.98
Poor Peasant	12.62	7.18	4.19	6.67	6.88	7.07	4.86	1.85	12.01	6.77
Small Peasant	11.17	6.22	7.76	10.74	8.56	9.50	9.69	4.47	11.01	17.29
Middle Peasant	13.59	25.17	17.00	22.56	32.24	23.12	22.98	26.55	9.08	8.44
Rich Peasant	19.90	33.54	48.72	43.89	34.29	44.02	42.71	38.69	29.05	30.07
Landlord	8.74	15.24	22.26	16.14	18.04	16.29	19.75	28.43	14.89	14.45
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Advanced Region		{0.274}	{0.638}	{0.503}	{0.479}	{0.489}	{0.543}	{0.592}	{0.288}	{0.175}
Landless	38.61	17.54	0.00	0.00	0.00	0.00	0.00	0.00	21.97	33.42
Poor Peasant	12.87	10.32	6.43	7.95	9.28	11.58	5.00	2.41	11.72	5.94
Small Peasant	7.92	3.18	2.23	9.43	10.51	8.07	9.22	5.15	1.91	8.20
Middle Peasant	19.80	39.24	23.21	36.94	39.70	36.61	33.58	33.77	20.09	12.45
Rich Peasant	9.90	13.66	26.22	23.50	18.22	19.11	27.22	30.98	19.22	12.91
Landlord	10.89	16.06	41.90	22.18	22.28	24.63	24.98	27.69	25.08	27.08
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Backward Region		{0.409}	{0.479}	{0.448}	{0.471}	{0.472}	{0.484}	{0.660}	{0.084}	{0.164}
Landless	29.52	7.15	0.09	0.00	0.00	0.00	0.00	0.00	24.84	16.75
Poor Peasant	12.38	3.62	3.22	5.83	3.47	3.11	4.69	0.00	12.13	7.27
Small Peasant	14.29	9.66	10.15	11.60	5.78	10.77	10.33	2.25	15.00	22.71
Middle Peasant	7.62	9.28	14.32	13.19	21.65	11.26	8.85	2.67	4.25	6.05
Rich Peasant	29.52	55.99	58.44	57.18	57.07	65.91	63.36	64.19	33.36	40.31
Landlord	6.67	14.30	13.78	12.20	12.04	8.96	12.78	30.89	10.42	6.91
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
All Region		{0.391}	{0.649}	{0.606}	{0.555}	{0.548}	{0.584}	{0.628}	{0.160}	{0.176}
0.00	33.98	12.66	0.07	0.00	0.00	0.00	0.00	0.00	23.96	22.98
0.01to 1.25	44.17	32.99	27.53	31.40	37.78	37.99	33.87	27.75	41.97	41.74
1.25to 2.5	15.05	33.09	27.60	33.20	34.47	34.99	33.64	35.55	22.96	23.69
2.5 to 5	6.31	19.94	39.42	31.26	19.78	24.52	30.75	36.70	11.11	11.52
5 & abv	0.49	1.33	5.39	4.14	7.96	2.49	1.74	0.00	0.00	0.07
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Advanced Region		{0.344}	{0.610}	{0.589}	{0.550}	{0.546}	{0.607}	{0.662}	{0.230}	{0.125}
0.00	38.61	17.54	0.00	0.00	0.00	0.00	0.00	0.00	21.97	33.42
0.01to 1.25	44.55	38.18	41.03	41.82	46.37	47.78	39.21	31.58	46.40	39.59
1.25to 2.5	12.87	33.88	27.24	36.42	39.03	35.53	36.91	37.91	23.86	8.82
2.5 to 5	3.96	10.40	31.73	21.75	14.60	16.69	23.88	30.51	7.77	18.18
5 & abv	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Backward Region		{0.466}	{0.642}	{0.609}	{0.620}	{0.556}	{0.592}	{0.693}	{0.093}	{0.171}
0.00	29.52	7.15	0.09	0.00	0.00	0.00	0.00	0.00	24.84	16.75
0.01to 1.25	43.81	27.12	21.69	24.61	25.60	29.38	26.75	15.09	40.02	43.03
1.25to 2.5	17.14	32.19	27.75	31.09	28.01	34.53	29.28	27.77	22.57	32.57
2.5 to 5	8.57	30.71	42.74	37.46	27.14	31.41	39.91	57.13	12.57	7.55
5 & abv	0.95	2.83	7.72	6.84	19.26	4.68	4.06	0.00	0.00	0.11
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Note: Figures in parentheses represent Gini-coefficient.

A comparison between the advanced and the backward region shows that economic class wise distribution yields acute kind of inequality in the advanced region where values of the Gini coefficient for most of the variables are higher than that in the backward. This is owing to the higher level of capitalist development in the advanced

region. It is a matter of fact that in the advanced region 9.90 per cent of rich peasant and 10.89 per cent of landlord together appropriates nearly 68 per cent of owned land, 60 per cent of product marketed and around 40-50 per cent each of operated land, irrigation and output. On the other hand 39 per cent of landless and 12.62 per cent of households belonging to the landless and poor peasant respectively who hold 5 to 10 per cent of the above variables together.

The next question in this study is related to technology. It is a well-known fact that with the introduction of capitalist relation in agriculture, the latter becomes dependent on technology. It is indeed the fact that the technology makes a production condition market dependent. Those who can afford to bear the high priced technological inputs could survive in the market and those who can't, be wiped out. Thus we can expect that in a market economic regime the upper classes have a keen domination over the high yielding technological inputs.

5. STRUCTURE OF OUTPUT

The total output per unit area and per holding is shown in Table 4. The advanced region has shown a substantially higher value in comparison to the backward region. The gross output in value terms per holding in the advanced and the backward region Rs 26465 and Rs 21166 respectively. The figures for output per sown areas are Rs 21502 for the advanced region and Rs 16930 for the backward region. However, the gap in the output of the advanced and the backward region widens when we take output per operated area in consideration as shown in Table 4. The output per area operated in the advanced region (Rs 42457) is far more (1.84 times) than double of the same in the backward region (Rs 23023). On the other hand the output per sown area in the advanced region (Rs 21502) is only 1.27 times greater than the backward region (16930). The dichotomy between the output per sown area and the output per operated area is explained with the fact that the cropping intensity is far greater in the advanced region (1.97) than the backward region (1.36).

On the average the total output per holding shows a positive association with the ascending class status up to the rich peasant category and then shows a decline for the landlord (Table 4). The output per operated area on the other hand also shows the positive trend but in lesser extent. It increases from Rs 23676 for the poor peasant, to Rs 27644 for small peasant, to 30510 for the middle peasant, and then shows stagnancy at 30324 for the rich peasant and finally an increase to Rs 36880 for the landlord. The output per acre sown shows a smaller positive variation with ascending class than does the output per acre operated, owing to higher cropping intensity on the labour hiring farm. However, the labour hiring classes show a marginal higher yield performance than the exploited and the self-employed classes. The farm size shows almost stagnant magnitude of the output per operated and sown area.

Table 4: Economic Class wise and Acreage Group wise Cropping Intensity and Structure of Output

Class/Group	No of Hhs	Total Area Oprtd(acre)	Total Sown Area (acre)	Cropping Intensity	Output (Rs) Per Holding	Output(Rs) per area oprtd.	Output(Rs) per area Sown
All Region							
Landless	70	0	0.00	0.00	0	0	0
Poor Peasant	28	10.64	14.74	1.39	8995	23676	17087
Small Peasant	23	17.14	25.73	1.50	20600	27644	18415
Middle Peasant	28	35.99	58.62	1.63	39217	30510	18731
Rich Peasant	39	70.00	106.79	1.53	54424	30324	19876
Landlord	18	25.74	49.69	1.93	52728	36880	19100
Total	206	159.49	255.58	1.60	23764	30694	19154
Advanced Region							
Landless	39	0.00	0.00	0.00	0	0	0
Poor Peasant	13	5.01	6.14	1.23	10122	26292	21418
Small Peasant	8	5.94	12.05	2.03	30243	40765	20086
Middle Peasant	20	23.26	45.23	1.95	45544	39169	20137
Rich Peasant	10	14.80	28.42	1.92	72621	49078	25552
Landlord	11	13.96	32.46	2.32	60213	47430	20404
Total	101	62.96	124.31	1.97	26465	42457	21502
Backward Region							
Landless	31	0.00	0.00	0.00	0	0	0
Poor Peasant	15	5.63	8.60	1.53	8018	21370	13991
Small Peasant	15	11.20	13.69	1.22	15458	20703	16943
Middle Peasant	8	12.73	13.39	1.05	23400	14705	13981
Rich Peasant	29	55.20	78.37	1.42	48150	25298	17818
Landlord	7	11.78	17.23	1.46	40965	24353	16643
Total	105	96.53	131.27	1.36	21166	23024	16930
All Region							
0.00	70.00	0.00	0.00	0.00	0	0	0
0.01to 1.25	91.00	50.08	83.62	1.67	18147	32972	19748
1.25to 2.5	31.00	52.95	85.32	1.61	52594	30794	19109
2.5 to 5	13.00	49.86	80.04	1.61	117664	30679	19111
5 & abv	1.00	6.60	6.60	1.00	84000	12727	12727
Total	206.00	159.49	255.58	1.60	23764	30694	19154
Advanced Region							
0.00	39.00	0.00	0.00	0.00	0	0	0
0.01to 1.25	45.00	26.33	47.95	1.82	23432	40044	21990
1.25to 2.5	13.00	22.93	47.58	2.08	75905	43034	20739
2.5 to 5	4.00	13.70	28.78	2.10	157940	46131	21951
5 & abv	0.00	0.00	0.00	0.00	0	0	0
Total	101.00	62.96	124.31	1.97	26465	42457	21502
Backward Region							
0.00	31	0.00	0.00	0.00	0	0	0
0.01to 1.25	46	23.75	35.67	1.50	12976	25130	16734
1.25to 2.5	18	30.02	37.74	1.26	35759	21444	17055
2.5 to 5	9	36.16	51.26	1.42	99764	24831	17516
5 & abv	1	6.60	6.60	1.00	84000	12727	12727
Total	105	96.53	131.27	1.36	21166	23024	16930

To sum up, compared to all classes of exploited and self-employed, the labour hiring classes registers higher yield level. Thus our data decisively refute the populist view that family labour based farms are more 'efficient' in the sense of registering higher yields compared to hired labour based farms representing the capitalistic tendency, as had been argued by Chayanov (1966) and A. K. Sen (1966). This finding is particularly significant in the context of the rule of the Left Front and substantial tenancy reform through *Operation Barga* in West Bengal as well as the provision of credit to the

disadvantaged. All this has provided a much more conducive climate for the small peasants and middle peasants to invest more in land than is the case in other states.

7. CONCLUSION:

We have seen that despite a strong pro poor state intervention in the state, the differentiation of the peasantry is still going on based on the higher command of resources by the labour hiring classes. This has been reflected in positive association between ascending classes / acreage groups and per acre and per holding productivity. Indeed the inequality prevails in the credit market is lesser than that of the other markets. But at the same time the credit market cannot cope with the growing demand for production loans particularly from the advanced region. Its inadequacy keeps the system of private money lending alive. In spite of the fact that the pre-capitalist institutions like market interlinkage has almost been disappeared, as we will see in the next chapter, non-institutional credit remains the major source of borrowing for the rural poor.

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APPENDIX - I
SELECTION OF THE SAMPLE BLOCKS:

Two sample blocks have been selected on the basis of level of economic development. One block is Nalhati-II which seems to be the most advanced and most prosperous in the district. Other block is Illambazar which seems to be the most backward.

The selection of the sample block is preceded by the selection of sample thanas, since the 'District Census Handbook' presents data for various developmental indicators only on the basis of thanas. The following developmental variables have been chosen to identify the blocks with high and low level of development:

1. Percentage of literacy (X1).
2. Percentage of school and college per square kilometre (X2).
3. Average students per institution (X3).
4. Average teachers per institution (X4).
5. Percentage of medical institution and welfare centre per square km (X5).
6. Average number of beds per medical institution (X6).
7. Average number of doctors per medical institution (X7).
8. Average number of immunization programme per medical institution (X8).
9. Population served per commercial and grameen bank office in '000 (X9).

On the basis of the above indicators the advanced and the backward thanas have been identified in Table A-I. For every indicator in each thana the value is compared to the district average. If it is above the average, it is noted down as A (for advanced) and B (for backward) when the same is below the average. In this way if a particular thana has above average performance for all the seven variables, it is given a grade of A+. Similarly if a thana has lower than the district average figure for all the variables it is given a grade of C-. There are several intermediary grades (as shown and explained in the Table A-I) depending upon the relative performance of the different indicators. It is evident from the Table A-I that Nalhati - II comes out as the most developed thana with A grade and Illambazar comes out as the most backward thana with the grade of C.

Table A-I: Selection of Blocks

Sub-div	Blocks	X1	X2	X3	X4	X5	X6	X7	X8	X9	Total A	Total B	Grades	Remarks
Rampurhat	Nalhati 1	63.70	60.87	221.65	4.95	15.62	13.00	1.20	856.23	23.18	6	3	A-	Advanced Marginally
	Nalhati 2	61.60	75.13	236.22	5.61	18.32	10.33	0.67	987.45	17.94	7	2	A	Advanced More or Less
	Murarai 1	46.60	66.09	330.50	3.80	16.52	25.33	2.67	894.21	19.29	7	2	A	Advanced More or Less
	Murarai 2	46.20	55.58	322.76	5.35	17.81	8.60	1.20	879.33	29.62	5	4	B+	Moderately Developed
	Mayureswar 1	65.40	60.49	247.98	4.68	11.12	10.33	1.33	784.80	12.70	3	6	C+	Backward Marginally
	Mayureswar 2	62.80	65.15	206.70	4.76	14.69	13.00	0.75	627.87	22.61	4	5	B-	Moderately Underdeveloped
	Rampurhat1	61.90	57.71	201.52	3.75	11.47	49.86	5.57	573.88	9.36	3	6	C+	Backward Marginally
	Rampurhat2	63.50	74.91	235.71	4.94	17.08	13.00	1.75	708.77	19.84	5	4	B+	Moderately Developed
Sadar	Md.Bazar	55.10	44.99	227.29	4.95	9.50	10.67	1.17	700.37	12.68	2	7	C	Backward More or Less
	Sainthia	64.40	65.71	159.20	4.34	12.48	7.83	0.83	664.82	12.55	2	7	C	Backward More or Less
	Dubrajpur	56.70	49.87	163.38	3.91	10.15	59.67	1.50	687.06	13.25	1	8	C	Backward More or Less
	Rajnagar	58.30	45.60	126.49	3.35	8.13	10.33	1.00	645.56	11.62	0	9	C-	Backward Very High
	Suri 1	62.50	63.37	216.00	4.86	12.93	14.40	0.80	742.20	6.03	2	7	C	Backward More or Less
	Suri 2	63.80	64.80	207.51	4.75	11.78	10.33	1.00	788.50	8.56	2	7	C	Backward More or Less
	Khoyrasole	60.50	51.80	194.55	4.17	9.92	9.25	1.50	660.26	22.52	2	7	C	Backward More or Less
Bolpur	Bolpur-Sriniketan	60.00	51.71	194.18	5.32	11.66	27.10	3.10	648.05	9.90	4	5	B-	Moderately Underdeveloped
	Labhpur	62.10	69.41	183.31	4.84	13.43	10.67	1.83	740.17	19.65	4	5	B-	Moderately Underdeveloped
	Nanoor	61.20	59.97	206.11	4.98	12.19	8.40	1.40	800.74	13.84	2	7	C	Backward More or Less
	Illambazar	63.00	58.88	170.62	4.27	10.32	12.75	1.50	689.96	16.13	2	7	C	Backward More or Less
Birbhum District		59.90	61.58	219.15	4.95	12.96	22.12	2.00	754.91	15.54				

APPENDIX – II

PATNAIK'S LABOUR EXPLOITATION CRITERION

The Marxist concept of the process of class differentiation is that, under a regime of commodity production, the rich peasant class increasingly employs the labour of others and thereby appropriates surplus. A poor peasant on the other hand is increasingly obliged to work for others and is thereby increasingly subjected to exploitation. The self-employed are in a vulnerable position. While a few of them might be able to transform themselves into rich peasant, the majority of them are always under the constant threat of being pushed down into the ranks of the semi-proletariat. At one of the two poles of the rural class structure, and more or less distinct from the peasantry, stands the landlord, defined by 'possession of substantial means of production and non-involvement in any manual labour, living entirely by appropriating surplus labour of others'. The landless labourer has no self-employment, for he possesses no means of production at all and is obliged to live entirely by selling his labour.

The labour-exploitation index seeks to give an empirical approximation to the analytical concept of the class status of the household. The class-status is essentially determined by the extent of the use of outside labour or to the extent the family works for others, relative to the extent of self-employment. It is identical, under certain simplifying assumptions with the surplus labour appropriated or parted with, relative to surplus labour with self-employment.

$$E = X/Y = \{(Hi-Ho) + (Lo-Li)\}/F$$

Where, Hi = Labour-days hired on the operational holding of the household
 Ho = Family labour days hired out to others
 Li = Labour days worked on leased in land (whether by family or hired labour)
 Lo = Labour days similarly worked on land leased out by the household
 F = Labour days worked by household workers on the operational holding.

The index is a ratio, or a pure number, which can have positive or negative values depending on whether the household is a net employer of outside labour or is itself on balance working for others (as labourer or tenant). The range of values of E is from plus infinity to minus infinity, for at the two poles of the rural class structure, there will be diametrically opposite types of households for whom F will be zero or near zero: first, the big landlords have such a large resource endowment that they perform no manual labour themselves, but rely entirely on employing others' labour; and the landless labourers, with zero resource endowment, hence zero self-employment, who are entirely dependent on working for others'. (Patnaik, 1988; p.305)

Classes within the cultivating peasantry are identified by looking at the degree of working for others or of employing others' labour, relative to self employment. For this purpose certain limits are set upon the values of the E-ratio which are given in the following Table. All subsequent use of class categories in this book refers to the definitions given in the Table-A.II which is taken from Patnaik (1976, 1987).

TABLE – A.II: Patnaik’s E-Criteria

The following limits are specified to the value of E in order to classify households into a set of mutually exclusive and all-exhaustive categories (sub-categories not specified here are not ruled out)

Class	Defining Characteristic	Value of $E = X/F$	Reason
1. Landless labourers	No self-employment; working entirely for others	$(E \rightarrow -\infty)$	$F = 0$ $X < 0$ and large
2. Poor peasant (Poor tenant and labourer with land)	Working for others to a greater extent than self-employment	$(E \leq -1)$	$F > 0$, $X < 0$, $ X \geq F$
3. Small peasant	Zero employment of others or working for others ; and working for others to smaller extent than self-employment	$(0 \geq E > -1)$	$F > 0$, $X \leq 0$, $ X < F$
4. Middle peasant	Smaller employment of others’ labour than self-employment	$(1 > E > 0)$	$F > 0$, $X > 0$, $X < F$
5. Rich peasant	At least as large an employment of others’ labour as self-employment	$(E \geq 1)$	$F > 0$, $X > 0$, $X \geq F$
6. Landlord	No manual labour in self-employment , large employment of others’ labour	$(E \rightarrow \infty)$	$F = 0$, $X > 0$, and large

Source: Utsa Patnaik (1987), Peasant Class Differentiation: A Study in Method with Reference to Haryana, Delhi, Oxford University Press.