



GOVERNMENT OF MAHARASHTRA
FINANCE DEPARTMENT (PLANNING)

REPORT
OF THE
STUDY GROUP ON LANDLESS
AGRICULTURAL LABOURERS

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FOREWORD

The Government of Maharashtra has set up a Consultative Committee on the Third Plan under the Chairmanship of the Chief Minister to advise the Government on the preparation of the Plan. The Consultative Committee felt that special measures should be taken up in the Third Plan for improving the economic condition of the landless agricultural labourers in the State. For this purpose, the Committee appointed a study group under the Chairmanship of Prof. D. R. Gadgil to examine the economic condition of this section of the community generally and with particular reference to the benefits derived by it under the last two Plans and to suggest specific schemes other than land reforms for the Third Plan. The findings of the Study Group were placed before the Consultative Committee at its meeting held on the 19th May 1961. The Report of the Study Group as adopted by the Consultative Committee is now released for publication as it is of public interest. The various recommendations made by the Study Group have been taken into account while framing the Third Five-Year Plan of Maharashtra State.

Sachivalaya, Bombay.

M. R. YARDI,
Secretary to Government,
Finance Department.

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REPORT OF THE STUDY GROUP ON LANDLESS AGRICULTURAL
LABOURERS SET UP BY THE CONSULTATIVE COMMITTEE
ON THE THIRD FIVE-YEAR PLAN

INTRODUCTION

While considering the basic approach to the Third Plan of the State of Maharashtra, the Consultative Committee on the Third Plan set up by the State Government in its first meeting held on the 6th/7th September 1960 recommended that a Study Group may be appointed to go into the question of the economic condition of the landless agricultural labourers in the State, as it was felt that this section of society had not benefitted from the various measures under the first two Five-Year Plans to the same extent as other sections of the population. Accordingly, a study group was constituted on 27th September 1960 with the following members :—

1. Prof. D. R. GadgilChairman.
2. Shri Tulsidas Jadhav.
3. Prof. Y. S. Mahajan.
4. Shri R. D. Bhandare, M.L.A.
5. Shri Datta Deshmukh, M.L.A.
6. The Secretary to Government and Development Commissioner, Co-operation and Rural Development Department,
Member-Secretary.

2. The terms of reference of the study group were as follows :—

(i) to examine generally the economic condition of the landless agricultural labourers, with particular reference to the benefits derived by them under the measures taken by the State Government in the first two Five-Year Plan periods ; and

(ii) to suggest schemes other than land reforms for improving the economic condition of the landless agricultural labourers.

3. *1951 Census.*—By the term “Landless Agricultural Labour”, the group has understood the households whose major share of earnings accrue; from wage employment in agricultural work. The 1951 Census used more or less the same concept in its definition of ‘cultivating labourers’. According to the 1951 Census statistics, the number of cultivating labourers and their dependants in the geographical area which is now Maharashtra was 47.33 lakhs. They constituted 14.79 per cent. of the total population of the State,

20·80 per cent. of the rural population and 23·12 per cent. of the population dependent on agriculture. The corresponding proportions for the country as a whole were 12·56 per cent. 15·19 per cent. and 17·99 per cent. respectively. Their regionwise distribution was as under :—

Region.	Population of cultivating labourers. (in lakhs).	Percentage to total population.	Percentage to rural population.	Percentage to agricultural population.
1	2	3	4	5
West Maharashtra ..	15·40	8·02	12·52	13·82
Vidarbha ..	20·35	26·75	34·08	38·58
Marathwada ..	11·58	22·33	25·87	28·57
	47·33	14·79	20·80	23·12

4. *First Five-Year Plan.*—In 1950-51, there was an All India Agricultural Labour Enquiry conducted by the Ministry of Labour, Government of India. The results of this enquiry so far as the geographical area which is now Maharashtra is concerned are separately available. In 1956-57, a Survey of Agricultural Labour was carried out under the National Sample Survey. The results of this survey also are available for the regions of Maharashtra. A comparison between the results of these two enquiries should have normally sufficed to give an indication of the change, if any, in the economic condition of agricultural labour due to the measures taken during the First Five-Year Plan. The group, however, has come to the conclusion that on account of the difference in the definition of the term 'agricultural labour' and the difference in the sampling precision in the two enquiries, no valid comparison can be made between the two results and therefore the change brought about by the First Five-Year Plan cannot be estimated, at any, rate on the basis of these enquiries.

5. *Second Five-Year Plan.*—While the results of the survey carried out in 1956-57 can be said to give an indication of the economic condition of landless agricultural labour at about the beginning of the Second Plan, no such survey has been conducted thereafter and therefore there is no direct means of assessing the effect of the Second Five-Year Plan on the condition of agricultural labour. The group has, however, ascertained that broadly speaking the effort made during the Second Plan in the State, deliberately and directly, to improve the economic condition of landless agricultural labour was negligible. Whatever benefits accrued to them

were the indirect results of schemes undertaken with other objectives in view. The main directions in which landless agricultural labourers could have derived indirect benefits are on account of:—

- (i) intensification of agriculture ;
- (ii) grant of land ;
- (iii) increase in the level of construction activity in rural areas ;
- (iv) increase in industrial employment in the rural areas ; and
- (v) increase in tertiary activity owing to increase in the production in the rural areas.

In the Appendix an attempt has been made to estimate the increase in the total income of landless agricultural labour as a result of the developments which are reported to have taken place in the above sectors during the Second Plan period. The calculations are based on a number of assumptions which have been stated in the appendix, and for which detailed justification cannot be given. They have been made primarily to arrive at some indication of what might have happened. To this extent, therefore, the results arrived at have to be looked upon with a great deal of caution. The calculations made show that the growth in the per capita incomes of landless agricultural labour during the Second Plan must have been much lower than the average for the State population as a whole.

6. *Third Five-Year Plan.*—According to the results of the survey of 1956-57, the per capita income of agricultural labour was round about Rs. 92. During the same year the estimated national income of the State on a per capita basis was about Rs. 331. The latter figure is inclusive of corporate profits. Excluding corporate profits, the per capita income of the State may be assumed to be Rs. 300 in 1956-57. Thus, it would be seen that the per capita income of landless agricultural labour was about 31 per cent. of the average for the State population as a whole. On the basis of the estimated comparative growth of per capita incomes in the two sectors during the Second Plan as tentatively worked out in the Appendix, it would perhaps be correct to say that at the end of the Second Plan, the per capita income of landless agricultural labour is about 28 per cent. of the average for the State population as a whole.

7. The group is of the opinion that the present disparity between the economic condition of the landless agricultural labour and that of the State population as a whole should be narrowed down to some extent during the Third Plan period. According to the draft Third Five-Year Plan issued by the Planning Commission, one of the aims of the Third Plan is to secure a rise in national income of over 5 per cent. per annum. The group assumes that this is the rate of growth envisaged for the State of Maharashtra also. This would imply an increase in per capita income of the State population as a whole by about 16-17 per cent. during the Third Plan

period. The group recommends that the target for the growth in per capita income of landless agricultural labour during the Third Plan should be fixed at, at least double the rate for the State population as a whole, i.e. at 33-34 per cent.

8. *Land Reforms.*—One of the important means available for betterment of the economic condition of landless agricultural labour is the grant of land to them by means of ceilings on landholdings. The Group has, however, not dealt with this matter as it is outside its terms of reference. Though the Group has taken note, for the purposes of calculations, of what the authorities have declared to be the likely extent of settlement on land which may be expected during the Third Plan period as a result of the land reforms proposed at present, the Group has confined itself mainly to the consideration of other measures for bringing about an improvement in the economic condition of landless agricultural labour.

9. *Industrialisation.*—Among these other measures, the Group considers that the most important is industrial development in the rural areas. Among the rural population, landless agricultural labour should have the least inhibitions in changing their present vocation in favour of industrial employment. Their need for such employment is also the greatest. By industrial development, the Group has in view industry (including mining) based on sufficiently modern techniques. The Group does not set much store by the deliberate adoption or continuance of backward techniques as a means of expanding industrial employment among landless agricultural labour. Industrial employment in the above-mentioned sense of modern industry, is more secure, more continuous, and less uncertain than the kinds of employment at present available to landless agricultural labour, agricultural employment, construction employment or tertiary employment. By definition, the marginal productivity of labour in such employment is high. It would, therefore, be more paying. The large increase in the landless agricultural labourers' per capita income which has been targetted, cannot be achieved unless progressively larger portions of the labour-force of the landless agricultural labour are absorbed in technically efficient industrial employment.

10. *Pre-requisites of Industrialisation in rural areas.*—Industrial development is a slow process. Its tempo is determined by the availability of entrepreneurial ability, capital, technical knowhow, physical resources, and economic and social overheads including availability of credit and market facilities. The difficulties of industrial development in rural areas are specially great. Entrepreneurial ability, capital and knowhow are generally of urban origin and prefer urban habitats on account of their better developed economic and social overheads. A precondition of rural industrialisation is, therefore, the extension of such overheads to the rural areas. Until rural markets develop to a significant extent, the only

circumstances contributing to the attraction of industry to the rural areas in the present conditions, is the availability of specific local materials which are more economically utilised nearer their source than elsewhere. The paucity of such resources is another limiting factor in the industrial development of rural areas. More rural resources have therefore to be discovered and developed both in the physical and the technological sense. This implies not only the development of known industrial raw materials which are produced in the rural areas, but also developing new industrial uses for materials which are going waste today or are being utilised at a low level of value.

11. *Co-operative Agricultural Processing.*—In the present state of availability of entrepreneurial ability, capital, knowhow and social and economic overheads, the main scope for immediate industrial development in the rural areas, lies mainly in co-operative agricultural processing industry, viz. conversion of paddy into rice, oilseeds into oil and cake, seed cotton into pressed cotton, sugarcane into sugar. The Group is of the opinion that with the experience already gained by Maharashtra in promoting co-operative agricultural processing industry, the entire scope for additional processing capacity that arises in the Third Plan as a result of additional production of the processable commodities should be absorbed in the co-operative sector. The Group understands that the additional production envisaged in the Third Plan of some of the important processable agricultural commodities is as under :—

Rice	...	...	...	4.37 lakh tons.
Cotton	...	...	...	3.28 lakh bales.
Oilseeds	...	...	...	3.21 lakh tons.
Sugarcane in terms of gur.	..			3.73 lakh tons.

The Group understands that due to certain circumstances beyond the control of the State Government, no more than 12 sugar Co-operatives are likely to be licensed for establishment during the Third Plan. The total investment in their case will be Rs. 19.2 crores. For the other commodities, assuming that the above-mentioned increases in production will in fact take place and allowing for scope for better utilisation of existing processing capacity to the extent of 20 per cent. of the additional production, there is scope for investment on new capacity of the following order :—

			Rs.
Rice Mills	...	...	75 lakhs.
Oil Mills	...	..	225 lakhs.
Cotton Ginning and Pressing Factories.			500 lakhs.
Total	..		<u>800 lakhs.</u>

Assuming that the provision in the State Plan has to be 20 per cent. of the total investment, with 20 per cent. being contributed by the grower members and 60 per cent. being secured as loan from long-term finance institutions, the provision that requires to be made in the State Plan is roughly Rs. 1.6 crores. The Group recommends a provision of this magnitude in the State Plan.

12. *Other Co-operative Industry.*—The Group understands that the State Plan provides Rs. 115 lakhs for other co-operative industry, such as cotton spinning mills, preservation and canning of fruit and vegetables, conversion of molasses into industrial alcohol, manufacture of superphosphates, manufacture of strawboard from forest grasses, etc. The Group assumes that the proposed provision will sustain a total investment of Rs. 575 lakhs. The Group is of the opinion that this is a step in the right direction.

13. While co-operative agricultural processing activity at the preliminary stage will have to be expanded to the fullest capacity, processing activity at the secondary stage may not always be feasible for being undertaken by the growers' co-operatives, on account of the larger risks involved and the more complicated technical knowhow required. This would be a fit sphere for the promotion of the joint sector. The Group believes that it will be increasingly difficult for private sector by itself to participate in industry based on agricultural produce or its co-operatively processed by-products, and that the joint sector has thus a definite contribution to make in extending industrial development based on rural physical resources. The joint sector will also obviate the danger of pre-emption of existing resources in favour of large wholly private industrial units which may not show a sufficient responsiveness to the needs of decentralisation and which may, therefore, jeopardise the prospects of future decentralised industrialisation. In this connection the Group thinks that there is scope as well as need for undertaking one economic central unit for the production of paper-pulp from sugarcane bagasse linked to about 40 dispersed small scale paper manufacturing units and at least one unit for the manufacture of oil, cake, linter and linter-pulp from cotton seed. The investment required for both the projects may be of the order of Rs. 12 crores. The Group would recommend the sponsoring of these projects in the joint sector so that their burden in the State Plan may be reduced to about $\frac{1}{4}$ th of the total investment involved, and in order that Government participation facilitates the smooth functioning of the enterprises from the point of view of their social purpose.

14. *Pilot Scheme of District Industrial Boards.*—The Group visualises that even the joint sector might be selective and cautious and will confine itself to well established industrial uses of easily procurable produce of the rural areas. In view of the importance of local physical resources in overcoming the natural reluctance of industry to spread itself into the rural areas, large programmes will have to be undertaken for conservation and development of

natural resources in the rural areas. Reference has already been made to the use of sugarcane bagasse for making of paper and of cotton seed for the production of cotton seed oil and linter-pulp which has use in the rayon industry. There are a number of other materials pertaining to the rural areas, sugarcane trash, press-mud of sugarcane, cotton stalks, groundnut husks, groundnut flour, paddy husks, rice bran, banana stems, excess fruit, inferior timber, essential grasses, minor forest produce, for which superior uses will have to be discovered. This will involve continuous and concentrated research by the Government, utilisation of services of foreign experts, and above all the fashioning of new organisation for launching such new industrial ventures. In the present state of risk-bearing willingness of the private sector, responsibility for such developmental work has to be increasingly taken over by the public sector.

15. The purpose of the organisation should be to facilitate intensive utilisation of locally available materials for supporting industry in the rural areas, which will provide industrial employment to landless agricultural labour. It is however essential to ensure that the persons for whose benefit these industries are to be started do not have to incur the initial risks of the business. This means that the programme cannot be conceived merely in terms of industrial co-operatives. A *via-media* has, therefore, to be found by which the resources and capacity to bear risks can come from Government while the day to day execution and management of such industrial projects is left to a body which can take quick decisions. An organisation like that of the Housing Board or the State Electricity Board, therefore, suggests itself. It will, however, not do to entrust the programme to a centralised board with State-wise jurisdiction. Since local conditions are of the highest importance, the Group suggests that autonomous boards with jurisdiction extending to one district only may be considered. The merit of a District Board is that it can harness non-official leadership in a district for undertaking a programme of this kind with enthusiasm. Of course, local enthusiasm cannot be permitted to transgress the limits of economic prudence and, therefore, there will have to be an organisation at the State level for giving clearance, from the economic feasibility point of view to the various industrial projects, which may be submitted by the District Boards. But once a project is approved, the Board should be free to implement it without reference to any central authority. The financing should be by way of loans to these boards from Government. Each Board should have the services of an officer of the Industries Department to serve as its Manager-cum-Secretary. To begin with, it is suggested that the experiment of industrialisation through the District Industrial Board may be tried on a pilot basis in three districts of the State, one from Vidarbha, one from Marathwada and one from Western Maharashtra.

16. *Effect of recommendations.*—In the Appendix an attempt has been made to estimate the likely effect of the measures recommended above on the incomes of landless agricultural labour. The effects of the developments during the Third Plan in the other sectors, such as intensification of agriculture, grant of land, increase in construction activity and increase in tertiary activity, as reported by the Planning Division of Government have also been estimated on the basis of a number of assumptions which have been mentioned in the Appendix. Assumptions have also been made in regard to likely industrial activity on the part of private enterprise in the rural areas during the Third Plan period. All these assumptions may not be wholly justified, but they have been made so that some kind of statistical frame can be built for attempting a quantification of the total effect of the various developments on the condition of the landless agricultural labour. The calculations made in the Appendix have, therefore, to be taken as only indicative. Subject to these limitations, the calculations show that notwithstanding the programme of industrialisation recommended above coupled with the developments foreseen in other sectors during the Third Plan period, the per capita income of Agricultural labour can be expected to increase by only 20·4 per cent. as against the target of 33·4 per cent. There is thus a gap of 13·0 per cent. between the targetted rate of growth and the rate emerging from the calculations referred to above. The gap will have to be filled at least during the Third Plan period by making suitable adjustment in other sectors.

17. *Milk Production and Poultry.*—One such adjustment consists in making a deliberate effort to link agricultural labour with programmes of milk production and poultry rearing. This is feasible, particularly in the rural areas which are proposed to be linked with urban markets through Government sponsored milk production and distribution programmes. The Group suggests that at least 25 per cent. of the Plan outlay provided for developing milk and poultry production in rural areas should be utilised for the benefit of landless agricultural labour.

18. *Additional construction.*—The major readjustment will have to be made in construction activity. The immediate step, is to frame a diversified programme of public works capable of being sustained over a series of years, undertaken and executed annually somewhat on the lines of a relief works programme. This programme should comprehensively embrace all aspects of conservation and development of material resources and formation of social capital in the countryside. Works in connection with reclamation of lands, contour bunding, afforestation and tree planting, minor irrigation, road building, public and institutional buildings of all types, will obviously be included in the programme. Special attention may be drawn to the universal need in Maharashtra for taking urgent steps to conserve vegetation and cover and develop intensively fuel and fodder

resources. We are at present caught in a vicious circle of too many animals which are partly fed on too little pasture and too little cover giving inadequate resources of fuel and fodder with the result that not only valuable manure is burnt but also there is progressive and rapid cutting down of bush and trees. Large afforestation schemes in the hill areas and fuel and fodder depot schemes combined with useful tree and bush planting for each locality in the country are urgent needs. Though these could later become the responsibility, in the main, of local communities, a considerable amount of initial effort and expenditure has to be made by the State Government, in particular, in experimenting with the best ways of dealing with this problem in different circumstances. This must be immediately undertaken and has very considerable employment potentialities. If this is systematically undertaken not only will the normal forest wealth and fodder and fuel resources increase but also additional wealth could be created in terms of specially developed pastures, of fibre plants like agave, of bamboo copses, which will, in time also yield a sound local base for related rural industry. But as long as the initial effort is not made, the cumulative effort can never become evident. The calculations in the Appendix indicate that the construction component will have to be increased by about Rs. 50 crores, if the target for the Third Plan is to be reached. The Group, however, doubts whether it will be possible for the State Government to increase the size of the State Plan by Rs. 50 crores, so as to provide the additional construction activity indicated above. It is also doubtful whether a construction programme of this magnitude can be taken up under the Centrally Sponsored Scheme of Mobilisation of Rural manpower. The Group would however urge undertaking the following minimum programme :—(i) contour bunding of another 15 lakh acres over and above the 35 lakhs acres included in the State Plan. This additional programme may cost Rs. 8.0 crores. (ii) additional road construction particularly in rural areas with an outlay of about Rs. 10.00 crores. (iii) a programme of afforestation worth about Rs. 1 crore over and above the programme already included in the Third Plan and (iv) a local development works programme of Rs. 6 crores. The Group trusts that the State Government will be able to undertake all these works under the Centrally Sponsored Schemes referred to above. These programmes should be so located that they make up the disabilities of such areas as might not benefit from the normal plan activity or the special measures of industrial development suggested above.

19. *Danger of Mechanisation.*—Another adjustment lies in the direction of ensuring that the employment potential of the activities already envisaged under the Third Plan and in particular the employment potential of the construction activity contemplated in the rural areas should be fully safeguarded against the temptations of mechanisation. While the Group concedes the necessity of use of machines in certain types of constructions activity where work has

to be done in stages, each of which has to be completed within narrow time-limits imposed by nature, the group would strongly discourage resort to machines as a convenient substitute for the hard tasks of organisation and management involved in getting large works done by large number of labourers. For example, the Group feels that the use of bull-dozers for bunding operations would be wholly unjustified. If in any particular areas agricultural labour in adequate quantity is not available, the Group would prefer that the pace of the contour bunding operations in such places is adjusted to the availability of labour rather than that machines should be used for the purpose of expediting construction.

20. *Use of Local materials.*—Another aspect of the preservation of the employment potential of construction activity in the rural areas is the care that requires to be taken to see that local building materials which generate local employment are not abandoned in favour of the materials brought from outside, ostensibly for their technical superiority, but in reality in many cases for the mere convenience of the agencies which are entrusted with the work of construction or supervision of such works. The Group would particularly like to mention the case of cement *vis-a-vis* lime. The Group has an impression that in the Governmental construction work, lime as a building material is very seriously neglected in favour of cement. The Group strongly recommends that wherever there are deposits of lime within reasonable distances, preference should invariably be given for the use of lime as against cement, irrespective of whatever little additional cost or inconvenience that this may entail. The same remarks apply to material used for roofing in buildings to be constructed in rural areas. The Group is of the opinion that wherever there is scope for securing locally made tiles, such tiles should be used as roofing material. The same applies to windows and doors. The Group advises against the use of steel windows, steel grills and flush doors, all of which detract considerably from the employment that can be generated in the rural areas. The Group also recommends increasing use of local timbers, after treatment, if need be, to relieve the pressure on teak.

21. *Pilot project in departmental construction.*—Another aspect which has to be considered with a view to safeguarding the employment and income potential of construction activity in the rural areas from the point of view of the landless agricultural labourers, is whether the present organisation and methods adopted by Government for undertaking construction activity do not need some modification from the point of view of passing greater benefits to the local labour. Under the present system of getting works done through contractors there is no guarantee that the full benefit of employment goes to the available local labour. A part of the outlay goes to the pockets of a limited number of contractors by way of profits which may not be less than about 10 per cent. of the expenditure incurred by Government. Secondly, contractors have no

obligation to recruit local labour. This has resulted in professional bands of labour from even outside the State attaching themselves to contractors and moving with them from work to work. Thirdly, contractors have no reason to resist the temptation of replacing manual labour by machines wherever possible. Another undesirable effect of the present system has been to turn the technical personnel in the Public Works Department into mere supervisors of work done by others with little scope left to them to take initiative in the matter of experimenting with better cheaper methods of construction. Theoretically, there is no reason why the technical agency of Government should not execute the works themselves instead of getting them executed by others. After all, construction work only requires technical knowhow, tools and equipment and labour some skilled, some semi-skilled and to a large extent unskilled. The technical knowhow is already there with Government. The materials can be purchased or got made. Unskilled labour is available in the area itself from the ranks of landless agricultural labourers. Semi-skilled and skilled labour can be developed. From the point of view of the physical process of construction, therefore, there is really no necessity of a contractor. The only role of a contractor at present is to take over some of the risks in regard to getting the required materials and labour of the right quality, in the right quantity, at the right time and for the right price. Thus, the Government insures itself against these risks. The question is whether the avoidance of risks is so important as to make it a matter of indifference to Government whether the local labour population derives any benefit from the construction activity or not. Apart from the fact that the avoidance of risks is not with its price to Government, the time has come to reorient the attitude in this matter, so that Government's dependence on contractor middlemen is reduced, and the construction programme incidentally serves the objective of improving the non-agricultural incomes in the rural areas. The Group therefore, recommends that a beginning should be made in doing away with the system of contractors at least so far as the normal activities of building construction, road construction and construction of minor irrigation works are concerned. This is not to suggest that there will not be difficulties in the proposed change over. It is suggested that before considering a wholesale change-over throughout the State, the experiment may be tried on a pilot basis in one or two districts in the State. The essence of the pilot scheme should be that in the district chosen, the Public Works Department agency should be made responsible, not for getting the things done through another agency but for doing them themselves. For this purpose it may be necessary to strengthen the Public Works Department staff in the district. In particular certain key skilled personnel may have to be taken permanently on the staff of the Public Works Department. The available local labour will have to be organised into suitable groups. Wherever co-operatives are feasible, these groups may be organised

as co-operatives, but it is not necessary for the success of the scheme that all the groups must be registered as co-operative societies. The Public Works Department agency has to look up on these labour groups as their own extensions or partners in discharging their own responsibility. The Group suggests the establishment of a Board at the district level consisting of both officials and non-officials (including representatives of workers) which should be competent to resolve whatever disputes might arise between the Public Works Department agency and the labour groups. The Board should also have full authority to deal with whatever financial problems arise in the execution of the works. If and when democratic decentralisation is introduced, the democratic local body at the district level can take the place of the District Board proposed here. One of the important features of the pilot project should be the making and collection of various materials required for construction activity on a continuing basis—bricks, lime, and, roofing materials, rubble, metal, standard fittings and so on. There should be an annual programme for the preparation and collection of materials and the requisite number of labour groups should be continuously employed on this activity. Another feature of the pilot project should be the maximum utilisation of local resources as suggested above.

22. *Board for the economic betterment of landless agricultural labour.*—The Group supports the suggestion made by the Planning Commission that there should be a Board at the State level to keep a constant watch over and to make recommendations regarding the programme for the economic betterment of the landless agricultural labour. From the recommendations made above, it will be seen that the measures required to be taken are varied and that they will impinge on the activities of many departments of Government. The proposed Board will provide the necessary co-ordination and ensure the necessary unity of purpose among the various departments concerned. The Board should consist primarily of non-officials interested in rural development in general and the progress of the landless agricultural labour in particular.

23. The proposed Board will also have to keep a watch on whether agricultural labour in different areas derives reasonably uniform benefits from the various programmes suggested above. Another responsibility that will devolve on the Board will be to see that the benefit of industrial employment is spread as evenly as possible among house-holds of agricultural labour, and that the maximum number of families derive the benefit of industrial employment.

24. *Backward Classes.*—The landless agricultural labour predominantly consists of the backward classes. While the Group recognises that the social disabilities of the backward class landless

agricultural labour make their position even more difficult than that of the others, it has refrained from any recommendations in this regard as that would have been outside its terms of reference. The Group however feels that the most potent means of eradicating the social disabilities of the backward classes is to make them economically stronger. In this respect the measures that have been suggested above cannot but have their effect on the backward class landless agricultural labour. The Group however would suggest that in the industrial employment to be provided by the industries in the District Industrial Board sector, there should be reservation of jobs for the backward classes in proportion to their number among landless agricultural labour.

R. D. Bhandare	}	(S u b j e c t (Sd.) D. R. Gadgil (Chairman). to their notes in Annexures)	Tulsidas Jadhav.
Datta Deshmukh			Y. S. Mahajan.
			D. D. Sathe (Member-Secretary).

APPENDIX

INTRODUCTION

1. On the basis of the results of the survey conducted in 1956-57 by the Bureau of Economics and Statistics as part of the National Sample Survey, the income composition of a landless agricultural about household during 1955-56 is assumed as under :—

✓(a) Agricultural wages	...	...	80 per cent.
(b) Land	...	...	8 per cent.
(c) Construction	...	...	6 per cent.
(d) Tertiary employment	2 per cent.
(e) Industrial employment	4 per cent.

Total income	...	<u>100</u>
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2. The per capita income of landless agricultural labour as revealed by the above-mentioned survey results was about Rs. 92. According to the 1951 Census, the population of cultivating labourers and their dependants in Maharashtra State was 47.33 lakhs. Assuming an increase of 9.00 per cent. in the population in the First Plan period, the population of landless agricultural labour can be estimated at 51.59 lakhs in 1955-56. On the basis of the per capita income of Rs. 92, the total earnings of landless agricultural labour in 1955-56 must have been about Rs. 4,746 lakhs.*

3. The distribution of the total earnings among the five sources on the basis of income composition given in paragraph 1 works out as follows :—

	(Rs. in lakhs).
✓(a) Agricultural wages	... = $4,746 \times \frac{80}{100} = 3,797$
(b) Land	... = $4,746 \times \frac{8}{100} = 379$
(c) Construction	... = $4,746 \times \frac{6}{100} = 285$
(d) Tertiary employment	... = $4,746 \times \frac{2}{100} = 95$
(e) Industrial employment	... = $4,746 \times \frac{4}{100} = 190$
Total earnings	... <u>4,746</u>

4. The estimated increases in the earnings from various sources due to schemes undertaken in the Second Plan are given below.

✓(a) *Agricultural Wages*

4.1. The Study Group understands from the Planning Division of the Finance Department of the Government of Maharashtra that—

(i) The gross cropped area in the State is estimated to increase from 460.82 lakhs acres in 1955-56 to 465.00 lakhs acres in 1960-61.

(ii) The irrigated area is estimated to increase from 25.12 lakhs acres in 1955-56 to 29.34 lakhs acres in 1960-61.

(iii) The area bunded is estimated to increase from 0.90 lakhs acres in 1955-56 to 2.20 lakhs acres in 1960-61.

(iv) 2.53 lakhs of acres will be brought under intensive cultivation.

4.2. For working out the additional earnings due to the above developments, the Study Group has assumed the following :—

(i) The wage rates in the Second Plan period are constant.

(ii) Irrigation and intensive cultivation of an acre of land provides double the employment on an acre of unirrigated land.

(iii) Bunding provides 1.1 times the employment provided by an equal acreage of unbunded land.

(iv) Earnings are directly proportional to the increase in employment opportunities. The calculations in respect of increase in notional cropped area during the Second Plan period on the basis of above assumptions are summarised below :—

	Area in lakh acres.	
	1955-56	1960-61
1. Gross cropped area	460.82	465.00
2. Additional employment on account of irrigation in terms of cropped area	25.12	29.34
3. Additional employment on account of bunding in terms of cropped area	0.90	2.20
4. Additional employment on account of intensive cultivation in terms of notional cropped area		2.53
Total notional cropped area	486.84	499.07

Percentage Increase in notional cropped area	...	$\frac{499.07}{486.84} \times 100 - 100 = 2.5$	
			(Rs. in lakhs.)
Earnings from agricultural labour in 1955-56	...		3797
Increase in earnings in Second Plan period = 2.5 per cent. or 3797×2.5	...		95
		$\frac{\quad}{100}$	
Earnings from Agricultural labour in 1960-61	...		3892

(b) Land ✓

4.3. The Study Group understands from the Planning Division of the Finance Department of the Government of Maharashtra that 3.95 lakhs of acres of Government waste lands have been distributed to agricultural labourers and that out of this the land that will be given to new landless agricultural labourers is estimated at 1.87 lakhs acres.

4.4. Assuming that each acre of such land will yield income to the extent of Rs. 30 per acre, the additional income from land will be Rs. 56 lakhs. The total income from land in 1960-61 has therefore been worked out as under :—

		(Rs. in lakhs.)
Income from land in 1955-56	...	379
Additional income due to distribution of Government waste lands.	...	56
Total income from land in 1960-61		<u>435</u>

✓(c) Construction

4.5. The study Group understands from the Planning Division of the Finance Department of the Government of Maharashtra that—

(i) The investment in construction activities in rural areas in Maharashtra in 1955-56 is estimated at Rs. 18.5 crores.

(ii) The corresponding investment in 1960-61 is estimated at Rs. 37.9 crores.

4.6. Assuming that the wage rates are constant and that the increase in earnings from construction activities is directly proportional to increase in investment in construction activities, the percentage increase in earning is 100.

		(Rs. in lakhs.)
Earnings from construction in 1955-56	...	285
Additional earnings in the Second Plan — 100 per cent.		285
Earnings from construction in 1960-61	..	<u>570</u>

(d) Tertiary employment

4.7. The Study Group understands from the Bureau of Economics and Statistics, Government of Maharashtra that the estimated value of incomes originating in rural areas or value of output in rural areas was Rs. 422.2 crores in 1955-56 and is estimated at Rs. 525.5 crores in 1960-61 at constant prices.

4.8. Assuming that the increase in earnings of landless agricultural labour is directly proportional to the increase in value of output, the percentage increase in earnings works out to :—

$$\frac{525.5}{422.2} \times 100 - 100 = 24.5$$

4.9. The following gives the total earnings from tertiary employment in 1960-61 :—

	(Rs. in lakhs.)
Earnings from tertiary employment in 1955-56 ...	95
Increase in earnings on account of increase in tertiary activity at	
24.5 per cent. or $95 \times \frac{24.5}{100}$...	23
Total earnings from tertiary employment in 1960-61.	118

(e) Industrial employment

4.10. The Study Group understands from the Planning Division of the Finance Department of the Government of Maharashtra that Rs. 25 crores is estimated as the investment in industries in the Second Plan period in the rural areas. The following assumptions have been made :—

(i) The investment needed per worker is Rs. 5,000. On this basis, number of additional jobs that must have been created would be 50,000.

(ii) About 10 per cent. of jobs may be filled by persons from urban areas. About 45 per cent. of jobs may be filled by small farmers. So the balance that will be available for agricultural labour would be 45 per cent. or 22500 jobs.

(iii) The average earnings from a job is Rs. 500 per annum. On this assumption the additional earnings from investment in industries would be Rs. 112.5 lakhs.

4.11. The earnings in 1960-61 have been worked out below :—

	(Rs. in lakhs.)
Earnings from Industrial employment in 1955-56 ...	190
Additional earnings by end of the Second Plan due to additional investment in industries. ...	112.5
Total earnings from Industrial employment in 1960-61.	302.5

Incomes and per capita incomes ✓

4.12. The following gives the total earnings of landless agricultural labour in 1960-61 :—

	(Rs. in lakhs.)
(a) Earnings from agricultural wages ...	3,892
(b) Earnings from land ...	435
(c) Earnings from construction ...	570
(d) Earnings from tertiary activities ...	118
(e) Earnings from industrial employment ...	302.5
Total earnings of agricultural labour in 1960-61.	
	5,317.5

4.13. Assuming a population increase of 10 per cent. in the Second Plan period, the population of landless agricultural labour would increase from 51.59 lakhs in 1955-56 to 56.75 lakhs in 1960-61.

Therefore, per capita income in 1960-61 = Rs. $\frac{5317.5}{56.75}$ lakhs. i.e.

Rs. 93.7.

Percentage increase in 1956-61 = $\frac{1.7}{92} \times 100 = 1.8$

Percentage increase in per capita income of State population as a whole in 1956-61 = about 8.5.

Increase in earnings in Third Plan Period

4.14. (a) *Agricultural Wages*.—The Study Group understands from the Planning Division of the Finance Department of the Government of Maharashtra that—

(i) The gross cropped area in the State will increase from 465.00 lakhs acres in 1960-61 to 471.26 lakhs acres in 1965-66.

(ii) The irrigated area is estimated to increase from 29.34 lakhs acres in 1960-61 to 48.52 lakhs acres in 1965-66.

(iii) The area banded will increase from 22.00 lakhs acres in 1960-61 to 57.00 lakhs acres in 1965-66.

(iv) The area under intensive cultivation will increase from 2.53 lakhs acres in 1960-61 to 45.00 lakhs in 1965-66.

4.15. On the basis of assumptions which were made for calculation of increase in notional cropped area in the Second Plan, the

calculations in respect of notional cropped area in the Third Plan period are summarised below :—

	Area in lakhs acres.	
	1960-61	1965-66
1. Gross cropped area ...	465-00	471-26
2. Additional employment on account of irrigation in terms of notional cropped area.	29-34	48-50
3. Additional employment on account of bunding in terms of notional cropped area.	2-20	5-70
4. Additional employment on account of intensive cultivation in terms of notional cropped area.	2-53	46-00
Total notional cropped area ...	499-07	570-48

Percentage increase in notional cropped area—

$$\frac{570.48}{499.07} \times 100 - 100 = 14.3$$

	Rs. in lakhs.
Earnings from agricultural labour in 1960-61 ...	3,892
Increase in earnings in Third Plan period = 14.3 per cent. or $3892 \times \frac{14.3}{100}$ = ...	557

Total earnings from agricultural labour in 1965-66 ... 4,449

4.16. (b) *Land*.—The study Group understands from the Planning Division of the Finance Department of Government of Maharashtra that—

(i) As a result of proposed land reforms about 11 lakhs of acres of land will be distributed among landless agricultural labour during the Third Plan period.

(ii) Additional area of about 1 lakh acres of Government waste lands may be expected to be distributed among landless agricultural labour in the Third Plan.

4.17. The Group took into account the fact that land that would become available to landless agricultural labour under the land ceiling legislation will be occupied land and not waste land and assumed the income from such land to be Rs. 40 per acre. The income from

ANNEXURE I.

NOTE ON THE REPORT OF THE STUDY GROUP ON LANDLESS AGRARIAN LABOUR

(by Sarvashri R. D. Bhandare and Datta Deshmukh)

One of our declared national objectives, as stated in the approach to the Second Five-Year Plan, has been "Reduction of inequalities in income and wealth and more even distribution of economic power".

In its directive principles of State policy our Constitution enjoins upon the State to ensure "that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment" and that the ownership and control of the material resources of the community are so distributed as best to subserve the common good.

However, it has been established beyond doubt that the disparities in the distribution of income and wealth and economic power were further aggravated during the past decade of two five year plans. Despite the oft-repeated objective of "Socialistic pattern" the inequalities in the country are getting accentuated at an accelerated pace, with every passing day. The question therefore arises—Are we really serious about this national objective? And if we are not as it appears the ruling party is not, then it will be better and more truthful to say so plainly and delete these parts from the Constitution and the Third Five-Year Plan.

This question was pointedly raised in the first meeting of the State Consultative Committee on the Third Five-Year Plan. It was submitted that so far as the rural and agricultural sector of our economy was concerned the objectives of reduction of inequalities, of distributing the material resources of the community to best subserve the common good and of increasing productivity and production could be achieved only by a radical land reform aiming at redistribution of land. A measure fixing a sufficiently low ceiling on land ownership and redistribution of surplus land to landless agrarian labour and poor peasants with extremely small holdings will start a chain of processes which will put to productive use the unutilised labour power of several millions of agrarian landless labourers and poor peasants who are at present rotting in complete or partial unemployment, low wage rates and consequent miserable living. Under the circumstances obtaining in our country at present, radical land redistribution is the only measure which has the capacity to give the much required powerful initial impulse to our stagnant rural

and agricultural sector and bring about distribution of material resources so as to subserve common good, to check and reduce inequalities, while at the same time increasing productivity and production.

However, there was a trend of opinion in the Committee which was not prepared to consider the question of redistribution of land. People of this persuasion are sceptical about the efficacy of land reform from the point of view of increasing agricultural production. Redistribution of land would necessarily result in small holdings and to these people small holdings spell inefficient and poor cultivation. This is of course despite what is obvious to common eye in our countryside and despite the carefully worked out findings of the Agricultural Experts Committees appointed by the Planning Commission to work out co-relationship between size of holdings and their productivity.

It was seriously argued by friends of this persuasion that redistribution of land is neither the only nor the most sure solution to our agrarian question and especially to the question of unspeakable misery of our agrarian poor and that other measures could be devised leading to the same result, namely, uplift of the landless agrarian labourer.

Hence the appointment of this Study Group on Landless Agricultural Labourers to suggest schemes other than land reforms for improving the economic conditions of the landless agricultural labourers.

Two Agrarian Labour Inquiry Committees, first in 1951 and the second in 1956, studied the conditions of living of the agrarian labourers in our countryside. The tendency revealed in these studies is very clear. The already subhuman conditions have further deteriorated. There was a fall in per head as well as per family earnings of this stratum. Its indebtedness has increase consequentially. Western Maharashtra appears to be an exception to a certain extent to this general trend. This is a contradictory picture and no definite observations could be made on that basis. The question even for our State must be considered in the context of the general tendency observed all over the country. There is nothing to show that this trend was to any extent rectified or reversed during the period of the Second Five-Year Plan. On the contrary all available information goes to show that the position has further deteriorated.

Under the British regime the lot of the agrarian poor was none better. But the general background was totally different. Then our country's total economy was stagnant and it was deliberately kept so. That is not the case now. Since independence and especially during the last decade of two Five-Year Plans and more

especially during the Second Five-Year Plan our economy especially its industrial sector was developing and was being developed in a planned and deliberate way. Total national income as well as *per capita* national average have gone up. The question naturally arises to whom does this increased national wealth accrue and has any portion of it been utilised to reduce the disparities and tone down the contradictions—the misery and poverty.

The reply is in unqualified negative. The income disparities have further widened and the contradictions have further sharpened. The backlog of unemployment is not going down but going up.

The Agrarian Labour Inquiry Committee of 1956 has drawn emphatic and pointed attention to the fact of an all-sided deterioration in the living of the agrarian labour during the five years of the First Five-Year Plan. During the period of the Second Five-Year Plan and more especially during the last year or two, the standard of living of the urban producing masses as well as service giving middle class sections has definitely deteriorated. If this is the general picture which is mentioned here on purpose, then the lot of the agricultural labourers whose earnings have fallen relatively as well as absolutely, may well be imagined.

Therefore the finding of the Study Group on the first term of reference, namely, “the benefits derived by landless labourers under measures taken by the State Government in the first two Five-Year Plan periods”, has to be that the landless labourer has not derived any benefit, on the contrary his earnings have declined absolutely and in relation to the ever soaring prices the earnings and their standard of living has fallen precipitously. The well-to-do and richer sections of the rural community have definitely benefited during this period and the income disparities have further widened.

With regard to the second term, namely, “schemes other than land reforms for improving the economic conditions of landless agricultural labourers” the report makes certain suggestions which, however, good in themselves are of doubtful value with reference to the objective to be achieved. The main suggestion made in the Majority Report and which they consider to be the most important of their suggestions is development of industries in rural areas.

The majority report says “The large increase in the landless agricultural labourers, per capita income which has been targetted, cannot be attained unless progressively larger portions of the labour force of the landless agricultural labour is absorbed in technically efficient industrial employment.” The suggestion amounts to transforming agricultural labourers into industrial workers. That process has been and is going on. There is a constant trek from the countryside to industrial areas, may they be urban or rural. There is fairly

high mobility in this respect not only on intra regional but inter regional and even inter-state basis. If the industry does not go to the countryside the rural poor flock to the industrial area. There is no special problem of uniting the two except the overcrowding in cities and emergence of slums etc. So the question again boils down to this whether we have, in the given socio-economic pattern, the capacity to increase what is called "technically efficient industrial employment" to such an extent as to affect the income of millions of landless agricultural labourers?

It is no use disregarding the patent facts that the backlog of unemployment in the State of Maharashtra at the end of the First Five-Year Plan was 4.46 lakhs, at the end of the Second Five-Year Plan the backlog has risen to 7.81 lakhs and during the Third Five-Year Plan additional job requirement will be of the order of 22.81 lakhs. The present socio-economic set up puts certain limits on the pace of industrial development of the country. Whether we locate the industries in rural areas or in urban areas, the total quantum of industrial development and industrial employment will not alter materially.

Maharashtra State had suggested a Third Five-Year Plan of Rs. 790 crores and the same had to be pruned to about half its size i.e., Rs. 390 crores. Reducing Rs. 15 crores from the amount allotted to urban industrial development and expending the same on rural industrial development will not materially alter conditions for agrarian labour as a whole.

The report lays special emphasis on promoting co-operative sector in agricultural processing industry. It is difficult to understand what difference would it make for landless agricultural labourers whether the industry is owned by a Co-operative organisation of which he is not and cannot be a member or by an individual capitalist. With both of them his relationship is the same, namely, that of employer-employee. Such a suggestion would legitimately find a place in a report on peasant producers but has little relevance to the question under consideration, namely, the improvement of the lot of landless agricultural labour. The measures suggested usually result in helping the well-to-do sections of the peasantry.

The Report says on page 4 "By industrial development the group has in view industry (including mining) based on sufficiently modern techniques. The group does not set much store by the deliberate adoption or continuance of backward techniques as means of expanding industrial employment among landless agricultural labour. The necessary rate of increase in the landless agricultural labourers' *per capita* income which has been targetted, cannot be attained unless progressively larger portions of the labour force of the landless agricultural labour are absorbed in technically efficient employment".

waste lands is assumed at Rs. 30 per acre. Following will show the earnings from land in 1965-66 :—

	Rs. in lakhs.
Earnings from land in 1960-61	435
Earnings from 11 lakhs acres of occupied land at Rs. 40 per acre	440
Earnings from 1 lakh acres of waste land at Rs. 30 per acre	30
Total earnings from land in 1965-66	905

4-18. (c) *Construction*.—The Study Group understands from the Planning Division of the Finance Department of Government of Maharashtra—

(i) The investment in construction activities in rural areas in Maharashtra State in 1960-61 is estimated at Rs. 37.0 crores.

(ii) Rs. 240 crores is the estimated investment in rural areas in Third Plan and 25 per cent. of this i.e., Rs. 60 crores will be the order of investment in the last year of the Third Plan.

4-19. Assuming that the wage rates are constant and that the increase in earnings from construction activities is directly proportional to increase in investment in construction activity, the percentage increase in earnings from construction activity in the Third Plan will be—

$$\frac{60.0 \times 100}{37.0} - 100 = 62.2$$

The following works out the earnings in 1965-66 :—

	Rs. in lakhs.
Earnings from construction in 1960-61	570
Increase in earnings in Third Plan period @ 62.2 per cent. = $570 \times \frac{62.2}{100} =$	355
Total earnings from construction in 1965-66	925

4-20. (d) *Tertiary employment*.—The Study Group understands from the Bureau of Economics and Statistics, Government of Maharashtra that the estimated value of incomes originating in rural areas at 1955-56 prices may be about Rs. 525.5 crores in 1960-61 and about Rs. 656.9 crores in 1965-66.

$$\text{Hence percentage increase} = \frac{656.9 \times 100}{525.5} - 100 = 25.0.$$

Assuming that the increase in earnings from tertiary employment is directly proportional to increase in value of output.

	Rs. in lakhs.
Earnings from tertiary employment in 1960-61 ...	118
Additional earnings due to increase in tertiary activities @ 25 per cent. or $118 \times \frac{25}{100}$...	29.5
	<hr/>
Total earnings from tertiary employment in 1965-66.	147.5

4.21. (e) *Industrial employment.*—The industrial investments recommended or taken note of by the Group may be summarised as under :—

	Rs. in crores.
Co-operative Agricultural Processing ...	8.00
Co-operative Sugar Factories ...	19.20
Co-operative Industries ...	5.75
Joint Sector Industries ...	12.00
	<hr/>
	44.95

The Group has further assumed private industrial investment in the rural areas to the extent of Rs. 25 crores. The total investment thus comes to Rs. 69.95 crores or Rs. 70 crores in round figures.

4.22. For working out the additional earnings to agricultural labour due to above investment, the Group has used the same assumptions as were done for calculations in the Second Plan. On this basis,—

Additional jobs at Rs. 5,000 per worker ...	1,39,900
Jobs that may be available for rural workers at 45 per cent. of above.	62,955
Additional earnings of agricultural labour at Rs. 500 per job.	315.0 lakhs
Earnings from industrial employment in 1960-61.	302.5 "
	<hr/>
Total earnings from industrial employment in 1965-66.	Rs. 617.5 lakhs.

Income and per capita income

4.23. The following calculations give the earnings of landless agricultural labour in 1965-66 :—

			Rs. in lakhs.
(a) Agricultural Wages	...	...	4,449
(b) Income from land	...	...	905
(c) Constructive activities	...	...	925
(d) Territorial activities	...	...	147.5
(e) Industrial employment	...	...	617.5
Total earnings of agricultural labour in 1965-66	...	...	<u>7,044</u>

4.24. Assuming a population increase of 10 per cent. in the Third Plan period, the population of landless agricultural labour is expected to increase from 56.75 lakhs in 1960-61 to 62.43 lakhs in 1965-66.

Per capita income in 1965-66 $\frac{7,044 \text{ lakhs}}{62.43 \text{ lakhs}} = \text{Rs. } 112.85$

Percentage increase in per capita income = $\frac{112.85 \times 100 - 100}{93.7} = 20.4$

5. *Additional Investment needed in construction.*—It is recommended by the Study Group in the report that the per capita income of landless agricultural labour, should be increased by 33.34 per cent in the Third Plan period.

Per capita income in 1960-61 = Rs. 93.7

Targetted increase = 33 1/3 per cent. = Rs. 31.2

Per capita income that should be reached in 1965-66 Rs. 124.9

Per capital income that may be reached in 1965-66 by
various measures mentioned above. Rs. 112.8

Difference that should be made up Rs. 12.1

Difference that should be made up in gross earnings
of agricultural labour for a population of 61.57
lakhs = $62.43 \times 12.1 =$ Rs. 755 lakhs.

6. In the publication "Use of Food surpluses for economic development" by Shri V. M. Dandekar of Gokhale Institute of Politics and Economics, the cost of labour component in investment in

certain sectors of construction works has been estimated. It is estimated as 90 per cent. in afforestation and 65·7 per cent. in road construction and Soil Conservation. It is to be noted however, that some portion of the benefit of investment in rural areas may also accrue to labour from urban areas, and skilled personnel. Hence the group assumes the percentage as 50 on an average. On this basis an investment of Rs. 1 crore on construction activity such as roads, contour bunding and afforestation may give rise to Rs. 50 lakhs of earnings for agricultural labour. For achieving additional earnings of Rs. 755 lakhs, the investment that may be needed is $755 = \text{Rs. } 15\cdot1 \text{ crores.}$

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Assuming 25 per cent. of the phasing in the last year of the Plan, the additional investment needed in the Plan is of the order of Rs. 60·4 crores. As the industrial development recommended by the Group will itself lead to additional construction worth about Rs. 10 crores, the balance to be provided comes to about Rs. 50 crores.

Note.—Regarding grant of land, it is possible that some portion of the land grants may accrue to small farmers who do not come within the category of agricultural labour. It is however, difficult to make an estimate of such grants; particularly because some of the small farmers would come within the definition of agricultural labour.

However, on page 9 in paragraph 19 the Report says :—

“Another adjustment lies in the direction of ensuring that the employment potential of the activities already envisaged under the Third Plan and in particular the employment potential of the construction activity, contemplated in rural areas *should be fully safeguarded against temptations of mechanisation*...The group would strongly discourage resort to machine as a convenient substitute for the hard tasks of management involved in getting large works done by large number of labourers, which if not employed becomes a liability from the social point of view”.

There is an obvious contradiction in the two views expressed in the Report reflecting of course confusion of ideas.

The Report advocates decentralisation of industries. But what is intended to mean by the word decentralisation is not clear. Decentralisation may mean dispersal of industrial production into smaller units or it may mean proper placing and dispersal of industries. But the two connotations differ radically.

The Report advises abolition of contract system and execution of normal activities of building construction, road construction and construction of minor irrigation works by Government departments employing local labour. It is said in the report that the contractor brings his own men and local labour therefore does not get employment. This statement will have to be taken with certain reservations. Moreover displacement of contractors' labour by local labour will result in rendering unemployed landless agrarian labourers of some other locality however distant it may be.

The observations above are not in any way to belittle the genuine intentions of the writers of the report to suggest ways to bring some relief to the miserable lot of the agrarian worker. It will have, however, to be emphasized that the principles underlying the Plan are unchallengeable. The lacuna is in the tardy ways in implementing the principles of the Plan, particularly the land reform aspect of the Plan. The most that can be said about the report is that it tries to give a certain direction to the efforts that are bound to follow in the wake of the deliberate policy of industrialising the country through public, co-operative and private agencies. The suggestions can be considered on their merits in the general discussion of industrialisation policy. To our mind, the suggestions contained in the report do not bear adequately on the issue under consideration and hence we find no reason to change our basic approach to the issue that there is no way out unless recourse is made to radical land reforms measures.

ANNEXURE II.

NOTE ON APPENDIX.

(by *Sarvashri R. D. Bhandare and Datta Deshmukh*)

“.....The effects of the developments during the Third Plan in the other sectors, such as intensification of agriculture, grant of land, increase in construction activity and increase in tertiary activity, as reported by the Planning Division of Government have also been estimated on the basis of a number of assumptions which have been mentioned in the Appendix. Assumptions have also been made in regard to likely industrial activity on the part of private enterprise in the rural areas during the Third Plan period. All these assumptions may not be wholly justified, but they have been made so that some kind of statistical frame can be built for attempting a quantification of the total effect of the various developments on the condition of the landless agricultural labour. The calculations made in the Appendix have, therefore, to be taken as only indicative.....” (para. 16 of the Report).

On the basis of these assumptions, the Planning Division of Maharashtra Government indicates that the income of the agricultural labour can be expected to increase by 20·4 per cent. during the Third-Five-Year Plan.

The Planning Division of Maharashtra Government while making a number of assumptions have not given any reasonable basis. So, we are not able to agree with these assumptions.

Before examining these assumptions made by the Planning Division one by one, we would like to state some conclusions arrived on the basis of Agricultural Labour inquiry—1951.

We give below statements showing the standard of living of agricultural labourers in some of the major States of the Indian Union on the basis of Agricultural Labour Inquiry—1951.

TABLE I.

Serial No.	State.	Yearly income of an agricultural labourer's family of four persons.	Per Capita consumption of food in ozs.	Proportion of female to male agricultural labourers.	Daily wages. (1950).		Days of employment in a year (Male).	Percentage of or irrigated (including wells and tanks) to lands under cultivation.
					(Male).	(Female).		
1	2	3	4	5	6	7	8	9
		Rs.	Ozs.		Annas.	Annas.		
1	Indian Union	.. 416	16·3	13·8	17·5	10·5	200	17·8
2	U. P.	.. 520	20·2	14·0	18·8	16·8	280	29·1
3	West Bengal	.. 636	20·0	12·0	27·0	16·6	238	17·7
4	Punjab	.. 486	20·1	18·3	28·6	21·1	111	40·3
5	Madras ..	.. 346	14·2	49·0	15·5	9·5	170	31·1
6	Bombay (Old)	.. 350	13·6	48·5	17·6	11·8	168	4·5
7	Kutch	.. 651	20·6	....	27·8	18·7	224	9·3
8	Saurashtra	.. 514	15·8	....	21·5	19·5	180	5·3
9	Gujarat	.. 496	13·7	43·0	18·0	14·0	178	4·1
10	Vidarbha	.. 409	17·1	....	12·6	6·5	....	4·0
11	Marathwada	.. 366	15·8	46·0	13·2	8·1	....	2·8
12	Western Maharashtra	.. 330	11·2	43·0	17·5	3·0	168	} 4·8
13	Northern Maharashtra	335	14·0	55·0	15·3	11·0	148	
14	Southern Maharashtra	249	10·4	52·0	16·0	9·2	101	

On the basis of the same Inquiry we give below certain vital statistics regarding agricultural labour in the Maharashtra State for the four regions.

TABLE II

	Vidar- bha	Mara- tha- wada	North Maha- rashtra	South Maha- rashtra	Kon- kan
1. Percentage of landless families to total number of labour families	60	55	63	43	47
2. Average persons per family	4.5	4.7	4.3	4.4	3.9
Average number of earners per family	2.8	2.8	2.4	2.3	1.9
Average number of agricultural wage earners	2.5	2.7	2.0	2.01	1.85
Composition of wage earners—					
Men	1.1	1.3	0.9	0.90	0.96
Women	1.1	1.2	1.10	1.04	0.80
Children	0.3	0.2	....	0.07	0.09
3. Average annual employment of casual workers days. Agricultural plus non-Agricultural labour—					
Men	194	216	173	128	190
Women	140	160	129	94	108
4. Average daily wages on agricultural work in annas—					
Men	12.8	13.5	15.3	16.1	17.5
Women	6.9	8.25	11.0	9.25	12.9
5. Average annual income by Sources per family—					
(a) Land	56	58.7	34	22	22
(b) Agricultural Labour	296	291.2	275	180	245
(c) Non-Agricultural Labour	47	32.8	36	33	38
(d) Occupations other than farming	9	39.3	35	20	5
(e) Other sources	6	18.7	4	12	3
Total income	414	440.7	384	267	313
Per capita income	97.4	90.6	89.4	60.8	80.5
6. Average annual expenditure per family—					
(a) Food	376.2	419.6	318.8	230.7	276.2
(b) Clothing and Footwear	28.1	30.2	25.0	18.8	24.8
(c) Fuel and Lighting	4.7	4.0	4.9	5.4	4.1
(d) House Rent and Repairs	1.9	....	0.6	0.1	0.6
(e) Services and Miscellaneous	27.5	15.8	26.4	18.8	17.6
Total	438.4	469.6	375.6	273.8	323.3
Per capita intake of cereals in ozs.	15.5	13.6	13.3	9.7	10.5
7. Average debt per indebted family in rupees	54	157	122	172	63

Proportion of agricultural labourers and their dependants to the total agricultural population in the State of Maharashtra, district-wise.

Name of District	Percentage	Name of District	Percentage
(1) Gr. Bombay	... 17	(14) Sholapur	... 24
(2) Thana*	... 15	(15) Osmanabad	... 30
(3) Kolaba	... 4	(16) Bhir	... 25
(4) Ratnagiri	... 3.4	(17) Aurangabad	... 27
(5) Kolhapur	... 9	(18) Parabhani	... 33
(6) Chanda	... 24	(19) Nanded	... 30
(7) Bhandara	... 20	(20) Dhulia	... 26
(8) Buldhana	... 40	(21) Jalgaon	... 30
(9) Akola	... 48	(22) Nasik	... 17
(10) Yeotmal	... 51	(23) Ahmednagar	... 16
(11) Amaravati	... 50	(24) Poona	... 7
(12) Wardha	... 48	(25) Satara	... 5
(13) Nagpur	... 34	(26) Sangli	... 8

Total Maharashtra—24 per cent.

It is not possible for us to give such comparative statements as are given above with respect to the second Labour Inquiry i.e., the N. S. S. conducted in 1956-57 even though the Report has been submitted to the Lok Sabha some three months back and comments on the same have appeared in the press long back. We could not secure a copy of the same for scrutiny in the Study Group. The Planning Division, however, has given a note to the Study Group concerning certain aspects, but it is far from complete. It is not possible to have a comparative statement of the two Inquiries but what has appeared in the press by way of commentary on the N. S. S. Report of 1956-57, we reproduce below.

TABLE III

Change in average employment, daily wage, family income and indebtedness of the Indian agricultural labour as revealed by Agricultural Labour Enquiries—1950-51 and 1956-57.

	Employment days per year		Wages annas per day		Annual income per family	Average debt per indebted family	Per centage of families indebted
	Men	Women	Men	Women			
1. 1st Enquiry, 1950-51	283	134	17.5	10.8	447	105	44.5
2. 2nd Enquiry, 1956-57	225	109	15.4	9.4	385	138	68.5
3. Change	-28	+35	-2.1	-1.4	-62	+33	+24.0
4. Percentage + Increase — Decrease	-10	+26	-12	-13	-14	+31	+45.0

We examine the assumptions made by the Planning Division of the Maharashtra Government one by one as follows :—

The Planning Division assumes the income composition of the landless agricultural labour household during 1955-56 as follows :—

(a) Agricultural wages, (b) Land, (c) Construction, (d) Tertiary employment and (e) Industrial employment.

In both the Labour Inquiries the income sources have been indicated as follows :—

(a) Agricultural labour, (b) land, (c) non-agricultural labour, (d) occupations other than farming and (e) other sources.

In both (a) and (b) are common, but (c), (d) and (e) are dissimilar. On what basis one set of categories has been turned into the other set is not understood, as no data is available for such conversion and fixing their respective proportions.

The Planning Division assumes an increase of 9 per cent. in the population of the rural areas in the First Plan period. This assumption is an under-estimate. Very recently, the provisional results of the 1961 census have been published. From that it appears that the population increase over 1951 in respect of all-India is 21.5 per cent. whereas the same in respect of Maharashtra State is 23.5. The Planning Division assumes a lower rate of increase in respect of the rural population than the urban population. From the examination of the all-India provisional figures of 1961, the ratio of the urban population to the total population has increased from 18.38 per cent. to 18.84 per cent., which means an increase of 0.5 per cent. In respect of Maharashtra State the ratio of urban population to the total population in 1951 was 28.8 per cent. and that of the rural population to the total population was 71.2 per cent. Looking at the present circumstances, the respective ratios for urban and rural population to the total population, as can be seen from the 1961 census figures, would be 30 per cent. and 70 per cent. at the most. The total population of the Maharashtra State according to the provisional census figures of 1961 is 395 lakhs. So the rural population would be $\frac{395 \times 70}{100} = 276.50$

lakhs. The rural population of the Maharashtra State in 1951 was 227.50 lakhs. So the increase in the rural population is of the order of 49.00 lakhs, the percentage increase during the decade being 21.8. Working backwards the increase during the years 1951-56, i.e. the First Five-Year Plan period, would be 10.5 per cent. and that during the years 1956-61, i.e. the Second Five-Year Plan period, would be 10.5 per cent.

As is evident from the following tables we think that the actual population of the agricultural labour would be still more for various reasons.

TABLE IV

Percentage of rural households who were agricultural labour households as defined in the N. S. S. and A. L. E.

	West Maharashtra.	Marathwada.	Vidarbha.
N. S. S. (1956-57) ...	21·00	37·06	41·47
A. L. E. (1950-51) ...	17·2**	42·0	40·0**
Percentage change ...	-28	-11·8	+3·8

** Figures for the Old Bombay State and the M. P. State respectively.

In the case of Western Maharashtra there is also an increase in the proportion of landless agricultural labour to the total agricultural population during the period of the two Inquiries as can be seen from the following :—

TABLE V

Percentage of households

	Without cultivated land (NSS) 1956.	Without land (ALE) 1951.
All Agrl. Labour households ...	60·04	52·19
Attached households ...	78·49	48·61
Casual households ...	57·77	52·69

This we are having as the result of the working of the Tenancy Act. During this period many tenants were evicted and they have become landless agricultural labourers working independently or working on the same fields under the conditions of "Nokarnama". It can safely be stated that on account of the addition from the poor peasants and tenants families to the agricultural labour, the percentage of the agricultural labourers population to the total population during the decade must have increased. As stated in the main Report in paragraph 3, the percentage of the agricultural labourers to the total population was 14·79 per cent. in 1951. It must have increased at least to 15 per cent.

On the basis of the above reasoning the agricultural population would be as follows :—

TABLE VI

	1951	1956	1961	1966
(1) Total Population of the State in lakhs.	320	356	395	439
(2) Population of Agricultural workers.	47·3	53·4	59·3	64·9
	@14·8%	@15%	@15%	@15%
(a) Reduction on account of grant of land.			0·25	1·25
(b) Reduction on account of employment in industries.			0·20	0·56
Total reduction (a)+(b)			0·45	1·81
Net population of agricultural workers,	47·3	53·4	58·85	63·09

There would be some reduction in the number of agricultural workers' families on account of distribution of land amongst them from Government waste lands, and whatever surplus land that would be available from the working of the Land Ceilings Act recently passed. Here again, we cannot understand how the Planning Division assumes that nearly 3.95 lakhs of acres of Government waste land have already been distributed during the Second Five-Year Plan to the agricultural labourers. Most of this land according to our understanding was already leased out to Eksali holders and that does not constitute a new addition to the land possessed by the agricultural labourers. Whatever new land has been distributed to the agricultural labourers some land must have been given to the small holders also. The Planning Division has also assumed that on account of the Ceiling Act, about 11 lakhs of acres would be distributed to the agricultural labourers during the Third Five-Year Plan. In addition to this one lakh acres of Government waste land would also be distributed amongst them. One cannot exactly say how much land would be available from the working of this Act but even supposing that such a land is available, how can it be assumed that all of it would be given to the agricultural workers. According to the provisions of this Act it would be given first to the evicted tenants, secondly to the persons affected by the acquisition of their land for public purposes, thirdly, to the ex-soldiers of the Indian Army, fourthly, to the co-operative organisations of the landless persons, agricultural labourers and small holders. From this we can easily understand that if at all the agricultural labourers would get any land, it would not be more than 30 to 40 per cent. of the land that would be available for re-distribution. We are inclined to assume that the agricultural workers would get not more than 50 to 60 thousand acres as new land from the Government waste land during the Second Five-Year Plan and would not get more than two to three lakhs of acres at the most on account of Land Ceilings Act. Those agricultural workers who get land would be mainly working on such land, their status would then be poor or middle peasant. Assuming a family of five gets on an average 10 acres in the distribution, there would be a reduction of 25,000 persons in 1961 and further reduction of 1,25,000 persons in 1966.

The Planning Division of the Maharashtra Government while calculating the additional benefits the agricultural workers would get on account of irrigation, bunding and intensive cultivation, has over-estimated the same and some figures have not been quoted correctly. For example, in the case of additional employment on account of intensive cultivation in the notional cropped area it has assumed that during the Third Five-Year Plan the intensive cultivation would be of the order of 45 lakhs of acres and this would be exclusive of the area irrigated. On page 10 of the Government

publication entitled "An Approach to the Third Plan" the area under intensive cultivation is enumerated as follows :—

TABLE VII

	(Figures in lakhs acres).
1. Irrigated Rice	3.5
2. Assured Rainfall Area—Rice	15.0
3. Irrigated Wheat	4.25
4. Irrigated Millets	10.5
5. Sugarcane	2.6
	35.85

From this it would appear that the intensively cultivated area exclusive of irrigated area would be only 15 lakhs acres, i.e., assured rainfall area under rice. So the figure of 45 [acres is not correct. (Lak) Similarly, there appears to be some discrepancy in the figures quoted on page 18, such as the irrigation potential in the year 1961. The figure quoted in the "Approach to the Third Plan" on page 24 is 25.67 lakhs acres while the figure given by the Planning Division for the same year is 29.34 lakhs acres.

The Planning Division has further taken for granted that all land that would be improved is cultivated through paid agricultural labour. This is not correct. The land belonging to the poor peasants and middle peasants is wholly cultivated by the labour of their families. Only the major portion of the labour on the land of the rich peasants and all labour on the land of the landlords is performed by the agricultural workers. So the increase in employment on account of improvement in land would be on the improved land of the rich peasants and landlords. The land distribution amongst various classes in the agricultural population is as follows :—

TABLE VIII

	Percentage of total agri. population.	Percentage of total land held.
Landlords	5	35
Rich peasants	10	25
Middle peasants	20	25
Poor peasants	40	11.5
Agricultural labour	25	3.5
Total	100	100

Assuming in the case of rich peasant 40 per cent. home labour and 60 per cent. wage labour and in the case of landlords 100 per cent. wage labour the increase of employment for agricultural labourers would be of the order of 50 per cent. (35 + 15) of the total increase in employment on account of improvement of land.

With necessary corrections to the assumption made by the Planning Division the change in the employment situation on account of various land development measures would work out as follows :—

TABLE IX

	1956.	1961.	1
(1) Gross cropped area—lakh acres.	460.82	465.00	471.26
(2) Additional Labour requirement in terms of cropped area on account of irrigation—lakh acres.	22.00	25.00	45.00
(3) Additional labour requirement in terms of cropped area on account of bunding—lakh acres.	0.90	2.20	5.76
(4) Additional labour requirement in terms of cropped area on account of intensive cultivation—lakh acres.	.....	2.53	15.00
(5) Total notional cropped area—lakh acres.	483.72	494.73	536.96
(6) Percentage increase in notional cropped area in 1961 over 1956 and 1966 over 1961.	.....	2.2	8.6
(7) Percentage increase in the earnings of the agricultural labour in 1961 over 1956 and 1966 over 1961 at 50 per cent.	.....	1.1	4.3
(8) Percentage increase in the earnings of the agricultural labour as worked out by the Planning Division.	.....	2.5	14.3

We agree that as the constructional activities increase, the agricultural workers would get certain benefits from works which involve unskilled manual labour, but the assumption of the Planning Division that on account of the industrial development in the rural areas (such as co-operative agricultural processing, co-operative sugar factories, co-operative industries and joint sector industries) the jobs that would be created would be filled in to the extent of 90 per cent. by the workers coming from the ranks of agricultural workers and poor peasants does not conform to the reality as it is evident to anybody that as most of the jobs in the industries which require some technical skill, technically qualified people from the ranks of

middle classes and also from the middle and rich peasant classes get these jobs. These jobs are not enough for half the number of unemployed and semi-unemployed from these classes. Therefore, the assumption that 45 per cent. of such jobs would come to poor peasants and 45 per cent. to the agricultural worker is a gross over-estimation.

TABLE X
Employment Trends and Prospects

(Figures in lakhs).

Job requirements for II Plan.			Jobs likely to be created during II Plan.			Job requirements for III Plan.		
Backlog.	New entrants.	Total.	Non-agricultural sector.	Agricultural sector.	Total.	Backlog.	New entrants.	Total.
<i>Maharashtra.</i>								
4.46	10.35	14.81	6.63	9.37	7.00	7.81	15.00	22.81
<i>All-India.</i>								
52.38	99.95	152.33	56.19	9.96	66.15	86.18	145.67	231.85

It is clear from the above statement that the backlog of unemployed persons in the Maharashtra State is on the increase. So there would be very keen competition for getting these jobs. It would be almost impossible for these unskilled agricultural workers to get jobs in this keen competition to any measureable extent. Assuming the proportion of (1) supervisory, (2) skilled, (3) semi-skilled and (4) unskilled as (1) 10 per cent., (2) 20 per cent., (3) 30 per cent. and (4) 40 per cent. respectively and further assuming that the agricultural labourers' families with 50 per cent. earning members would get 50 per cent. of the unskilled jobs, the likely reduction in their ranks on this account would be $\frac{50,000 \times 20 \times 2}{100} =$

20,000 in 1961 and $\frac{1,40,000 \times 20 \times 2}{100} = 56,000$ in 1966.

We are of the view that agricultural workers who would get land and who would be employed in the processing industries should be deducted from the ranks of the agricultural workers. It is quite obvious that their status changes to that of peasants and industrial workers respectively. Our other colleagues are not agreeable to this proposition. So, we reproduce below a table worked out on the

basis of the Planning Division, but with necessary corrections to their assumptions as discussed above.

TABLE XI

Total income of agricultural labour from	1956		1961		1966.	
	Rs. in lakhs	Increase over 1956 Rs. in lakhs.	Total Rs. in lakhs	Increase over 1961 Rs. in lakhs.	Total. Rs. in lakhs.	
(a) Agricultural wages.	3,930	43 @ 1.1%	3,973	171 @ 4.3%	4,144	
(b) Land ..	393	18 Acres 60,000	411	90 Acres 3,00,000	501	
(c) Construction .	286	286 @ 100%	572	355 @ 62.2 %	927	
(d) Tertiary ..	96	23 @ 24%	119	30 @ 25%	149	
(e) Industry ..	192	50 Jobs 10,000	242	140 Jobs 28,000	382	
Total ..	4,913	420	5,333	776	6,109	
Population of agricultural workers families ..	53.4		59.3		64.9	
Per capita income Rs.	92		90		92.5	

This is on the assumption that (1) agricultural wages do not fall (2) prices of all commodities do not rise, (3) Plan expenditure as envisaged in the Third Five-Year Plan is expended so as to achieve the physical targets envisaged, (4) the private sector invests sums to the same extent as assumed by the Planning Division.