

***Economic Development in Palanpur 1957-1993: A Sort of  
Growth***

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## **Economic Development in Palanpur 1957-1993: A Sort of Growth**

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### **Abstract**

*This paper asks why 30 years of economic development in the small north Indian village of Palanpur has been less positive than one might have hoped. While per capita incomes have risen and poverty has declined, progress has been painfully slow. Moreover there has been veritable stagnation in educational outcomes, and the village remains economically and socially stratified. Technological change in agriculture and non-farm diversification have been the main forces of economic growth during this period, but population growth has prevented per capita incomes from rising markedly. In addition, high and persistent levels of inequality in Palanpur have resulted in the capture of village-level collective institutions and the diversion of public programs. The village credit and tenancy markets have also evolved in response to the changing external economic environment. We suggest that over time the poor have become less able to participate in these markets.*

Keywords: North India, Rural development, Green Revolution, Poverty, Inequality, Social Development

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## 1. Introduction

India's profile on the international economic stage has risen considerably during the 1990s. In the early years of the decade the government of India launched the country onto a new development path by introducing a far-reaching liberalization package for the Indian economy. After nearly ten years, and several changes in government, this reform process seems to have become well entrenched. While not everyone agrees on the precise form, or the required pace, of further reform efforts, there seems to be no serious move to turn the clock back.

Indeed, there would seem to be little to warrant a reversal. Per-capita economic growth in India has picked up significantly during the 1990s, such that by the second half of the decade growth rates of 5-6% per annum have become the norm. This performance is an order of magnitude higher than the "Hindu rate of growth" (around 2% per annum) which had seemed the best possible in the decades up to the 1990s.<sup>1</sup>

Yet, a question which has preoccupied many observers of the Indian economy is to what degree the country's impressive economic performance has actually translated into improved standards of living for the population. In particular, has India's recent economic performance tangibly improved the living standards of the poor?<sup>2</sup>

Such questions can be pursued on many fronts. Analysis of statistical data has always been a popular activity in India, thanks to a long tradition of data collection in the country. For example, the National Sample Survey Organisation (NSSO) has been carrying out large scale, comparable, household surveys on a regular basis since independence, and these have been widely analysed to study poverty in India.<sup>3</sup> Recently, the NSSO has taken the additional, very welcome, step of making its household surveys publicly available at the unit record level. The NSS data are far from the only data source available. Other important data collection efforts have been carried out

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<sup>1</sup> The Indian economy's seeming imperviousness to the economic crisis which buffeted the east Asian economies during the late 1990s has only added further to its apparent lustre.

<sup>2</sup> Drèze and Sen (1995) have drawn attention to the myriad impediments to poverty reduction in India, and have argued that economic growth, on its own, cannot be expected to resolve all of them.

by, for example, the National Centre for Applied Economic Research (NCAER), not to mention innumerable smaller-scale surveys. While the volume of work has been considerable and progress is being made, it is probably not wrong to state that, at this stage, a full answer to the questions raised above has not yet emerged.<sup>4</sup> Research on this front continues.

A second research front has been via the rich tradition of detailed case studies, usually village studies, carried out in India by researchers with a whole host of disciplinary backgrounds. Many have had a longitudinal dimension, and not a few have been specifically concerned with the question of how living standards have evolved over time.<sup>5</sup> A common feature of many village studies is the close detail that they provide about their setting. In this way they have often been able to flesh out, and/or qualify, the broad findings from large-scale sample surveys. They have also been valuable in raising new questions for subsequent statistical analysis. Of course, one must be very careful with generalising from village studies - their strength lies in the detailed information they provide, not in allowing broad inferences to be made.

Detailed village studies do not generally lend themselves to short turnaround. For this reason, I am not aware of any village studies that address the specific question of how rural welfare has evolved specifically as a result of the economic reforms of the 1990s. In fact, although liberalisation of the Indian economy has produced impressive results in terms of aggregate economic performance, it is unclear to what extent the specific package of reforms has influenced rural areas directly.<sup>6</sup> This does not mean, however, that village studies are not able to provide some pointers to the possible impact of economic reforms on the rural population. The issue then becomes one of thinking about the possible *mechanisms* that might have a role to play.

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<sup>3</sup> Datt (1997) and Datt and Ravallion (1996, 1997, 1998, 1999) have made extensive and influential use of a time series of poverty estimates which they have constructed from the 25-odd rounds of NSS household surveys which have been fielded since independence. See also, Abhijit Sen (1996).

<sup>4</sup> Poverty measures during the 1990s have fluctuated rather than move in uniform direction. An important, and related, question has been about the evolution of inequality during this decade. See Deaton and Tarozi (1999) for detailed examination of issues involved in poverty comparisons in India over time.

<sup>5</sup> Breman, Kloos and Saith (1997) bring together a selection of recent village studies. Jayaraman and Lanjouw (1999) and Barbara Harris-White (1992) survey a range of village studies, focussing on rural poverty. Hockings (1999) also provides an interesting overview. Special mention should be made of the extensive range of studies arising out of the village-level data collected by the International Centre for Research in the Semi-Arid Tropics (ICRISAT). Walker and Ryan (1990) provide a valuable overview.

The level of detail offered by village studies, even if they do not refer exclusively to the 1990s, can then be of considerable value.

This paper presents a detailed description of economic development in one village in Uttar Pradesh between the late 1950s and the early 1990s. The objective is first to trace the evolution of well-being, in both economic and in broader terms, over this extended time period. The principle conclusion is that the picture is mixed – some progress but also not a little stagnation: “a sort of growth”.

The paper then sets out to explore the factors prompting such a lukewarm assessment. First, a brief description of the main forces of change for the village economy is provided. Between 1957 and 1993, agricultural practices have been transformed as a result of new technologies. Occupational diversification has been far reaching. Against this, however, the village population has more than doubled. These factors can be viewed, at least to some extent, as exogenous to the village, and constitute elements of the changing overall environment to which the village has had to adapt over time.

We turn next to factors internal to the village, which may also have played a role in generating a mixed outcome. We provide first a brief assessment of the full range of government interventions which have been launched in the village over the survey period. The assessment is largely negative, and we suggest that the pervasive inequalities within the village at least partly account for this. There is little reason to suppose that these inequalities will disappear in the face of a liberalizing economic environment.

We then inquire into the operation of two important village institutions: the land leasing market; and the village moneylender. We find that while these institutions continue to function, and remain very relevant to the village economy, they have also evolved over time. What is worrying is that the direction of change is often away from the weakest groups in the village. Indeed, we find that in many respects the poor are now more excluded from the main village markets than

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<sup>6</sup> Srivastava (1996), reports on a survey carried out in eight villages of eastern Uttar Pradesh in 1996, in which only 12 respondents out of a total of 116 expressed any awareness whatsoever of the economic reforms of the early

they were before. There is no evidence, and no obvious reason to expect, that changes in the broad parameters of the Indian economy during the 1990s will reverse these developments.

## 2. The Palanpur Study

Palanpur is a village in Moradabad District of west Uttar Pradesh in north India. The village has been the subject of study since 1957-8, when it was surveyed by the Agricultural Economics Research Centre (AERC) of the University of Delhi.<sup>7</sup> The AERC resurveyed the village in 1962-3. In 1974-5 Christopher Bliss and Nicholas Stern selected Palanpur as a village in which to study the functioning of rural markets and the behavior of farmers. They spent just under a year residing in the village and collecting quantitative data, based on a set of questionnaires they designed and fielded, as well as qualitative information emerging out of informal discussion and observation. Bliss and Stern published a book based on their investigations (Bliss and Stern, 1982), which has a primary focus on the 1974-5 survey year.<sup>8</sup>

A fourth resurvey of Palanpur took place in 1983-4 when Jean Drèze and Naresh Sharma, in close consultation with Bliss and Stern, lived in the village for fifteen months, once again collecting data for the entire village population.<sup>9</sup> The most recent re-survey of the village, once again by Drèze and Sharma, was conducted in 1993. This survey was carried out over a shorter period and is consequently somewhat less comprehensive.<sup>10</sup>

A considerable body of research has emerged from the Palanpur research program.<sup>11</sup> A recent edited volume by Lanjouw and Stern (1998) brings together a set of these studies and attempts to distill the main findings. This volume touches on most of the themes discussed in the earlier

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1990s.

<sup>7</sup> Ansari (1964) reports on the findings of this village-wide survey.

<sup>8</sup> Some comparisons with the earlier survey years were reported, but a longitudinal perspective was not given a major emphasis.

<sup>9</sup> One of the relatively special features of the Palanpur study is that detailed information is collected from the all households in the village rather than a sample of households.

<sup>10</sup> Between the main survey years, there were also additional, shorter, visits to Palanpur by the original investigators as well as by collaborating researchers.

<sup>11</sup> For example: Ansari (1964), Bliss and Stern (1982), Drèze (1988, 1990a, 1990b, 1997), Drèze, Lanjouw and Stern (1992), Drèze and Mukherjee (1989), Drèze and Saran (1995), Kynch (1994), Kynch and Maguire (1986, 1989), P.

book by Bliss and Stern (1982), but includes a more explicit focus on outcomes and processes of change over the entire period from 1957-8 to 1993. The material in this paper is taken largely from the various contributions included in Lanjouw and Stern (1998), and the reader is referred to this study for further details on what, for reasons of space, will often have to be rather cursory treatment here.

*Snapshot of the village in 1993*

At the beginning of the last survey (in mid-1993), Palanpur had a population of 1,133 persons, divided into 193 households (Table 1). Hindus represented 87.5 per cent of the village population, and Muslims the remaining 12.5 per cent. Hindus were divided into six main castes (ranging from 14 to 48 households in size), and three minor castes of three households or less (Table 2). The shares of Hindus and Muslims in the total population, and the relative sizes of the main castes, have remained fairly stable throughout the survey period.

Thakurs, Muraos and Jatabs can be seen, in many respects, as the main players in Palanpur's economy and society. The other castes are numerically smaller and also tend to be less cohesive, so that their collective influence on the village economy and society is more restricted. At risk of caricaturing somewhat, Thakurs can be viewed as representative of Uttar Pradesh's traditional martial castes, Muraos comprise the cultivating castes, often occupying a central position in the village economy, and the Jatabs represent the 'scheduled castes' (accounting for nearly 25% of the population of Uttar Pradesh).

The economy of Palanpur is essentially one of small-farmers. The proportion of landless households (23 per cent) is relatively small by Indian standards and there are no clearly outstanding large farmers. The bulk of economic activity is in agriculture, although a non-negligible share of village income also comes from wage employment outside the village. The economy is by and large a market economy with few restrictions on production and exchange. However, the village's economy does differ from standard textbook models of market economies

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Lanjouw (1992, 1994), J.O. Lanjouw (1999), Lanjouw and Stern (1989, 1991), Mukherjee (1991, 1993), Mukherjee and Ray (1991), Sharma (1992), Sharma and Drèze (1990) and van Bastelaer (1986).

as a result of factors such as incomplete markets, imperfect information, transactions costs, and extra-economic coercion. We will refer to some of these features of the economy further below.

### **3. Development in Palanpur: Outcomes**

How have livelihoods fared in Palanpur between 1957-8 and 1993? We attempt to provide a partial answer to this question by documenting the evolution of both economic and social outcomes during this period.

#### **3.1 Economic Outcomes**

##### *Average income*

The growth rate of private incomes in Palanpur is not easy to assess, for several reasons. First, the coverage of income sources and the method used for calculating household incomes were not exactly the same for each survey, although the estimates for each survey year were based on the same notion of income as net returns to all household assets. While some error certainly remains in individual income estimates, the individual errors do not invalidate comparisons of per-capita incomes between different years. Second, nominal income figures for each year must be deflated by a price index to become comparable, and the resulting real income estimates can be quite sensitive to choice of index. Sensitivity analysis to different price indices revealed, however, that in our context broad observations were quite robust. Finally, it is important to note that private incomes can fluctuate a great deal from year to year, as a result of the varying quality of harvest. Available evidence suggests that the harvest was fair in 1957-8, poor in 1962-3, good in 1974-5 and poor in 1983-4. These fluctuations in the quality of harvest have to be borne in mind while examining income trends and related economic changes in Palanpur. Bearing these qualifications in mind, Table 3 presents income levels for the survey years from 1957-8 to 1983-4.<sup>12</sup>

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<sup>12</sup> The shorter duration of the 1993 survey prevented collection of the detailed economic information necessary to construct an income measure for 1993 which is comparable to that of the earlier survey years.



Based on the figures in Table 3, it appears that real per-capita incomes in Palanpur grew between 1957-8 and 1984-5, but not rapidly.<sup>13</sup> As in most parts of India during this period, economic growth was sluggish. Even so, per-capita income growth in Palanpur is widely acknowledged by villagers themselves to have resulted in an expansion of purchasing power. This is confirmed by a steady accumulation of household assets (see further below).

### *Poverty*

Alongside the growth in average per-capita income there has been some decline in absolute poverty (Table 3). The proportion of the village population below a poverty line of Rs 140 per capita per year in 1960-1 prices (corresponding roughly to the line proposed by Dandekar and Rath, 1971) has declined from 47% in 1957-8 to 34% in 1983-4. This comparison is possibly somewhat conservative, given that the harvest in 1983-4 was exceptionally poor. If we compare the average of 1957-8 and 1962-3 head count indices with the average of 1974-5 and 1983-4 (each average covering a good and a poor agricultural year) we find that the latter is less than half as high as the former. The broad qualitative conclusion of declining poverty is also confirmed on the basis of more sophisticated measures of poverty (such as the poverty gap and squared poverty gap measures).

It is important to stress that the fall in poverty in Palanpur is not terribly impressive. The poverty line chosen in these calculations is extremely conservative, so that poverty defined in these terms is almost unimaginably severe. Yet even by the later survey years a significant fraction of the village population (perhaps one in five persons), continued to suffer from such destitution.

### *Income Inequality*

In the presence of rising average income, it is possible for absolute poverty to decline without there being any change in the distribution of income. Table 3 indicates that inequality has

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<sup>13</sup> Without any correction for fluctuating harvest quality real per capita incomes grew by 1.4%. One way of adjusting for harvest quality is to estimate the growth rate between the 1957-63 sub-period and the 1974-84 sub-period (where each sub-period income is the simple average of the two respective survey years, and each pair includes one good and one poor agricultural year). The trend growth rate calculated in this way is about 2.2%.

fluctuated, but not followed an obviously monotonic course over the 1957-84 period. The Gini coefficient of per capita incomes rose between 1957-8 and 1962-3, fell between 1962-3 and 1974-5, and rose again between 1974-5 and 1983-4. The most pronounced change occurred between 1962-3 and 1974-5, when for example the Gini coefficient declined from 0.39 to 0.25. Once again, however, if one were to take the two former years as a pair, and the latter two as a pair, there seems to have been a slight decline in income inequality.<sup>14</sup>

While this direction of change is encouraging, it is once again, not dramatic and is starting from a very high base. The overall conclusion regarding income inequality in Palanpur must remain that the village is a far from a homogenous community. This high degree of economic stratification is argued, below, to account at least in part for the general failure of public action in Palanpur during the entire survey period.

### *Wealth*

Ownership of productive assets and consumer durables has expanded over the survey period (Table 4).<sup>15</sup> It is difficult to translate the figures on ownership into estimates of aggregate value of assets in different survey years. Some tentative calculations can, however, be presented for 1962-3 and 1983-4 (Table 5).<sup>16</sup> The aggregate value of quantifiable assets other than land, at 1960-1 prices, is estimated to have risen from Rs 41,055 in 1962-3 to Rs 87,667 in 1983-4.<sup>17</sup> In real per capita terms this corresponds to an annual growth rate of 1.25 per cent. Although positive, the growth of wealth seems less rapid than what a visual assessment of Table 4 might suggest. This “optical illusion” is due to the change in accumulation patterns which may be partly driven by changes in relative prices. Many consumer durables, for instance, are now much

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<sup>14</sup> Only in the case of the Atkinson measure of inequality with an inequality aversion parameter value of 2 or higher does inequality in 1983-4 exceed that in 1957-8 survey. The 1974-5 survey year appears unambiguously the most equal and the 1962-3 survey year the most unequal. See Lanjouw (1994) for an analysis of inequality in Palanpur within the stochastic dominance framework.

<sup>15</sup> Only in the case of Persian wheel irrigation devices and livestock is the picture of accumulation less obvious. Substitution of Persian wheels by motor driven pumpsets accounts for the decline in the former as irrigation devices. The decline in livestock is associated with both a displacement of livestock by tractors, and also the increased opportunity cost of fodder as village land is put to other uses.

<sup>16</sup> Details can be found in Chapter 2 and the appendix to Chapter 3, Lanjouw and Stern (1998).

<sup>17</sup> The wealth figures also exclude the value of buildings, jewelry and foodstuffs (see chapter 2, by Drèze, Lanjouw and Sharma, in Lanjouw and Stern, 1998).

cheaper relative to (say) cattle than they were in 1957-8. The substitution from the latter to the former can easily give a spurious impression of capital accumulation, because the decline of cattle ownership is much less conspicuous than the accumulation of consumer durables.

Gross wealth is not the indicator of ultimate interest however. To arrive at an estimate of *net* wealth, it is necessary to deduct liabilities (mainly debts to credit institutions). Debts have grown very rapidly over the survey period, from around Rs 12,000 in 1962-3 to Rs 64,320 in 1983-4 (at 1960-1 prices). These institutional debts have been largely geared to land improvement and have a counterpart in increasing land prices.<sup>18</sup> Including both land assets as well as liabilities, the average annual growth rate of *net* wealth per capita at constant prices ranged somewhere between 0.8 and 2.0 per cent per year.

The distribution of *gross* wealth has remained quite stable between 1962-3 and 1983-4 (Table 5). This is largely due to the importance of land in overall asset holdings and the stable distribution of land ownership over time. Going from asset ownership only to *net* wealth raises the problem that in 1983-4 sixteen households had *negative* net wealth. With negative observations the Gini coefficient of per capita net wealth in 1983-4 loses its usual interpretation. Simply replacing the negative observations by zero results in a Gini coefficient of 0.55 - markedly higher than the corresponding value of 0.46 for 1962-3. As this is clearly an *underestimate* of wealth inequality we can conclude with confidence that wealth inequality has increased between 1962-3 and 1983-4.

### 3.2. Social Outcomes

While economists traditionally focus on economic outcomes in arriving at an assessment of “development” over time, it is clear that this provides at best a partial picture of how living standards are changing.<sup>19</sup> We examine briefly below changes over time in three important non-

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<sup>18</sup> Rough estimates of the average value of land in 1962-3 were obtained from 1983-4 data on land prices by assuming (1) that the value of irrigated land in 1962-3 was somewhere between one-half and two-thirds of its 1983-4 value (at constant prices) and (2) that the value of non-irrigated land in 1962-3 was about one third of the value of irrigated land. These are both conservative assumptions.

<sup>19</sup> Drèze and Sen (1989, 1995) argue persuasively for a need to look beyond measures of income and/or consumption, and to examine all indicators which influence individuals' *capabilities*.

income dimensions of well-being in Palanpur. We start by examining progress in the spread of education. We then ask how relations between castes have evolved over the survey period. We finally consider the position of women in the village society.

### *Education*

Educational achievements in Palanpur have remained extremely poor throughout the survey period. In 1957-8, literacy rates for persons aged 7 and above were as low as 18 per cent for males and 0.5 per cent for females. By the end of the period, in 1993, the corresponding figures were 37 per cent for males and 9 per cent for females (Table 6). Even in younger age groups, in 1993, literacy rates remain low. Not even a third of adolescents aged 15-19 had learnt to read and write by the last survey year. If anything, progress on the educational front has been even more sluggish than on the economic front. The distance still to cover before universal primary education is achieved, much less aside secondary and higher education, is sobering.

### *Caste*

In Palanpur, caste exercises not only an important social function but also influences economic behavior and outcomes. As was mentioned in the introduction, there are three main castes in the village accounting for about two thirds of the population: Thakurs, Muraos and Jatabs (see Table 2). Relations between at least some of these three castes have been evolving in significant ways since 1957-8.

Highest in the village social hierarchy are the Thakurs, a caste whose traditional social role was of rulers and warriors. Traditionally Thakurs had the largest landholdings in the village which, because of an aversion to manual labor, they usually leased out or cultivated with hired labor. Declining land endowments and rising real wages have now compelled most of them to take up cultivation. Thakurs have also been keen to take advantage of new employment opportunities outside the village. Politically, the Thakurs are still the most powerful caste in Palanpur, but they are no longer the unquestioned leaders of the village. Muraos, whose rising prosperity inspires much respect in the village, have started challenging their supremacy.

The Muraos are the only caste in Palanpur whose traditional occupation is cultivation. In 1957-8 their per-capita land endowments were roughly the same as those of the Thakurs, but over the survey period they have accumulated land, and now have the best land endowments in the village. Good land, hard work, sustained thrift and excellent farming skills have enabled the Muraos to take advantage of recent technological change in agriculture. They have been so successful in this domain that they have tended to eschew involvement in non-agricultural activities. The economic status of Muraos has considerably improved over the survey period, and this has carried over into some rise in social status as well.

An examination of evolving caste relations based on scrutiny of the Muraos and Thakurs would suggest considerable dynamism. At the bottom end of the hierarchy, however, the situation of the Jatabs appears frozen in place. The Jatabs are socially and economically the most deprived caste in Palanpur. They own little land, live in a cluster of shabby mud dwellings, and earn most of their income from casual labor and subsistence farming. Illiteracy among Jatabs has been near universal throughout the survey period, and few Jatabs have succeeded in obtaining regular employment outside the village at any stage.<sup>20</sup> There is little sign of growth in per-capita income for the Jatabs. So, in relative terms, their incomes have sharply declined over the survey period: in the first two survey years the average per-capita income of Jatab households was about 70% of the village average. By the later pair of survey years the corresponding proportion was barely 50%. In terms of access to land the Jatabs have also experienced little advancement. Even though Jatabs are as involved in cultivation as the Muraos and Muslims, unlike those two groups they have not succeeded in increasing their land endowments. In fact, between 1983/84 and 1993 the Jatabs lost 10 per cent of their land, mainly due to one household selling most of its land to repay mounting debts.

Although in some symbolic respects the disadvantaged position of the Jatabs has become less obvious over time (Jatabs are now able to sit on string cots alongside other castes, and are able to draw water from the same wells) their weak position remains clear. Jatabs continue to endure

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<sup>20</sup> Lanjouw and Stern (1998), chapter 3, indicate that even after controlling for wealth position and education levels, Jatabs are significantly less likely to find regular employment in the non-farm sector.

many forms of discrimination, not only on the part of fellow villagers but also from government officials. They have, for example, been a prime target of extortion by urban-based managers of the local credit cooperative (see chapter 9, by Drèze, Lanjouw and Sharma, in Lanjouw and Stern, 1998).

“Social development” in the dimension of caste relations in Palanpur has thus been a mixed process. On the one hand there is clear evidence of the erosion of the dominant position of the Thakurs in the village hierarchy. The Thakurs are increasingly being challenged by the Muraos – a caste whose ability to take advantage of the opportunities offered by agricultural change has been remarkable. Yet, from the point of view of the poorest caste in Palanpur, their relative position has improved hardly at all. Few of the major changes and events which have taken place in Palanpur over the survey period have appeared to exercise any positive impact on the relative position of Jatabs in the village society.

#### *Gender relations*

There are few signs of any profound change in gender relations over the survey period. The overwhelming impression is of great persistence in the glaring inequalities between men and women. These inequalities are at their most stark when we consider the female-male ratio in Palanpur. This ratio has hovered around 0.86 throughout the survey period (Table 7)– a level which is incredibly low, but consistent with the general pattern in western Uttar Pradesh. Similarly, there has been no basic change in women’s roles in the family and society, or in their freedom of movement and action.

It is important to note that, unlike the Muraos’ rise vis-à-vis the Thakurs, there appears to be little change in the material basis of gender inequality. There has been no major economic force to induce greater gender inequality. The norms of patrilineal inheritance (whereby male children inherit land) and patrilocal exogamy (whereby women marry outsiders and move out of the village to take up residence in their husband’s village) continue unchallenged. The gender division of labor, whereby women have minimal involvement in economic activities outside the household, also remains the same. In fact, some economic trends may even have made it harder

to achieve more equal gender relations. For example, dowry levels in Palanpur appear to have increased sharply over time. In so far as there is a link between dowry and the neglect of female children, as Palanpur parents consistently argue, this development may have reinforced other factors of gender discrimination in child care.<sup>21</sup>

Our short review of the evolution of economic and social outcomes in Palanpur across the survey period indicates that some improvement has taken place. Even this cautious assessment merits some qualifications, however. First, “progress” has been painfully slow, and in many cases (such as poverty alleviation and the expansion of literacy) removes only a small fraction of the shortfall which so urgently needs to be eliminated. Second, even this assessment is not universal: the distribution of net wealth appears to have worsened over time; in certain respects the relative position of Jatabs in the village has weakened; and gender inequality shows no sign of improvement. One of the key conclusions emerging from the Palanpur study is that these persistent inequalities are not only abhorrent in normative terms, but also profoundly influence the shape and form of the development path which is available to the village. We will consider a few of the mechanisms underpinning this process in Section 5

#### **4. Forces of Change**

Before turning to a discussion of some of the institutional factors behind Palanpur’s development experience, it is important to briefly review the broad background against which development in Palanpur has taken place. Essentially there have been three, largely exogenous, forces of change which have exercised a profound influence on the Palanpur economy. These are population growth, agricultural change, and occupational diversification.

##### *Population Growth*

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<sup>21</sup> Another example is the so called “Sanskritization” effect, which refers to the emulation of high-caste practices (including in many cases those relating to women’s lifestyle, such as a more strict adherence to the practice of purdah) by other castes experiencing economic improvement and aspiring to upward social mobility.

Between 1957-8 and 1993, the population of Palanpur roughly doubled (Table 7). This has presented the village with a crucial challenge, given that the amount of land has remained more or less constant over the same period. By 1993, land owned per person had declined to no more than 0.33 acres. This implies that, if Palanpur farmers had retained the same cultivation practices as in the 1950s, total agricultural output would be equal to no more than 125 kgs of grain per person per year. Because of population growth, it was simply not possible for villagers to maintain the same occupational patterns and technological practices as in the 1950s.<sup>22</sup>

### *Agricultural Change*

Technological change in agriculture has occurred in three important respects: 1) an expansion in irrigation (from about 50% of the village land in 1957-8 to virtually 100% by 1974-5); 2) the adoption of modern cultivating practices involving new seeds, chemical fertilizers, better irrigation and higher yields<sup>23</sup>; and 3) some mechanization towards the end of the survey period. The first two aspects of technological change can be seen as land-augmenting technological change (permitting double cropping for example), while the last is more clearly associated with labor displacement.

Technological change in agricultural has been associated with dramatic increases in yields (Table 8). Wheat yields (the principal crop grown in the winter season) have more than doubled and even more dramatic improvements have been recorded for paddy (one, among several, important summer crops). It is clear that in the face of sharp population growth, these changes in agricultural practices have been vital in preventing incomes from collapsing.

However, while these achievements are remarkable, it would be misleading to imply that cultivation in Palanpur is now on the frontier in terms of best-practice techniques. In fact, there

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<sup>22</sup> While population growth has been an important factor of economic change, demographic change itself has been quite slow in Palanpur. The very high share of children in the population suggests that the growth of the Palanpur population is not likely to slow markedly in the near future.

<sup>23</sup> New seed varieties and fertilizers were first introduced in Palanpur in the mid 1960s so that the first two survey years can be viewed as describing the situation prior to the introduction of these new technologies and the later surveys describing the ex-post situation. It should be stressed that although the term "Green Revolution" is often employed, the process of technological change in Palanpur has been rather more incremental and cumulative than the term suggests.



is still much room for improvement. Palanpur farmers tend to sow late, they usually sow second-rate or adulterated seeds, and are casual about other cultivation-related details such as weeding, application of fertilizer, etc. These shortfalls are associated with suboptimal investment levels (linked to the operation of the credit market) and slow innovation (linked to poor basic education levels).

A question which has exercised development economists for a very long time is the distributional impact of the Green Revolution. A common fear has been that small farmers would be unable to adopt the new technologies and would slowly be driven out by larger landowners. This scenario does not apply in Palanpur, where technological change has been more or less scale-neutral. Moreover, it is important to emphasize that some consequences of technological change can lead to lower economic inequality. The expansion of irrigation is a case in point. In the early survey years, the ownership of irrigation facilities was sharply concentrated among the wealthier farmers. As irrigation has expanded to more or less 100% of the village land, the distributional impact has thus been largely progressive. There is no basis for the presumption that the Green Revolution has been a major force of economic polarization in Palanpur. However, with respect to the theme of this paper – trying to understand why well-being has not improved more markedly – it is important to note also that the Green Revolution did not obviously overturn existing inequalities.

### *Occupational Diversification*

Economic development is often viewed in terms of the transfer of labor from the traditional low-productivity sector to the modern, high-productivity sector. In Palanpur two, related, trends have taken place. First, there has been a steady weakening of the traditional caste-based pattern of occupations. By 1993, among castes other than the Muraos, only three households in Palanpur (a barber, a sweeper, and a carpenter) were engaged in their traditional occupation in the strictest sense of the term. Essentially, each caste is now engaged in some combination of cultivation and (mainly non-agricultural) wage employment.

The second major development on the occupational front has been the expansion of non-agricultural wage employment in Palanpur. This has mainly taken the form of regular or semi-regular employment outside the village (which is distinguished from “casual” daily wage employment by a modicum of employment security, and usually involves monthly as opposed to daily wage payments). The number of adult men with regular or semi-regular wage employment as a primary occupation rose from 5 in 1957-8 to 50 in 1993 (Table 9).

In Palanpur wage employment outside the village usually involves commuting to the nearby towns within the district.<sup>24</sup> Employment occurs in a wide range of establishments, both public and private. Regular non-farm employment is much sought after by villagers in Palanpur, and such indications of excess demand for employment in the non-agricultural sector raises the question as to how these are allocated. Often workers have to pay an “entry fee”. In addition, contacts are required. As a result, persons with low social status seem to be at a disadvantage in the competition for regular jobs, even given skills and endowments.

The expansion of non-farm occupations, like technological change in agriculture, has enabled Palanpur to counter the impact of population growth on per-capita land endowments, and even to achieve some per-capita income growth.<sup>25</sup> As with agricultural change, it seems that the expansion of non-agricultural employment has not been a major force of polarization over the survey period. Rather, the distribution of non-agricultural employment opportunities seems to broadly replicate existing patterns of inequality: households with better resources and connections tend to get the better-paid jobs, and there is no indication of non-agricultural employment having a major impact on income distribution. Here again, the distributional consequences include positive as well as negative effects. The expansion of employment opportunities outside the village, for example, has played a crucial role in preventing the decline of agricultural wages in the village itself (despite rapid population growth), and in enabling landless households to diversify their occupations.

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<sup>24</sup> In Palanpur, much of the commuting occurs by train, as a railway line runs by the village. In other villages similar commuting goes occurs by road vehicle. In Palanpur the nearest road is several kilometers away.

<sup>25</sup> By 1983-4, non-farm income accounted for approximately a third of village income (for further details see chapter 3, by Bliss, Lanjouw and Stern, in Lanjouw and Stern, 1998).

In sum, part of the answer to the question why economic development in Palanpur has not been more far-reaching lies in the big, exogenous, forces of change which have affected the village. In the absence of any other changes, population growth would most likely have had a devastating impact on well-being in Palanpur. Alone this change would have caused falling incomes and rising poverty. Yet the two other broad forces of change have, on balance, more than offset this effect. Agricultural change has permitted Palanpur farmers to effectively increase their landholdings (via double cropping), and to achieve a variety of productivity gains. Yields have increased dramatically as a consequence. Non-farm employment expansion has also counteracted the impact of population growth by introducing new sources of income into the village, and by siphoning off excess agricultural labor from the village. Both of these latter forces are probably best seen as shifting the whole distribution of incomes along the income axis, as opposed to dramatically changing the shape of this distribution. While it is clearly important that these factors have not resulted in a further rise in inequality, it is equally important to recognise that they have done little to remove the pervasive and far-reaching inequalities which had always been present in the village.

## **5. Village-Level Constraints on Progress**

We now turn to an examination of some additional elements in the story behind Palanpur's, at best modest, experience of development between the 1950s and the 1990s. Unlike those described in the previous section, the elements we focus on here are more specific to the village, and may be viewed at least in part as endogenous to village-specific factors. An important theme here is that the widespread inequality in Palanpur, and the inability of the broad forces of change to reduce this inequality, has had a bearing on the "failures" we describe below. We consider first, the track record of government interventions in Palanpur. We then consider the operation of the local land-leasing market, and turn finally to the village private credit market.

### **5.1 The Failure of Public Sector Service Provision**

Since the 1957-8 survey year a reasonably wide range of government initiatives were introduced in Palanpur. It is clear that such public services and amenities can have a vital role to play in

offering rural households the means to achieve a better quality of life. Elementary education and health care, for example, are usually made available through public provision, and the effectiveness of government activities in these fields can be a significant determinant of living conditions.

The experience of public provisioning in Palanpur since 1957-8 has not been encouraging. It has not been a problem of government failure to recognise the need to expand available services. Rather, with few exceptions, the services and programs which have been introduced suffer from very low standards of operation, when they function at all.

One of the most glaring failures in this respect has been the experience with the village school in Palanpur. Although a school was set up in Palanpur at the beginning of the survey period, it has had a precarious existence throughout the survey period. In general, the problem has been that the school's single teacher has not been adequately supervised, and in the absence of accountability mechanisms has been content to collect his permanent salary but otherwise not exert himself. In 1983-4 the village teacher was the son of the Thakur headman. Usually he did not take the trouble to even show up at school, and when he did it was often to concentrate his attentions only on the children of his close relatives. It is also important to note that the student-teacher ratio that would in theory have applied if the teacher had performed his duties, would have most likely have prevented him from being very effective.

This combination of inattention to appropriate incentives and accountability mechanisms, coupled with inadequate funding, recurs in the other schooling facilities that the government has promoted (an adult literacy scheme), and has carried through to many other government interventions in the village over the survey period. These include: an integrated child development scheme; village health care facilities; a land distribution program; the public distribution system; public employment programs in the vicinity of Palanpur; a pension scheme for widows; electricity supply; cooperative credit; and the integrated rural development program (a poverty alleviation scheme). The result in all cases was a general failure to achieve intended objectives. Only two modest examples of (qualified) success in Palanpur can be pointed to: a land consolidation scheme; and installation of water handpumps in the village – one was placed

just by the Jatab quarters.<sup>26</sup> On balance the conclusion is unambiguously that in terms of public services and amenities, Palanpur is only marginally better now than it was in the beginning of the survey period.<sup>27</sup>

The Palanpur case study brings out that the failures of government intervention at the village level are overwhelmingly of a political rather than financial or administrative nature. Policies that have had a strong backing from politically influential groups (such as affluent landowners) have fared much better than others, even when their administrative requirements have been quite exacting (such as land consolidation). At the other extreme, the basic needs of politically disadvantaged groups, such as primary education and health care, have been consistently neglected, and redistributive programs have been systematically undermined by privileged groups. This failure reflects two political realities: 1) redistribution has not been on the political agenda of any of the ruling parties or coalitions in Uttar Pradesh since independence; and 2) at the village level, collective institutions and public programs are comprehensively dominated by privileged groups.

## **5.2 Village Institutions: Slipping Out of Reach of the Poor**

Much of the research on Palanpur that has been carried out over the survey period has focussed on the operation of village-level institutions, such as the land, labor and credit markets.<sup>28</sup> We describe here two examples of how markets have been changing in Palanpur in response to the general evolution of the village economy. We focus in particular on how the response of the village tenancy and credit markets to the changing economic environment has resulted in declining access to land and credit of the poorer segments of the village population. In other words, economic development is affecting in important ways the manner in which village markets operate, and evidence suggests that at least in some respects the poor have been made worse-off.

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<sup>26</sup> See chapter 2, by Drèze, Lanjouw and Sharma, in Lanjouw and Stern (1998) for further details.

<sup>27</sup> While our evidence is for Palanpur only, it is unlikely that Palanpur is an exception in this part of Uttar Pradesh (see, for example, Drèze and Gazdar, 1997, for more on education in Uttar Pradesh).

<sup>28</sup> See Sharma and Drèze (1996), Drèze and Mukherjee (1989) and Drèze, Lanjouw and Sharma (1998) for analyses of the land, labor and credit markets in Palanpur. See also chapters 7, 8 and 9 in Lanjouw and Stern (1998).

*The Tenancy Market*<sup>29</sup>

Tenancy is the main land market in Palanpur.<sup>30</sup> In Palanpur the proportion of land under tenancy has been a significant fraction of land cultivated throughout the survey period. For 1957-8, a conservative estimate is that 10 per cent of cultivated land was under tenancy. More accurate estimates for the last three surveys indicate that tenancy amounted to 22 per cent of cultivated land in 1974-5, 28 per cent in 1983-4 and 26 per cent in 1993.

A snapshot of the tenancy market in the 1983-4 or 1993 survey years, reveals the following main features. First, the bulk of tenancy contracts are sharecropping contracts (usually involving an equal sharing of output), although there is a suggestion that fixed rent contracts are on the rise. Second, in sharecropping contracts the landlord not only receives half of the output on the leased plot, but he also contributes half of the cost of non-labor inputs (such as fertilizer, seeds, etc.). Third, few households can be regarded as “pure” landlords or “pure” tenants; in fact many households simultaneously lease-in and lease-out land. Fourth, landlords and tenants tend to resemble one another in many respects, such as average per-capita income levels, and even land ownership levels. Fifth, very few landless households lease in land. Sixth, quite a few tenants are large landowners leasing in land from small landowners (the phenomenon of reverse tenancy). Seventh, there is little evidence of “Marshallian” inefficiency in sharecropping (yields on owner cultivated plots are no higher than on sharecropped plots).

How does this picture compare to the situation in the earlier survey years? Prior to the intensification of agriculture, non-labor costs of cultivation were relatively unimportant. Sharecroppers in Palanpur were mainly poor households owning little or no land, while landlords were often large landowning Thakurs who shunned the life of cultivation, tended to be wealthier and less risk averse, and to have access to credit. Sharecropping contracts served as an important vehicle for transferring a substantial risk of cultivation from the tenant to the landlord.

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<sup>29</sup> The discussion here is necessarily kept brief. See Sharma and Dreze (1996) and chapter 2 by Sharma and Dreze, in Lanjouw and Stern (1998) for further details.

What accounts for the changes in the operation of the tenancy market? With the transformation of agriculture during the 1960s, cultivators rapidly adopted modern farming practices. These involved higher yields as well as much higher levels of non-labor inputs (especially irrigation and fertilizer). One consequence of this transformation was the growing importance of cost-sharing for non-labor inputs. A related implication was a considerable reduction in the economic differentiation between landlords and tenants. This occurred in part because poor households, especially the landless, lost their ability to contribute their share of cultivation costs and were pushed out of the lease market. In addition, ownership of indivisible assets with imperfectly marketable services (especially pumpsets and bores) created an incentive for some larger landowners to lease *in*; and landlords also increasingly sought to team up with relatively well-endowed tenants.

Sharecropping has been traditionally seen as a mechanism for the adjustment of land to labor endowments. This is how tenancy used to operate in Palanpur, and therefore was of particular value to households with high labor to land ratios (such as the landless, and the poor in general). The transition to modern agriculture, however, gives growing importance to the ownership of other assets. This has led to substantial changes in the socio-economic background of landlords and tenants. It has resulted in a noticeable increase in the share of tenanted land going to large, wealthy farmers (the so-called ‘reverse tenancy’ phenomenon) and a clear decline in access of poor landless households to land through tenancy.

The tenancy market in Palanpur remains a vibrant and important institution. The key point here, however, is that as a result of an exogenous process of agricultural intensification, the institution itself is evolving, and is slowly slipping out of reach of the poorer segment of village society. This evolution has, in all likelihood, prevented the poor from benefiting more extensively from the overall growth process.

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<sup>30</sup> Land sales in Palanpur are very rare (see chapter 3 in Lanjouw and Stern, 1998, for further details).

*The Credit Market*<sup>31</sup>

Many of the distributional concerns one can raise about the tenancy market could, of course, be addressed if the credit market in Palanpur operated well. However, as in most rural settings in the developing world, the credit market in Palanpur operates far from perfectly.

The Palanpur credit market is heavily segmented with four broad categories of credit sources: public lending institutions, allies and patrons, urban pawnbrokers, and village moneylenders. In 1983-4, outstanding debt amounted to 40 per cent of village annual income and nearly 85 per cent of households were involved in some credit market transaction. Public lending institutions accounted for nearly 80 per cent of all outstanding loans in 1983-4, although this statistic probably overstates the overall significance of the public sector source of credit because of a much lower turnover of debts to public institutions. The other three sources of credit generally accounted for a roughly equal share of the remaining outstanding debt.

Interest rates vary sharply across sources of credit. Allies and patrons (generally from outside the village) provide interest free credit, although these loans often do carry with them certain obligations and can be associated with a loss of prestige. Public sector institutions tend to lend at interest rates ranging from 9-18% on cash loans and 25% per annum on loans in kind. Urban pawnbrokers lend at 30-36% per annum, and require gold or silver as collateral. Village money lenders lend at a spectrum of interest rates, but 60% was the “standard” interest rate on cash loans in 1993 and 50% on loans in kind.

A detailed description of the operation of each of these segments of the Palanpur credit market is beyond the scope of the discussion here. However, as shown in Drèze, Lanjouw and Sharma (chapter 9 in Lanjouw and Stern, 1998) the poor do not have many options in the credit market. The poor do not tend to have many allies and patrons that can provide them with interest free credit. The main public lending institution in Palanpur has evolved in such a way that not only does it fail to service the poor, it in fact applies an elaborate, and highly fraudulent, accounting

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<sup>31</sup> A detailed description of the credit market in Palanpur is provided by Drèze, Lanjouw and Sharma, chapter 9 in Lanjouw and Stern (1998).



scheme which systematically discriminates against the poor.<sup>32</sup> Furthermore, the poor have no jewelry that they can pawn with the urban pawnbrokers. The poor in Palanpur are thus compelled to turn to the village moneylenders for credit.

How has the village moneylender segment of the credit market fared over the survey period? Since the 1950s there has been an explosion in the availability of public sector credit to Palanpur villagers. This has been extremely important in supporting much of the intensification of agriculture which has taken place during this time period. It has also been the hope of policy makers in India that a flooding of low-cost, publicly provided credit into rural areas would contribute to the demise of the village lender and his tendency to charge 'usurious' interest rates. There has thus been a supposition that an additional benefit from expanding public sector credit would be a decline in money lender interest rates.

In Palanpur the experience appears to have been the opposite. Scrutiny of the data for the various survey years suggests that the village 'standard' interest rate on loans from moneylenders has risen in the following steps:<sup>33</sup> 2 per cent per month in the 1950s, 3 per cent per month in the mid 1970s, 3.5 per cent in the early 1980s, and 5 per cent per month in the mid 1980s. This involves an increase of *real* interest rates from about 2 per cent per month in the 1950s to a little over 4 per cent per month in the mid 1980s.

One possible explanation is that interest rates in Palanpur reflect some monopoly power on the part of a small number of regular moneylenders who have the ability to enforce repayment. Further the expansion of institutional credit, with a pronounced bias in favor of privileged households, has largely taken care of anticipated cash requirements leaving the distress cash needs of the poor households to be met by village lenders. As a result, the demand for private credit, which may have shrunk in quantitative terms, has also become more inelastic, leading, under monopolistic pricing to an increase in interest rates. Another possibility is that institutional credit may also have soaked up the 'good risks', leading village lenders to deal with

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<sup>32</sup> See Drèze, Lanjouw and Sharma (chapter 9, Lanjouw and Stern, 1998) for a detailed description of the extortionary *Laut Badal* 'transfer entry' scheme being applied by the Farmers Services Society in Palanpur.

greater exposure to default by charging higher interest rates. Whatever the reason, the evidence is clear that the poor are now confronted with a higher cost of credit than in the past. Once again, this is likely to have played an important role in preventing the poor from participating further in the general process of economic development.

## 6. Conclusion

This paper has been concerned with the question of why the experience of economic development in a small village in Uttar Pradesh, over a period of more than thirty years, has been less positive than one might have hoped. We have shown that some important progress has taken place: per capita incomes have risen and poverty has declined over the survey period. However, while the direction of change is encouraging, progress has been slow. In addition, next to these positive achievements, there has been stagnation in other dimensions. Literacy continues to languish at abysmal levels, and inequality in per capita incomes and wealth, or between individuals of different castes or gender, remains very high, with no obvious prospects for improvement.

We have indicated that there have been two major forces driving the improvements in economic outcomes over time. First, there has been far-reaching technological change in agriculture associated with the Green Revolution. This process has ushered in dramatic increases in yields over the survey period. Second, there has been a considerable expansion of employment opportunities in the non-agricultural sector, representing an important new source of income for the village. An additional encouraging observation has been that on balance these forces do not appear to have had a strongly polarizing impact on the distribution of village incomes.

Arrayed against these positive developments, however, have been counteracting factors. First and most obviously, steady population growth in Palanpur has compelled the village economy to run faster just to stand still. Village landholdings have not increased over the survey period. As a result, population growth, by itself, would have resulted in a dramatic decline in per capita land

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<sup>33</sup> Drèze, Lanjouw and Sharma (chapter 9 in Lanjouw and Stern, 1998) describe how moneylender interest rates in Palanpur tend to be more or less uniform across moneylenders at any point in time, although there have been

endowments and consequently in per capita agricultural incomes. A major contribution of technological change in agriculture and the expansion of employment opportunities has thus been simply in preventing a sharp decline in well-being over the survey period. In fact, as we have seen, these forces have been strong enough to result in some increase in per capita incomes.

The other counteracting forces are less commonly discussed. We have indicated that in Palanpur, virtually the entire range of public services and programs introduced to the village have failed to achieve their objectives. An important consequence of this has been that between 1957-8 and 1993 certain critical dimensions of wellbeing (such as education levels, particularly of the poor) have shown little improvement over time.<sup>34</sup> We have suggested that an important part of the explanation for this failure lies in the degree of social and economic stratification in the village. This stratification implies that at the village level, collective institutions and public programs are comprehensively dominated by privileged groups – and in Palanpur these have tended to appropriate or divert resources for their own benefit. Economic forces which raise incomes but which do not actually reduce disparities between households fail to remove the brake on development that those disparities pose.

We also suggested that two important markets in Palanpur, the tenancy market and the village private credit market, have been evolving as Palanpur's basic economic configuration has changed. The point is that these institutions are endogenous to external forces, and we suggest that the direction of change has been away from the weaker segments of the village society. In the past, the tenancy market in Palanpur was effective in providing a means for poor households with (relatively) abundant labor power to acquire land for cultivation. With intensification of agriculture, complementary inputs, in addition to labor, have become extremely important. Landlords now look for tenants who are capable of providing their share of these additional inputs, and this process has gradually led to the poor being pushed out of the tenancy market. It is possible that the disappointing degree to which poverty has fallen in Palanpur is at least in part due to this process.

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changes over time.

<sup>34</sup> We have commented that low education levels may also explain, at least in part, why farmers are still far from applying 'best practice' techniques and inputs to their land. (Another reason, also pertinent to this study, is the poor operation of the credit market).

A similar story can be told for the village private credit market. We have indicated that in Palanpur the poor are largely dependent on village money lenders for loans, as a result of their being rationed out of access to credit from other (generally lower cost) sources of credit. We have further suggested that over time, village moneylender credit has become more expensive in real terms. This is surprising in light of the expectation that a dramatic increase in low-cost publicly provided credit into rural areas would result in a gradual decline of moneylender interest rates. In fact, what appears to be occurring in Palanpur is that as subsidized credit becomes more widespread, the pool of borrowers from moneylenders has changed. One consequence may be that the demand for moneylender loans is likely to have become more inelastic, resulting in higher interest rates. Another is that as traditionally “good” clients of moneylenders are diverted to alternative credit sources, the moneylender no longer keeps interest rates down to entice the “good” clients to borrow from him. To the extent that the poor borrowers do not enjoy similar access to alternative sources, the cost of credit to the poor then rises. Whatever the precise explanation, the effect of rising moneylender interest rates is that the poor are increasingly constrained from making the types of investments which would permit them to participate more extensively in the economic growth process.

What are the possible lessons that arise out of this account of development in Palanpur? An important message is that alongside population growth, there can be local, community-level factors that counteract, or offset, the positive consequences of a broad expansion of economic opportunities. This is clearly relevant for those who wish to assess the impact of the economic reforms on rural wellbeing. We have pointed to community level inequality as a serious potential constraint on economic and social development. We have also emphasized that village institutions cannot be expected to persist, unaffected, by overall economic change. We have indicated that, at least in some respects, with economic change village markets may become more remote from the poor.

It is of course an important question whether the processes described for Palanpur have also taken place in other villages in India, or South Asia more generally. Perhaps one of the reasons relatively little attention has been paid to some of the issues discussed here is that they are

particularly difficult to document with conventional large-scale survey instruments. One of the objectives of this paper has thus been to illustrate the value of detailed case-studies as complements to larger scale surveys. An important challenge is to develop approaches to investigate the issues raised here, in such a way that broader inferences do become possible.

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**TABLE 1**

**PALANPUR, 1993: VILLAGE PROFILE**

Location:	13 kilometres north of Chandausi, a small town in Moradabad district
Population:	1,133
Number of households:	193
Proportion of Muslims (%):	12.5
Main Hindu castes <sup>a</sup> :	Thakur, Murao, Dhimar, Gadaria, Passi, Jatab
Literacy rate, age 7+ (%):	
female	9
male	37
Main economic activities:	agriculture, livestock, wage employment outside the village
Total land owned <sup>b</sup> :	2,383 bighas (372 acres)
Proportion of landless households (%):	23
Proportion of land irrigated (%):	96
Main crops:	wheat, rice, sugarcane, bajra, jowar, vegetables, pulses
Main public amenities:	primary school, railway station temples, wells, pond

<sup>a</sup> On the size and other characteristics of different castes, see Table 2 below.

<sup>b</sup> Not including residential plots.

*Source:* Drèze and Sharma, 1998 (Chapter 1, Lanjouw and Stern, 1998).

**TABLE 2: CASTE COMPOSITION OF THE VILLAGE POPULATION, 1993**

Caste	Number of individuals <sup>a</sup>	Traditional caste occupation	Main current occupations <sup>b</sup>	Annual growth rate of population, 1957-93 <sup>c</sup>	Literacy rate, age 7+ (percentage)		Land owned per capita <sup>d</sup> (bighas)	Percentage of households with at least one regular job	Per-capita income, 1983-4 (Rs/year)
					Male	Female			
Thakur	283 (48)	warriors	CT, RJ	2.8 (2.7)	56	19	2.4 (1.9)	21	1,119
Murao	294 (44)	cultivators	CT	2.6 (2.7)	39	2	3.5 (3.5)	14	1,265
Dhimar	82 (14)	water-carriers	CT, RJ	1.1 (1.8)	35	8	0.5 (1.3)	36	1,026
Gadaria	89 (14)	shepherds	CT, RJ	2.1 (2.5)	26	11	1.9 (2.2)	7	1,112
Dhobi <sup>e</sup>	31 (5)	washermen	CT, RJ, CL	4.6 (n/a)	15	0	1.6 (2.0)	0	922
Teli <sup>e</sup>	109 (20)	oil-pressers	CT, RJ, CL	2.3 (2.2)	21	3	1.1 (1.9)	15	784
Passi <sup>f</sup>	62 (15)	mat-makers	CT, RJ	0.3 (1.2)	46	7	1.3 (0.6)	13	1,202
Jatab <sup>f</sup>	133 (24)	leather workers	CT, CL	1.7 (2.0)	12	0	1.3 (1.4)	0	436
Other	50 (9)	Miscellaneous	RJ, SE	1.5 (-1.3)	57	29	0.5 (0.8)	44	1,023
ALL CASTES	1,133 (193)	Miscellaneous	CT, RJ, CL	2.1 (2.3)	33	8	2.1 (2.1)	17	1,025

<sup>a</sup> Number of households in brackets.

<sup>b</sup> CT = cultivation; CL = casual labour; SE = self-employment; RJ = regular job.

<sup>c</sup> In brackets, migration-adjusted population growth rates (see chapter 3 for details).

<sup>d</sup> In brackets, land cultivated per capita (bighas).

<sup>e</sup> Muslims.      <sup>f</sup> Scheduled caste.

**Note:** The arrangement of castes in this table follows Bliss and Stern (1982). The term "regular job" refers to wage employment with monthly salary and some security of employment.

*Source:* Drèze and Sharma, 1998 (Chapt. 1, Lanjouw and Stern, 1998).

**TABLE 3****REAL INCOMES IN PALANPUR, 1957-84**

	1957-8	1962-3	1974-5	1983-4
<b>Per-capita income at current prices</b> (Rs/year)	173	149	1,039	1,025
<b>Index of per-capita income at current prices</b> (1957-58=100)	100	86	602	594
<b>Real per-capita income at 1960-1 prices<sup>a</sup></b>	161	152	275	194
<b>Inequality indices</b>				
Gini coefficient	0.336	0.390	0.253	0.307
Coefficient of variation	0.649	0.871	0.504	0.545
Atkinson index ( $\epsilon = 1$ )	0.178	0.251	0.105	0.158
Atkinson index ( $\epsilon = 2$ )	0.338	0.485	0.206	0.342
Atkinson index ( $\epsilon = 5$ )	0.647	0.821	0.483	0.741
<b>Poverty indices</b>				
Head-count index	0.47	0.54	0.11	0.34
Poverty-gap index	0.18	0.24	0.03	0.12
Squared-poverty-gap index	0.09	0.14	0.02	0.07

<sup>a</sup> Calculated by deflating the nominal per-capita income figures by the Consumer Price Index for Agricultural Labourers for Uttar Pradesh, with 1960-1 as the base.

**Note:** The inequality and poverty indices appearing in this table are based on treating each individual as one observation, with each individual within a household having the same per-capita income.

*Source:* Drèze, Lanjouw and Sharma, 1998 (Chapt 2, Lanjouw and Stern, 1998).

**TABLE 4: CHANGE IN OWNERSHIP OF MAJOR DURABLES, 1957-93**

Item	Per-capita ownership in 1957-8 (number per 1,000 persons)	Per-capita ownership in 1993 <sup>a</sup> (number per 1,000 persons)	Share of selected groups in total ownership, 1957-8, divided by share of population <sup>b</sup> (percentage)				Share of selected groups in total ownership, 1993, divided by share of population <sup>b</sup> (percentage)			
			Thakurs (20%)	Muraos (22%)	Muslims (10%)	Jatabs (13%)	Thakurs (25%)	Muraos (26%)	Muslims (12%)	Jatabs (12%)
<b>Productive assets</b>										
Persian wheels	21	0	1.1	3.0	0.0	0.0	-	-	-	-
Pumping sets	0	36	-	-	-	-	1.2	1.5	1.2	0.0
Electric tubewells	0	1	-	-	-	-	0.0	3.9	0.0	0.0
Threshers	0	6	-	-	-	-	0.6	2.8	0.0	0.0
Tractors	0	8	-	-	-	-	0.4	2.6	0.0	0.0
Flour mills	0	3	-	-	-	-	0.0	1.3	5.3	0.0
Cows and female buffalos	169	138	1.8	1.3	0.3	0.4	1.3	1.0	1.0	0.7
Bullocks & male buffalos	235	92	1.5	1.3	1.2	0.8	0.8	1.3	0.8	1.1
<b>Consumer durables<sup>c</sup></b>										
<u>Pacca</u> building <sup>d</sup>	21	94	2.1	1.5	0.0	0.0	1.2	1.1	0.7	0.3
Bicycles	7	77	3.8	0.0	0.0	0.0	0.9	1.4	0.9	0.3
Radios	0	47	0.0	0.0	0.0	0.0	0.9	1.3	0.3	0.0
Watches	19	99	2.3	0.0	0.0	0.0	0.8	1.3	1.5	0.4
Sewing machines	0	23	-	-	-	-	0.8	0.9	1.0	0.0
Motorcycles	0	2	-	-	-	-	0.0	3.8	0.0	0.0
Televisions	0	3	-	-	-	-	1.3	0.0	0.0	0.0
Guns	n/a	3	-	-	-	-	4.0	0.0	0.0	0.0

<sup>a</sup> Since the 1993 village population (1,133 persons) was not very different from 1,000, the numbers in this column can also be interpreted as rough indicators of the absolute numbers of the relevant items in 1993.

<sup>b</sup> The percentages in brackets below caste names indicate the population share of the relevant caste in the relevant year. These population shares to not add up to 100 per cent, since the "others" category is omitted.

<sup>c</sup> Data on consumer durables relate to 1962-3 and 1990, instead of 1957-8 and 1993.

<sup>d</sup> A household is counted as owning a pacca building if at least part of its residential dwelling is made of bricks or other concrete material.

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*Source:* Drèze, Lanjouw and Sharma, 1998 (Chapt 2, Lanjouw and Stern, 1998).

**TABLE 5****WEALTH ESTIMATES, 1962-3 AND 1983-4**

	Estimated value of assets per capita (Rs at 1960-1 prices)		Gini coefficient	
	1962-3	1983-4 <sup>a</sup>	1962-3	1983-4
<u>Assets</u>				
(1) Productive assets and consumer durables	70	91 (1.25)	0.43	0.36
(2a) Land (k=1/2)	294	512 (2.6)	0.50	0.49
(2b) Land (k=2/3)	391	512 (1.3)	0.50	0.49
(3) Total assets (1+2)				
k=1/2 (1+2a)	364	603 (2.4)	0.457	0.47
k=2/3 (1+2b)	461	603 (1.3)	0.464	0.47
<u>Liabilities</u>				
(4) Debts to outsiders (mainly formal credit institutions)	22	79 (6.1)	n/a	0.71
<u>Net Wealth (3-4)</u>				
k=1/2	342	524 (2.0)	≈ 0.46 <sup>b</sup>	n/a <sup>b</sup>
k=2/3	439	524 (0.8)	≈ 0.46 <sup>b</sup>	n/a <sup>b</sup>

<sup>a</sup> In brackets, the implied exponential growth rate since 1962-3.

<sup>b</sup> Since liabilities were small in 1962-3, the Gini coefficient of net wealth for that year must have been close to the Gini coefficient for total assets (shown in the same column).

Notes: (1) The parameter k is the value of irrigated land in 1962-3 as a proportion of its 1983-4 value (at constant prices). (2) The calculations also assume that the value of unirrigated land in 1962-3 was one third of the value of irrigated land. (3) Strictly speaking, the calculation of the Gini coefficient for liabilities in 1983-4 should take into account debts to village lenders; but these are small relative to outside debts. (4) Buildings and other "non-quantifiable assets" are excluded from all the calculations. (For further details see Table 9 and text, Chapt 2, Lanjouw and Stern, 1998).

*Source:* Drèze, Lanjouw and Sharma, 1998 (Chapt 2, Lanjouw and Stern, 1998).

**Table 6**  
**Literacy and Education in Palanpur: 1957/8 - 1993**

Literacy rates (%)	1957-8	1962-3	1974-5	1983-4	1993
male, age 7+	18	34	34	30	37
female, age 7+	1	3	6	6	9
male, age 10-14	31	64	51	33	34
female, age 10-14	5	10	8	8	12

*Source:* Drèze, Lanjouw and Sharma, 1998 (Appendix to Chapt 2, Lanjouw and Stern, 1998).



**TABLE 7****PALANPUR: POPULATION IN DIFFERENT SURVEY YEARS**

	<b>1957-8</b>	<b>1962-3</b>	<b>1974-5</b>	<b>1983-4</b>	<b>1993</b>
<b>Population</b>	528	585	790	960	1,133
<b>Number of households</b>	100	106	117	143	193
<b>Average household size</b>	5.3	5.5	6.8	6.7	5.9
<b>Female-male ratio</b>	0.87	0.87	0.85	0.93	0.85
<b>Annual growth rate of population since previous survey<sup>a</sup> (%)</b>	-	2.2 (2.3)	2.5 (2.7)	2.2 (1.9)	1.7 (2.2)
<b>Age distribution of the population (%)</b>					
0-14	39	38	46	44	41
15-24	21	19	15	20	21
25-44	23	25	25	23	22
45-64	14	13	12	10	12
65+	3	5	2	3	4
<b>Proportion of the population in different caste groups (%)</b>					
Thakur	20	21	22	23	25
Murao	22	23	23	23	26
Muslim	10	10	12	12	12
Jatab	13	12	12	12	12
Other	35	34	31	30	25
<b>Proportion of households of different types<sup>b</sup></b>					
single-person	6	6	3	3	3
nuclear	45	44	41	44	54
stem	28	28	29	33	31
joint	21	22	28	20	12

<sup>a</sup> In brackets, the corresponding "migration-adjusted growth rate", defined as the population growth rate for the set of households that stayed in the village throughout the survey period.

Note: The 1974-5 population includes 6 households excluded by Bliss and Stern (1982) on the grounds that these households were not involved in cultivation.

*Source:* Drèze, Lanjouw and Sharma, 1998 (Chapt 2, Lanjouw and Stern, 1998).

**Table 8****Cultivation Details for Selected Major Crops in Palanpur**

<b>Crop</b>	<b>1957/58</b>	<b>1962/63</b>	<b>1974/75</b>	<b>1983/84</b>
<b>1. Wheat</b>				
a) Area cultivated (bighas)	879	767	1030	1573
b) % of total cultivated area <sup>b</sup>	52%	48%	46%	57%
c) Yield (kg/bigha)	41	41	114	101
d) Real Output Value/bigha <sup>c</sup>	16.46	22.07	41.17	26.53
<b>2. Paddy</b>				
a) Area cultivated (bighas)	70	274	125	266
b) % of total cultivated area <sup>b</sup>	5%	17%	6%	12%
c) Yield (kg/bigha)	11	26	103	130
d) Real Output Value/bigha <sup>c</sup>	2.13	9.77	32.63	34.32
<b>3. Bajra (millet)</b>				
a) Area cultivated <sup>a</sup> (bighas)	644	638	610 (730)	137 (363)
b) % of total cultivated area <sup>b</sup>	46%	40%	29%	6%
c) Yield (kg/bigha)	34	27	59	48
d) Real Output Value/bigha <sup>c</sup>	10.16	11.76	20.05 (20.31)	11.69 (13.68)

<sup>a</sup> The figures in brackets include plots sown with mixed crops. In these cases the area figures are upper bounds on the effective areas.

<sup>b</sup> Proportion of area cultivated refers to percentage of area under the specified crop for the relevant season (rabi for wheat; kharif for paddy and bajra).

<sup>c</sup> Real values are obtained by deflating with price deflators used elsewhere based on the Consumer Price Index for Agricultural Labourers (CPIAL) for Uttar Pradesh. All values are in 1960/61 rupees.

Notes:

1. The average yield figures for 1962/63 in this table are somewhat misleading in that they exclude cases of zero output, which were not uncommon in that year due to total crop failure on a number of plots. The true average yields, inclusive of cases of zero output, would be lower.

*Source:* Lanjouw and Stern, 1998 (Chapt 3, Lanjouw and Stern, 1998).

**TABLE 9**  
**OCCUPATIONAL CHANGE, 1957-93: SUMMARY**

Occupation type	Number of adult males with the stated occupation in 1957-8		Number of adult males with the stated occupation in 1993	
	as a primary occupation <sup>a</sup>	as a secondary occupation	as a primary occupation <sup>a</sup>	as a secondary occupation
<b>Cultivation and livestock</b>	<b>141 (81)</b>	<b>12</b>	<b>188 (54)</b>	<b>13</b>
<b>Self-employment (non-farm)</b>	<b>6 (3)</b>	<b>2</b>	<b>19 (5)</b>	<b>10</b>
of which:				
specialised caste occupations <sup>b</sup>	6	2	1	2
other skilled self-employment	0	0	8	4
unskilled self-employment <sup>c</sup>	0	0	10	4
<b>Wage employment (regular or semi-regular)</b>	<b>5 (3)</b>	<b>6</b>	<b>50 (14)</b>	<b>4</b>
of which:				
regular job (skilled)	1	0	7	0
regular job (unskilled)	4	4	24	1
seasonal or semi-regular (skilled)	0	0	1	0
seasonal or semi-regular (unskilled)	0	2	18	3
<b>Wage employment (casual)</b>	<b>22 (13)</b>	<b>24</b>	<b>31 (9)</b>	<b>35</b>
of which:				
agricultural labour	22	7	17	18
unspecified casual labour	0	17	14	17
<b>Study</b>	<b>0 (0)</b>	<b>0</b>	<b>30 (9)</b>	<b>0</b>
<b>Other</b>	<b>0 (0)</b>	<b>0</b>	<b>8 (2)</b>	<b>0</b>
<b>None</b>	<b>1<sup>d</sup> (1)</b>	<b>131</b>	<b>22<sup>d</sup> (6)</b>	<b>286</b>
<b>TOTAL</b>	<b>175 (100)</b>	<b>175</b>	<b>348 (100)</b>	<b>348</b>

<sup>a</sup> Percentage distribution in brackets. <sup>b</sup> Barber, sweeper, carpenter, etc. <sup>c</sup> Including shop-keeping and door-to-door selling. <sup>d</sup> Mainly elderly or disabled men.

**Note:** The figures in the last row indicate the total number of adult males in the village. A few respondents reported having a third occupation (not included in this table).

**Source:** Drèze, Lanjouw and Sharma, 1998 (Chapt 2, Lanjouw and Stern, 1998).

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