

Working Paper No. 144  
March, 2020

**Absentee Landowning Households in Agrarian Structure  
and Their Implications on Agrarian Economy: A Study in  
Andhra Pradesh and Telangana State**

**Y. Sreenivasulu**



**CENTRE FOR ECONOMIC AND SOCIAL STUDIES**  
Begumpet, Hyderabad-500016

# Absentee Landowning Households in Agrarian Structure and Their Implications on Agrarian Economy: A Study in Andhra Pradesh and Telangana State

Y. Sreenivasulu\*

## Abstract

Indian agriculture is in deep crisis due to many factors resulting in reduction of production and productivity which can be analysed broadly in two ways. The important issue which leads to agrarian crisis is structural problem which can be seen in the growing share of non-cultivating absentee ownership households (absentee landowning households) who own farm land but do not cultivate it. The present study aims to understand the emergence of non-cultivating absentee landowning households in the agrarian economy and examine its implications on agriculture. The survey is carried out in eight villages totally, four villages in Telangana and four villages in Andhra Pradesh. These are selected based on sources of irrigation, i.e., under canals, tube wells and tanks, while dry/rain-fed villages are chosen based on rain-fall (drought affected village). One of the important parameters to select the villages is to represent the highest proportion of land under the respective sources of irrigation; and the next one is the nature of crops.. Different villages selected in the study have the diversity in agrarian structure which characterises the whole of Telangana and AP. All households in the study villages have been surveyed with structured questionnaire to understand the whole village economy and agrarian structure. The agricultural practices are highly dynamic and change from one season to another as well as from one year to another. In order to capture these dynamics, we have collected the quantitative data from the study villages. The study areas were selected based on the available secondary data for different sources of irrigation for districts, Mandals and villages. We collected information related to sources of irrigation from District Hand Book of Statistics and Village Census for both the States. There is an increasing importance for land owning non-cultivating households in agrarian economy. They are significant in terms of number and owning farm land, in public provision of irrigation (canal and tank). In the case of drought-affected and tube well irrigated areas, a less proportion of absentee land owning households are living in towns/cities. The study has found that there is an adverse impact of land owning non-cultivating households on agriculture. They have got access to subsidized seeds, fertilisers, pesticides and crop loans from the government; but these are not accessible to the actual cultivators (tenants). It is clear that all tenants in the study area have depended on informal agents such as moneylenders, commission agents, local input traders, etc., for credit, seeds, pesticides and machinery. It is revealed that there is no evidence of investments on irrigation, machinery and land development by absentee land owning households in the study villages.

Keywords: *Absentee Landowning Households, Sources of Irrigation, Agrarian Structure, Tenants, Cultivators*

---

\*Y. Sreenivasulu is Assistant Professor, Centre for Economic and Social Studies, Hyderabad

## Acknowledgement

I am deeply indebted to ICSSR, New Delhi for awarding me this research project. I wish to express my sincere thanks to Prof. S. Galab, Visiting professor, CESS for giving academic encouragement, constructive comments and suggestions on this paper. I am grateful to Prof. E. Revathi, Director, CESS in this regard. I also express my sincere thanks to CESS faculty members who gave me useful comments and suggestions during my presentation at CESS faculty seminar. I sincerely express my thanks to investigators Naidu, Parusuram, Ramesh, Sidaiah Murty, Suresh, Chanti, Hemanth and SrinivasRao. Without their support, it would not have been possible to collect data from the villages in the hot summer. They have wholeheartedly supported in the collection of secondary and primary data for the study. Thanks to our research staff Dr. Tajuddin Md, C. Nandhini and Poojitha for their assistance at various stages of the work. I am thankful to Dr. A. Venkateswarlu and N. Sambasiva Rao for editing the draft report. Finally, I am grateful to the households of surveyed villages who have given their valuable time and shared insightful information

Author

## 1. Introduction

The general impression about agriculture in India is that it is not remunerative. A long-standing and unending debate in India is its agriculture is in deep crisis. This crisis could be due to many factors and would often result in reduction of production and productivity which can be analysed broadly in two ways. Firstly, agricultural crisis results in decline of production and productivity due to weather uncertainties, lack of credit, market imperfections, lack of appropriate technology, lack of infrastructure, price fluctuations, pest attack and regional imbalances (Dantnala, 1986; Acharya, 2001). Secondly, crops are destroyed due to unseasonal rains, droughts, floods and pest attack. The latter are generally the main causes for suicides of many farmers forcibly in different parts of the country. Another important way to look at the agrarian crisis is the structural problem, which can be seen in the growing share of non-cultivating farmer households who own farm land but do not cultivate it (Vijay, 2012; Vijay and Sreenivasulu, 2013). Here we have discussed the different forms of agrarian structure built on ownership and control of land. The theoretical approach fundamentally focuses on the nature of agrarian structure, ownership and control of farm land, process of production and relationships of people in the process of production. The present study would attempt to show that structural approach is more relevant to understand agrarian crisis in India. This approach emphasises that the agrarian crisis is '*class specific*' among those who own and control farm land, on the one hand, and on the other, those who access the land as tenants on the other. For better understanding of agrarian structure the sources of irrigation is also important. It has been also observed that wherever there is public provision of irrigation such as canals and tanks, there is a sizable extent of land under the control of non-residents (Sreenivasulu, 2015). Also, wherever more land is under the control of non-residents or absentee land owning households, there is high probability for the generation of informal tenancy. There are a few evidences to say that the Indian agrarian structure is transforming towards marginalization as the proportion of large (big) land owners has declined in farm sector significantly over a period (Agriculture Census, 2011). Against this back drop, the present study aims to understand the importance of absentee land owning households in the agrarian economy and their implications on agriculture.

This paper is divided into seven sections; second (next) section is given brief about the survey. The third section gives account of the agrarian structure in the study villages. The profile of the absentee land owning households is discussed in the fourth section. Section five presents the implications of absentee land owning households on agrarian economy. Conclusions are presented in the final section.

## 2. Agrarian Structure in Study States: A Historical View

Water is one of the essential components of five great elements in the world. When it comes to agriculture, cultivation is generally categorized into two forms: wet and dry. While dry cultivation wholly depends on the rainfall, wet cultivation depends on the supplementary water supply through rivers, canals, tanks or wells. Irrigation is a centuries-old supplement which is still in practice<sup>1</sup>. Historically, being an agricultural country and dependent on rural economy, India made provisions for storage of water in big tanks, reservoirs and dams to meet the requirements of the farming community in different seasons. It is found that from the *Rig Vedic* period onwards adequate steps were taken for irrigation of the fields; even during Nanda-Mauryan periods more efforts were made on irrigation front. They saw this as an object of solicitude and regulated the supply of water and also derived revenue from it. Even Kautilya mentioned that the works related to irrigation of crops had to be charged. This way, different charges/taxes were collected according to the kinds and methods of irrigation practised<sup>2</sup>. There were three different rates for the lands served by the state irrigation works and there was a uniform rate of 1/4 of the produce for lands irrigated by rivers, lakes, tanks and wells. In the Medieval period, Andhra was ruled by three dynasties - Kakatiya, Vijayanagara and Qutub Shahi. All these dynasties encouraged the construction of lakes, wells, canals and dams, seeking not only the celestial benefits and salvation but also raise revenue<sup>3</sup>. If we look at the Telangana region, it is known for its tanks - some natural and some man-made. During the Kakatiya rule, the construction of lakes was regarded as one of the *Spatasantan* as. Tanks were dug or constructed in between two hills and these constructions were maintained by royal patronages. Vijaynagara rulers also constructed many tanks, ponds, dams, wells and canals. They also brought waste and barren lands into cultivation in the Rayalaseema region. The Qutub Shahi sultans of Golconda also followed the same as their predecessors<sup>4</sup>. Some studies by Sreenivasulu (2015), Parthasarathy and Prasada Rao (1969) have pointed out that the source of irrigation and the degree of level of irrigation in agriculture shows a wide variety in agrarian structure of different regions. However, the agrarian structure is different between agriculturally developed regions and less developed regions (Bhalla & Sheila, 1983; Ramachnadran, Rawal & Swaminathan, 2010). It is highlighted from the existing literature that there are different forms of agrarian structure across different agro-climatic regions under different sources of irrigation.

---

<sup>1</sup> See Trent (1955) for his village study in Mysore district.

<sup>2</sup> Puri (1968) gave the historical evidences of the irrigation purposes of the kingdoms since the Rig Vedic period till the Medieval period in his work.

<sup>3</sup> [http://shodhganga.inflibnet.ac.in/bitstream/10603/27431/10/10\\_chapter\\_4.pdf](http://shodhganga.inflibnet.ac.in/bitstream/10603/27431/10/10_chapter_4.pdf).

<sup>4</sup> Ibid 3

In the pre-independence period, there was despotism or autocracy, under which the whole land was being considered as the private property of the ruler<sup>5</sup>. It was pointed out that unlike the Zamindars and Jagirdars of other parts of India, the Jagirdars of Hyderabad state had no proprietary rights over the land. They were only entitled to collect the revenue from the land which was under their supervision. Following the abolition of Estates Act, 1948, most of the Zamindars in Andhra region (under Madras presidency) - such as Rajas of Challapalli, Bobbili, Yelamarru, Kapileswarapuram and Munagala - sold their estates and invested in non-agricultural sector. However, the landlords who collected land rent from peasant cultivators also sold their land and shifted to non-agriculture in towns/cities. In the 1950's, these could be seen from two important studies in united Andhra Pradesh: one from the Andhra region by B.S. Rao (1963), and another from Telangana region by A.M. Khusro (1958). According to Rao's study, for the period 1954-55 the percentage of land under tenancy cultivation was 17.9 in Krishna and Godavari delta but the proportion was less in Rayalaseema and the rest. The study had found that those who owned more than 10 acres of land were found to lease-out land. It implies that these farmers leased-out to small and marginal farmers and even to the landless (pure tenants). The pure tenants who leased-in land were 9.2 per cent to total cultivators in the region. The 1961 decennial census shows that there were 2.66 million non-cultivating rural households accounting for 40.16 percent of the rural households. In 1971-72 there were 2.508 million non-cultivators (36.05 percent) in Andhra Pradesh (AP).

In Telangana region, land was under feudal landlords such as Jagirdars, Piagas and Sarfe-khas. These feudal landlords were abolished under "The Hyderabad (Abolition of Jagirs) Regulation, 1358 Fasli (1948)" in September 1949, after police action (Sundarayya, 1977; Venkateswarlu, 2003). In the aftermath of Telangana peasant movement; the government enacted the Hyderabad Tenancy Act (HTA), 1952. The Act conferred tenancy rights on those who had been cultivating the lands and paying rent to Jagirdars, Deshmukhs, Maktedars and Banjardars. The Act provides all peasant cultivators and "protected tenants" would get occupancy rights. Most of the feudal landlords sold their lands due to Hyderabad Tenancy Act and invested in non-agriculture and shifted to towns/cities. Prior to September 17, 1948, there was a high degree of exploitation in various forms by the landlords. The landlords maximised the benefits obtained from agriculture through patron-client relationship in which the duties of the landlords were to provide minimum needs to the labourer/tenant for subsistence. The percentage of area under tenancy system in 1953-54 was higher in Telangana region (18 percent in

---

<sup>5</sup> See Khusro(1958).

Jagirdari areas, and 20.3 percent in Dewani areas). It was higher than that in the Andhra region during 1953-54. The proportion of tenants and area under tenancy witnessed a rapid decline between the 1960s and the 1970s due to dispossession of land rights (Parathasarathy and Prasad Rao, 1969).

### *a) Agrarian Change*

This study fundamentally focuses on the nature of agrarian structure, ownership and control of farm land, process of production and relationships of the people in the process of production. The overall conceptual framework of the analysis is concerned with the term 'agrarian change', to mean change in agrarian economics and societies. The development models broadly analyse three areas: First, technology, modes of production, farm size-productivity relations and inter-relationships in farming system (among rural markets). Second, decision-making models which focus on construction of investment decisions regarding the process of production and innovations. Third, theoretical aspects concerned with structural views, particularly ownership and control of land, process of production and relationships of people in it.

Many studies have pointed out the different dimensions of agrarian class structure which influences the production relations in agriculture and their implications (dynamics) in agriculture (Byres, 1981 & 1999). The International Monetary Fund (IMF) and the World Trade Organization (WTO) through liberalization, privatization and globalization brought new changes in the agrarian structure. This has an adverse impact on Indian agrarian structure because of which farmers are unable to compete in international markets. It has badly affected the big farmers who are the risk-loving agents in agriculture. They did not get remunerative prices in local as well as national and international markets. It is the main reason why the big farmers have left agriculture and moved to alternative non-agricultural opportunities to enhance income. Some of these big farmers sold their farm lands and a few others leased-out. This situation is prevalent in canal irrigated areas particularly in the coastal regions of Andhra Pradesh (Sreenivasulu, 2015). The main features of the agrarian structure of the Godavari and Krishna delta regions are extreme concentration of land in the hands of absentee land owners who have settled down in towns/cities. This implies the escape from agriculture's risk by rent-seeking group such as traditional non-cultivators, NRIs, and non-cultivating farmers (NCFs), who were cultivators earlier and are looking for speculative value for land; and also the parents of software engineers (Vijay and Sreenivasulu, 2016). A large number of these categories of farmers have diversified into non-agriculture sector, after benefiting significantly from the Green Revolution. The surplus generated has been invested in non-agriculture sector (Lerche, 2011). When a large proportion of land owners have left agriculture, it has affected the livelihoods of various groups of the farming community

in the village economy (Bardhan, 2011). This has no impact on agricultural development. But farmers leasing-out own lands for rent without investing the surplus in agriculture is a problem. Many studies have pointed out that the recent changes in agrarian economy are due to decline in number of self-cultivators (Vijay, 2012), casualisation of labour (Deshpande and Shah, 2007), rise in informal tenancy (Sreenivasulu, 2015) and emergence of small and marginal farmers as a dominant group in agriculture (Reddy and Mishra, 2009). This indicates that the non-viability in farm sector is increasing (Reddy and Mishra, 2009; Rao, 2009). In this situation, the lessor (land owner) will not invest in land development; modernization of agriculture will not happen; and innovation will not be possible in agriculture. The agricultural output is gradually declining due to increasing number of poor peasants who have less potential to enhance production and productivity. It is alarming that Indian agriculture is moving towards a crisis.

Dev (2008) rightly mentions that the rural economy has developed in complex ways. What are the means by which rural households reproduce themselves? And what kind of differentiation might result? These questions will continue to play a crucial role in the rural economy of the country. He says that given these complexities it is mostly the petty commodity producers who become extremely vulnerable and struggle to survive/sustain themselves in conditions where they cannot grow and if any surplus, it is purely accidental. This vulnerability is accentuated further, given that rural banking is not in favor of small and marginal farmers, tenant farmers, and other vulnerable groups. For the credit and other inputs the small and marginal farmers depend largely on moneylenders, commission agents and others. Narasimha Rao and Suri (2006) studied the dimensions of agricultural distress and found that about 70 per cent of the farmers had borrowed from the fertiliser/pesticide traders at 24 percent interest rate during the cropping period. The small and marginal farmers are also forced into the wage market because of their insufficient holding size (Rao, 2007). They cannot introduce modern inputs and high-yielding varieties which involve high risk. Now, there is competition in the open economy. The focus has been shifted to market and trade which has necessitated the generation of market-friendly economy.

Majority of cultivable lands are under non-resident owners and some of them are big owners owning land in many villages. Some are traders/commission agents who live in neighboring towns (market centers). Some of them live in cities for their children's education and are actively involved in non-agricultural activities like real estate, film industry and other services. It is very beneficial for them to get rental income as well as non-agricultural income. It is the main reason for the emergence of non-cultivating peasant households (NCPHs) in the farm sector (Vijay, 2012). These are the conditions which caused for the rise in extent of land under tenancy. A recent study by Vamsi, *et al*

(2011) has pointed out that tenant holdings operate about 75 per cent of land in total land operated in the Konaseema region of AP. In this situation the proportion of leased-out land by non-resident households was (60 per cent to total cultivatable land) which was not reported in canal irrigated villages (Sreenivasulu, 2013; Vijay and Sreenivasulu, 2013). Another State government report (Land Committee Report, 2006 under the chairmanship of Koneru Ranga Rao) reported that 55-60 per cent of cultivated lands were under lease in the study villages of East Godavari, Krishna and Guntur districts. Similarly, a report of the State level committee (2011) which was appointed by the Government of Andhra Pradesh to study the problems of farmers in crop holiday mandals of East Godavari district of AP (2011) under the chairmanship of Mohan Kanda reported that the informal tenancy system was high in these areas and it comes to nearly 50–60 per cent of the sown area. One more study by Ramachandran, Vikas and Swaminathan (2010) examined the different aspects of tenancy in Ananthavaram village in Guntur district and compared them with Sundarayya's observations of 1977. Their study showed that the cultivation of land under tenancy was widespread and the incidence of tenancy had increased sharply over the last three decades. The proportion of households with leased-in land had increased from 18 per cent in 1974 to 37 per cent in 2006. Thus, the literature shows evidence that tenancy is an emerging non-labour institution in the rural economy. Earlier, most of the tenants were owner-cultivators-cum-tenant groups. Now, it is changing slowly and landless labourers are entering into land lease market as pure tenants and supply side non-cultivating absentee land owners are emerging high in the agrarian structure. For the landless labour, when they enter into lease cultivation with small pieces of land, it is not viable to introduce new methods of cultivation. It is the main reason why the sharp decline or stagnation in productivity or production is in relatively agriculturally rich regions like coastal Andhra, Punjab and Haryana. On the other side, non-cultivating absentee land owning households (NCALOHs) are a rent-seeking group who are not reinvesting the agricultural surplus in agriculture sector.

Another group is middle men who are benefiting continuously by supplying agricultural inputs to farmers and outputs to the market (Chandrasekhar and Ghosh, 2007). They are traders and moneylenders who are exploiting the other rural classes. It is noticed that they are numerically very small but economically very strong in rural areas. This group escapes from agricultural risks and exploits the poor peasants by collecting high rate of interest for the credit extended. At the same time, the size of capitalist category of farmers also has declined drastically in agrarian structure and agriculture is being marginalised which is advantageous to the middle men. On the other hand, the peasant class is living on subsistence economy as they do not get remunerative income from agriculture due to various adverse conditions they are facing in this type of agrarian economy. It is noticed that the poor peasant economy has been established even in the

areas where agriculture is prosperous. The peasants are unable to reinvest and introduce new technologies/innovations in the process of production. This is the main reason for low productivity and low utilization of resources. The poor peasant (PP) producers, such as marginal and small farmers and tenants, who are operating land with family labour and exchange or group labour do not produce for the market. The share of poor peasant households who depend on wage labour is minimal. It implies that the daily wage labour market has become uncertain and inactive (Ramesh Chand, 2015). As a result, the proportion of pure tenants (landless) is high in agriculturally prosperous areas. It is a subsistence tenancy or another alternative for landless households' survival in the village. Similarly, there would not be any expectation of high profits. It is subsistence farming without investing in modern/ new capital equipment. Lerche, (2011) has pointed out in his study that Indian agriculture is in a crisis because the annual growth was very low (0.6) during 1994-95-2004/05 and also the informal institutions such as input traders/moneylenders who are highly exploitative have comeback. It is one of the causes for poor farmers to commit suicides. The poor farmers' (small and marginal) proportion in agriculture is drastically rising over the period.

**Table 1: Trends in Percentage of Operational Holdings and Area of Small and Marginal Farmers in Telangana and Andhra Pradesh**

State	Year	1970-71	1975-76	1980-81	1985-86	1995-96	2000-01	2005-06	2010-11
TS	Number	57.53	60.01	68.26	69.89	77.88	80.56	81.7	85.84
	Area	14.46	17.17	25.95	27.01	39.93	43.52	46.1	55.44
AP	Number	71.23	71.23	76.44	78.16	82.67	84.18	84.68	86.26
	Area	15.21	26.14	33.33	35.66	44.83	48.5	50.2	54.47

*Source:* Agricultural Census.

According to Agricultural Census, there is a huge increase in number of marginal and small holdings with small units of land, i.e., below two hectares in Telangana and Andhra Pradesh. In 1970-71, the small and marginal holdings were 57.53 percent in Telangana and 71.23 per cent in Andhra Pradesh, which increased to 86.86 percent to total agricultural holdings in both the States in 2010-11. Similarly, the area operated by small and marginal farmers has increased from 14.46 per cent in Telangana and 15.21 per cent in Andhra Pradesh in 1970-71 to nearly 55 per cent in 2010-11 in both the States. Family division is one of the reasons for sub-divided lands; while another reason which is not reported is that the big landowners lease-out land to the landless and small farmers. The study has found that there is a significant rise in marginal and small holdings, compared to other size holdings. According to VS Vyas (2003), there is stagnation in agricultural productivity and production. At the same time, there is also stagnation in

the prices of output, and rise in the prices of agricultural inputs over the period. This has seriously affected the economy of large number of marginal, small and tenant farmers. As a result, some landowners have shifted to non-agricultural activities. All landless agricultural labourers, female labourers, small, marginal and tenant farmers depend on agriculture for their livelihood. There are a number of small, marginal and tenant farmers committing suicides even in agriculturally advanced districts such as Warangal, Karimnagar and Nizamabad in Telangana (Revathi, 2014). This section of peasants has low income, lower capacity, and weak assets. They cannot bear sudden shocks in agriculture and their capacity to participate in the development process is very low. The crisis in agriculture has made a situation of suicides in the farming community of marginal and small holdings. As per the National Crime Records Bureau Report (NCRBR, 2014) among the farmers who committed suicides, 44.5 per cent are small farmers and 27.9 percent are marginal farmers, together accounting 72.4 per cent of the total farmers who committed suicide (4,095 out of 5,650). The suicide rates are high in Maharashtra and Telangana. Total farmer suicides in Maharashtra and Telangana put together account for 2,516. Within the total suicides of both states, the marginal farmers form 53.1 per cent (1,135) and the small farmers occupy the share of 14.5 percent (366) respectively<sup>6</sup>.

*b). Declining Number of Big Land Owners and Cultivators*

Some studies discussed about the existence of semi-feudalism in Indian agriculture in the 1970s (Rao, 1970, Bhaduri, 1984, Prasad, 1973, Chandra, 1974). Ashok Rudra (1978) mentioned that the capitalist utilises the surplus as reinvestment for extending scale. It implies the extraction of surplus through purchasing labour power at market rate. His survey of big landowners (>20.0 acres) results in 1969 came out with a negative conclusion that their study could not find the animal called 'capitalist farmer' as the significant correlations between some pairs of variables in Punjab. But R.S Rao commented on Rudra's methodology, which had failed to identify the capitalist farmers in Punjab. Some recent studies have highlighted the aspects of agrarian structure and agrarian capitalism in different regional variations in agriculture (Lerche, 2011, Ramachandran, 2011, and Basole and Basu, 2011). Bernstein argues that the "Question of Capital" has been bypassed. Here we need to understand how the capital has been bypassed in agriculture. Then what are the ways? Daniel Thorner (1956) pointed out the flow of funds from towns/cities into rural agriculture. He identified "gentleman farmers" who used to invest in agriculture using non-agricultural surplus because it was highly profitable. According to Utsa Patnaik (1971) one set of new class of capitalist farmers is emerging during the post-green revolution period because of expanding market economy and enhanced profitability in agriculture. She defined capitalism/capitalist

---

<sup>6</sup> [http://ncrb.nic.in/StatPublications/ADSI/ADSI2014/chapter\\_2A%20farmer%20suicides.pdf](http://ncrb.nic.in/StatPublications/ADSI/ADSI2014/chapter_2A%20farmer%20suicides.pdf)

character in relation to the big land owner who cultivated land with free wage labour (FWL) rather than unfree labour force such as slaves, bonded labour, servants, etc. Her opinion is that the characteristics of capitalist cultivation can use wage labour and generate surplus value also for accumulation and reinvestment of surplus value in order to expand the market economy (an ever-expanding scale).

Utsa Patnaik's (1971) study shows that there was significant investment in agriculture during the green revolution. Many studies have pointed out that the recent changes in agrarian economy are shrinkage of self-cultivators (Vijay, 2012; Deshpande and Shah, 2007; Sreenivasulu, 2015; Reddy and Mishra, 2009). It is alarming that Indian agriculture is moving towards a crisis. Table 2 shows the drastic decline of large farmers in Telangana and Andhra Pradesh from 1970-71 to 2010-11.

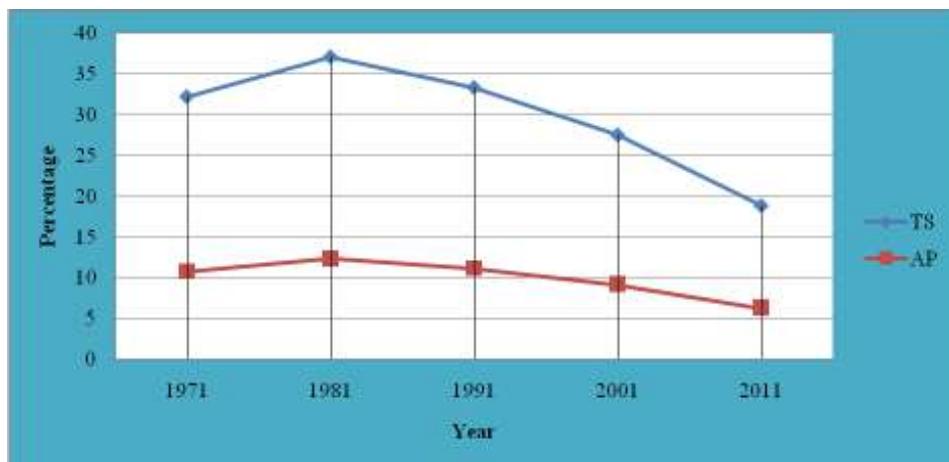
**Table 2: Trends in Percentage of Operational Holdings and Area of Large Farmers in Telangana and Andhra Pradesh**

State	Years	1970-71	1975-76	1980-81	1985-86	1995-96	2000-01	2005-06	2010-11
TS	Number	6.12	4.67	2.66	2.31	0.89	0.69	0.57	0.28
	Area	35.34	27.97	21.11	18.95	9.24	8.62	7.04	4.01
AP	Number	-	2.6	1.72	1.44	0.69	0.48	0.38	0.26
	Area	-	22.16	18.16	15.27	8.55	6.6	5.3	3.75

*Source:* Compiled from various Agricultural Census reports.

The data on landholdings in Table 2 shows that large holdings as well as area have declined in both the States significantly. The share of area of large farmers has declined from 35.34 percent in 1970-71 to 4.01 percent in 2010-11 in Telangana. In AP, the share of area of large farmers has declined from 22.16 per cent in 1975-76 to 3.75 per cent in 2010-11. In the the case of landholdings of large farmers, they have declined from 6.12 per cent in 1970-71 to 0.28 percent in 2010-11 in Telangana; and from 2.6 per cent in 1975-76 to 0.26 per cent in 2010-11 in Andhra Pradesh. The trends show that the large holdings accounted for not more than 0.3 percent to total holdings in both the States; while the share of area of large farmers accounted for less than 5 percent in both the states. The big landowners are the major labour-demanding segment in agrarian sector. Though the proportion of big landowners is very small, they relatively own more amount of land.

Figure 1: Declining Trends in Percentage of Cultivators in Total Workforce in Telangana and Andhra Pradesh



Source: Compiled from various census reports.

According to agricultural census data, the share of cultivators is declining in both the States over the years. The share of cultivators to total workforce in Telangana was 32.27 per cent in 1971; and it has declined to 18.89 per cent in 2011. Similarly, cultivator's proportion to total workforce declined from 10.75 per cent in 1971 to 6.28 per cent in 2011 in Andhra Pradesh.

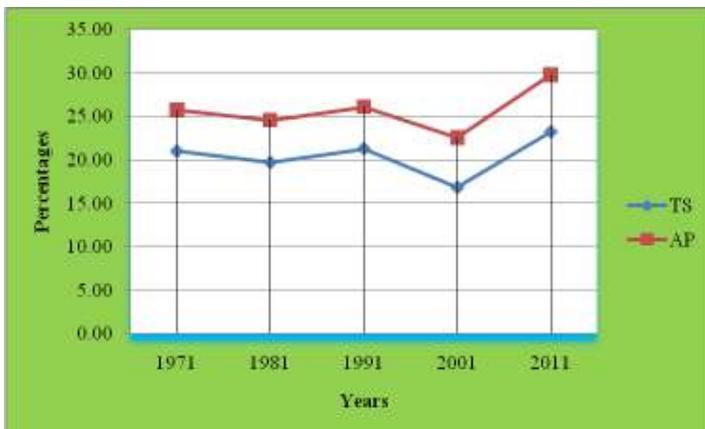
### c) Rural Labour Market

One argument is that a well-formed labour market is a necessary condition for the development of a developing economy like India (Sheila Bhalla, 1992). It directly influences the wage rate and indirectly affects the level of capital accumulation among cultivators who use hired labour. It implies the division of agricultural households (AGHs) into labour-demanding and labour-supplying. It is beneficial to both sides: labour-supplying as well as labour-demanding households in the village economy. Rural labour market (RLM) has been studied in the demand-supply framework with a neo-classical perspective. Many studies analysed the performance of rural labour market based on wages and employment (Parthasarathy, 1996; Ravi Srivastava and Richa Singh, 2005; and Chavan and Bedamatta, 2006). The performance of rural labour market does not only depend on wages or employment, but also on agrarian structure, where the rich peasants are dominating the economy. The employment for labour would be possible where rich peasants are dominating. The major constraints of the rural labour market are absence of full employment, due to (i) absence of rich peasants and (ii) marginalisation of agriculture, lead to less employment of rural labour. Irregular labour demand by land owners is the main reason for germination of land lease market in rural economy. The land owners are willing to lease-out their lands as they prefer to exit from agriculture

(Dev, 2008). The labourer would prefer to lease-in land because of more supply from non-cultivating absentee land owning households, who stopped self-cultivation in the village.

The book *Agrarian Crisis in India* edited by D. Narasimha Reddy and Srijit Mishra highlighted the agrarian question of labour and problems of small capitalist farmers. The number of farmers owning less than one hectare of land is rising significantly. It implies “marginalisation of agriculture” where rural labour market is also becoming inactive. There is difficulty in getting employment for agricultural labour (AGL) throughout the year and there is huge employment uncertainty in rural labour market. Bardhan (2011) observed that the landless agricultural labourers did not commit suicide due to seeking employment wherever it was available for their survival. The self-exploitation labour, and undercutting of consumption is at the core of Chayanov’s theory for the survival of small farmers in peasant agriculture. But the labourers who become tenant farmers are not self-exploiting, as they are flexible to move from agriculture to non-agriculture and from one village to other, just as the other agricultural/ rural labourers do. The real wages in agriculture are rising in certain periods due to shortage of labour, due to MGNREG. Thus, the agricultural labourers would survive and they did not face any agricultural shocks; and thus it is the main reason why they did not fall in the suicide trap. The permanent labour such as bonded labour, attached labour and various unfree labour have declined significantly in agriculture; it is because of high casualisation of rural labour market (Nancharaiah, 2001). However, most of the labour households are in land lease market because they operate leased-in land with family labour, which is unpaid labour.

Figure 2: Trends in Percentage of Agricultural Labour in the Total Work Force in Telangana and Andhra Pradesh

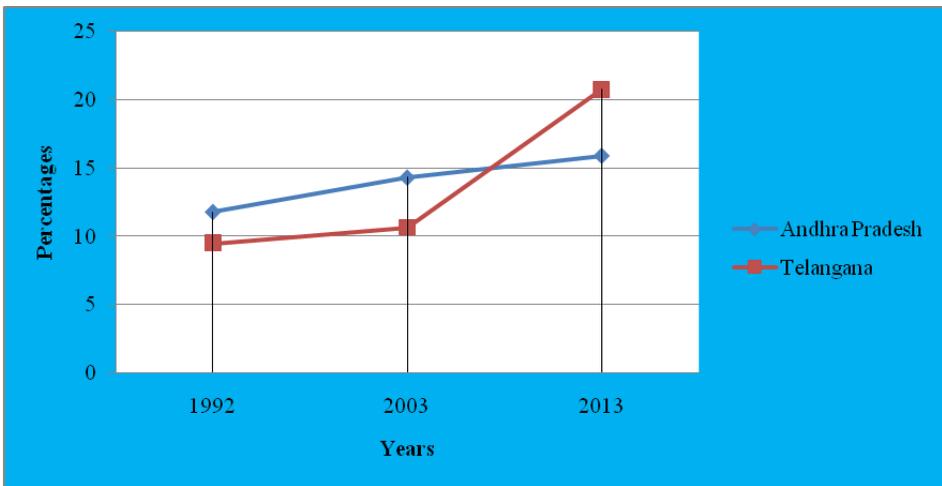


Source: Compiled from various census reports.

Figure 2 shows rise in the share of agricultural labour particularly between 2001 and 2011, in both the States. The share of agricultural labour to total workforce is high (29.85 per cent) in Andhra Pradesh compared to Telangana State (23.27 per cent). It has increased slightly from 21.04 per cent in 1971 to 23.27 per cent in 2011. Similar trend has been observed in Andhra Pradesh where the share of agricultural labour has increased from 25.75 per cent in 1971 to 29.85 per cent in 2011. The data shows that the share of agricultural labour and marginal/small farmers is increasing in both the States whereas the share of big farmers and cultivators has declined drastically.

From Figure 3 it can be observed that the proportion of landless households has increased slightly from 11.8 per cent in 1992 to 15.93 per cent in 2013 in Andhra Pradesh. The share of landless households in Telangana State is more or less constant from 1992 to 2003. It has increased drastically from 10.64 per cent in 2003 to 20.77 per cent in 2013. In Telangana, the sudden rise in the proportion of landless households is due to unviable agriculture.

Figure 3: Trends in Percentage of Landless Households in Telangana and Andhra Pradesh



Source: Compiled from various NSSO reports.

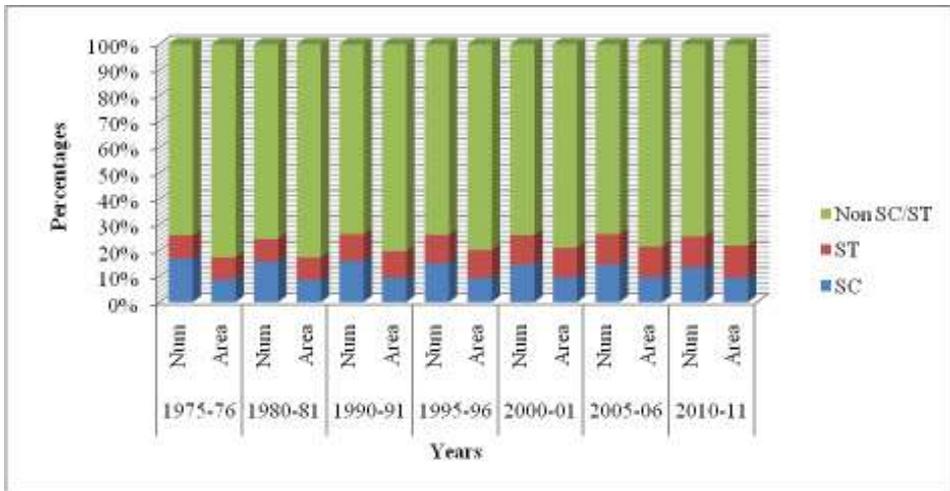
## 2. Landholdings and Agrarian Social Structure

Caste is the more relevant factor to understand the agrarian structure. It is observed that some deprived castes are excluded from ownership of land historically in India (Jodhka, 2014). Economists did not focus much on social relations in agrarian structure. But there are many studies on the framework and political economy which focus on agrarian class and, mode of production. But, there is very little research done on caste and agrarian structure (Jodhka, 2014). Focusing on caste and agrarian structure, this study has tried

to understand “Why Scheduled Castes (SCs) are excluded from ownership of land/landholding?”. There is clear evidence that the number of “upper caste” households depending on farming is declining. But there are lower caste people who worked as agricultural labour earlier are now moving as cultivators through tenancy system. But the ownership of land is not transferred to lower caste households (Figures 4 and 5).

The percentage on holdings by caste in Telangana (Figure 4) shows that there is a decline in landholdings of SCs from 17.06 per cent in 1975-76 to 13.39 in 2010-11. But there is a marginal increase in the area operated from 8.82 per cent in 1975 to 9.49 per cent in 2011. The number of holdings of Scheduled Tribes (STs) is increasing over the decades. In 1975 their percentage of holdings and area were 8.95 and 8.59 per cent, respectively, which increased to 12.1 and 12.45 per cent, respectively by 2011. In the case of non-SC/ST households their holdings have increased from 73.97 per cent in 1975 to 74.5 per cent by 2011. However, their area has declined from 82.58 per cent in 1975 to 78.04 per cent in 2011.

**Figure 4: Distribution of Operated Land across Social Groups in Telangana State**



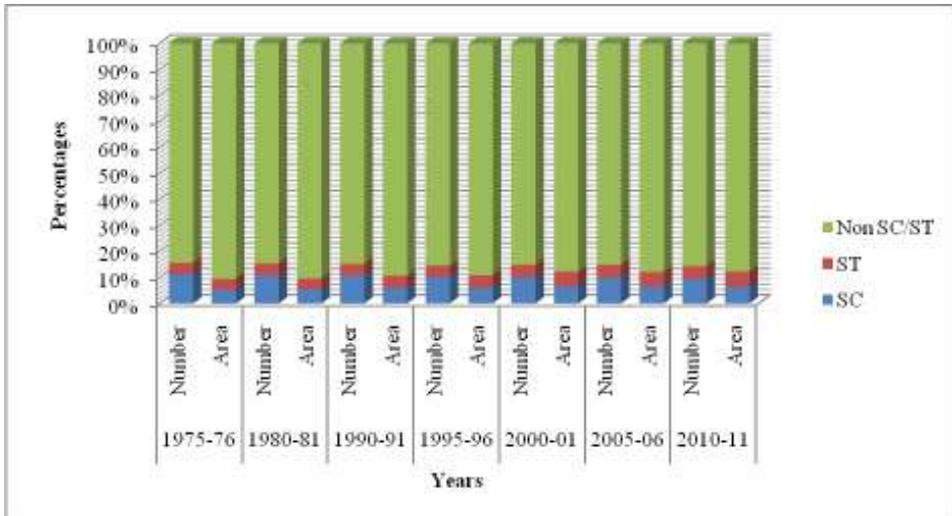
Source: Report on Landholdings from 1975-76 to 2010-2011, Directorate of Economics and Statistics, Government of Andhra Pradesh.

The land holdings of SCs, STs and others show that there is an increase of holdings by marginal and small farmers across these three groups over five decades. The holdings and area of marginal class was 58.59 per cent for SCs, 31.94 per cent for STs and 37.32 per cent for others in 1975 which increased to 74.73 per cent for SCs, 25.41 per cent for STs and 60.2 per cent for others in 2011. Holdings of small farmers belonging to SCs were 58.59 per cent in 1976 which increased to 74.73 per cent in 2011. While the small holdings other than SC category declined from 20.59 to 18.09 per cent, the area increased

from 20.39 to 31.5 per cent. In the case of STs and others there is a substantial increase in both holdings and area. It is found that in the category of semi-medium, medium and large farmers there has been a drastic decline in holdings as well as area over five decades. This shows that most of the farming community now belongs to marginal and small farmer category.

Figure 5 explains the operational holdings and area of different social groups from 1975-76 to 2010-11 in Andhra Pradesh. Though the SC households hold about 13.4 per cent of the total holdings, their operated land is only 6.9 per cent in 1976-77. The percentage of SC holdings is observed to have declined to 11.81 per cent, but their operated land share increased slightly to 7.87 per cent in 2005-06. In the case of STs, we observe that the number of holdings as well as operated area increased slightly, that is, from 6.3 per cent holdings in 1975-76 to 7.7 per cent holdings in 2010-11 and from 6.2 per cent operated area in 1975-76 to 8.40 per cent operated area in 2010-11. The other communities constituted about 80.3 per cent of the total holdings and operated about 87 per cent of the total operated area. However, the percentage of holdings of others remains the same (80.3 per cent), while their share of operated area has slightly declined from 86.9 per cent in 1975-76 to 83.73 per cent in 2010-11. The share of SCs and STs in operated area is slightly increased between 1975-76 and 2010-11, while in the case of other communities, their share of area has slightly declined.

**Figure 5: Distribution of Operated Land across Social Groups in Andhra Pradesh**



Source: Report on Landholdings from 1975-76 to 2010-2011, Directorate of Economics and Statistics, Government of Andhra Pradesh.

The rural labour market has become completely casualised and contract labour (group labour) is being practiced. The proportion of landless households is increasing among lower caste households. They are also looking for alternatives beyond agriculture. Some of the communities had disappeared in the production process of agriculture. In the village setting, the landlord system and hierarchal caste order have weakened or are declining. The share of youth working in farm production process is very less. The proportion of lower castes such as SCs depending on rural labour market is also declining significantly. The personalised relations in farm production have also weakened. The youth are not interested to engage themselves in agriculture, as they want to move out of agriculture.

### **3. Objectives of the Study**

1. To understand the nature of agrarian structure in canal, tube well, tank irrigated and drought-affected villages;
2. To map the changing role of absentee land owning households in agrarian sector;
3. To assess the impact of absentee land owning households on agrarian economy.

### **4. Concepts and Research Methodology**

The survey carried out in totally eight villages, four villages in Telangana and four villages in Andhra Pradesh. These are selected based on sources of irrigation, *i.e.*, canal, tubewell, tank and rain fall (drought effected village). In addition to the fact that the important criterion for selection of villages is based on the highest or majority of land being under the respective sources of irrigation, the nature of crops also is considered as one of the parameters.. These villages show the diversity in agrarian structure as general characteristic of the whole Telangana and Andhra Pradesh. All households in the selected village have been surveyed with structured questionnaire to understand the whole village economy and agrarian structure. The study would cover most aspects of their farm, non-farm and entire household activities. For the purpose of the study four districts were selected based on the said parameters in Telangana State and the same method was used for selection of mandals and villages. But for the selection of villages we have taken irrigation data of recent years from Mandal Revenue Office. The method adopted in Telangana was applied in Andhra Pradesh also for identifying the villages in the State. The villages selected from each district represent the multi-caste habitat villages where agriculture is the primary occupation.

The study has looked into the pattern of agrarian structure, including the market institutions that have a tendency to undergo changes and transform themselves. These changes are associated with the level of development of the region or sub-region. This is more so when the total economy is not well-integrated within itself. The existence of agro-climatic regions in Telangana and AP illustrates that the low levels of development are grouped in these regions. These agro-climatic zones are classified based on the geophysical characteristics such as rainfall, nature of soils, climatic conditions, source of irrigation, *etc.* Various studies carried out to understand the changes in agrarian structure have highlighted the source of irrigation to determine the scale of agricultural development. For the purpose of this study the districts were selected on the basis of source of irrigation. From these districts, mandals and further villages were selected based on the same characteristics. Thus four villages were selected from each State by using purposive sampling method. Apart from this, the other criteria followed were that the villages should be of moderate size and should not reflect the semi-urban characteristics and agriculture should be a predominant livelihood source. The village should comprise multi-caste households to understand the structural changes occurring in the village economy. In order to capture the dynamics, we have collected the quantitative data from the selected villages covering five different agro-climatic zones. We have laid equal emphasis on understanding the wider agrarian structure and socio-economic processes that include caste and class dynamics, socio-cultural variations, state policies and impact of peasant struggles on existing agrarian relations and conditions.

*Secondary Data:* The study used both secondary and primary data sources. The study areas were selected based on the available secondary data for different sources of irrigation for districts, mandals and villages. We have collected information related to sources of irrigation from District Handbook of Statistics and Village Census for both the States.

*Primary Data:* It is common to present data on farm households on the basis of land classification; either land owned or operated. Just in other studies, we have taken five broad categories: Marginal (less than 1.25 acres), Small (1.26-2.5 acres), Semi-medium (2.51-5 acres), Medium (5.01-10 acres) and Large (10.01 and above). And also farm households are classified by different social categories (SC, ST, BC and OC). As part of primary investigation, an attempt has been made to cover all the households in the selected villages. A structured questionnaire was canvassed across the selected households in the villages and information was collected. We have designed the structured questionnaire in order to understand the changes in agrarian structure across different settings in villages of both the States.

We have classified the village households into four broad categories. Four-fold classification of households based on land owning and operating provides a simple and

useful categorization of households to understand the agrarian structure in the village. The four broad classes of households are: 1) Absentee land owning households living in the urban areas (cities/towns) or Absentee land owning households living in the villages, 2) Cultivators 3) Tenants and 4) Agricultural labour.

*Absentee Land Owning Households (Non-Cultivating Land Owning Households):* The non-cultivating class owns land but does not cultivate and is dependent on rental income. These households organise production by either leasing-out land, employing farm servants to organise production, or leave the land fallow. These households can be those of landlords in the conventional sense, government servants (such as school teachers), or those belonging to non-cultivating caste groups or households without able-bodied persons. These households broadly are classified into two categories:

- i) non-resident households who own land in the village (not cultivating) but live in towns/cities.
- ii) resident households who do not cultivate own land but live in the village. The major interest of these households is to draw rental income from the land.

*Cultivators:* The distinguishing feature of this group is that they actively participate in various agricultural operations in their farms. These households operate land and also use their family labour in the production process. Some of big farmers of this category are market-friendly and labour-demanding segment in the village economy. The households may employ permanent farm servants, casual labour, or other kind of labour. Another important and dominant group of this category in terms of number is poor peasants (marginal and small farmers) in the village. These households are both cultivators and agricultural labour. They have insufficient lands compared to their consumption needs and hence work as agricultural labour. Thus, they are suppliers of labour in the labour market though they cultivate some land. The group may own land, participate in exchange of labour or even opt for non-farm activities or out migrate, if agriculture does not provide sufficient income. These households can be further divided into two categories: self-cultivators and cultivating households with some part of leased-out land. These households cultivate their own lands with family resources and have minimum interaction with the market.

*Tenant Households:* These households own insufficient lands for their subsistence needs. They lease in land (for rent) and use family labour and other resources in the family. These households are classified into two categories: pure tenant households who do not own land (landless) and mixed tenants, who own land which is not sufficient and lease-in land for scale advantage.

*Agricultural Labour:* This group of households is entirely dependent on labour, devoid of any ownership of land. The group derives its sustenance from selling labour either as permanent farm servants or as casual labour. They might also migrate to neighbouring villages as agricultural labour, or to towns/cities as manual workers in the informal sector. Depending on the supply of land for leasing-in, these households try to become cultivators by leasing-in land. But basically they are the suppliers of labour.

On the basis of above classification, it can be concluded that the agents in different classes have different objective functions and hence the process of adjustment for each agent would also be different.

*Caste Classification:* Some studies have found that caste is an important factor, despite agrarian changes, for economic decision - making in the land lease market (Reddy and Murthy, 1978; Lewis and Barnouw, 1956). Caste is also one of the forces which “seriously affects the extent and nature of participation in economic activities by different potential members of the labour force” (Rudra, 1978; p.4). The households have been classified into four caste groups for the purpose of the study: Scheduled Castes (SCs), Scheduled Tribes (STs), Other Castes (OCs) and Backward Castes (BCs). The main aim of this classification is to understand the land lease transactions of Scheduled Castes. Malas and Madigas, who come under the category of Scheduled Castes (SCs), commonly suffer from the social stigma of untouchability. Similarly, the Scheduled Tribes have been isolated from society historically, and still depend on indigenous cultivation methods. Moreover, they do not produce for the market. The study attempts to understand the influence of various castes in the land lease market. In the coastal region of AP, the Malas are in dominance, while in Telangana, the Madigas are in dominance. In this context of diversity in the village agrarian structure, this chapter analyses the following issues to understand the agrarian structure in the villages. Firstly, the characteristics of households who are leasing-out land in the study villages. This includes questions such as: Are large land owners or non-cultivating households leasing-out land? Is the land leased-out by some specific caste groups? Secondly, the characteristics of the households that are leasing-in land in the study villages are taken: Are the leasing-in agents ‘capitalist farmers’ / market-oriented farmers? Or are they subsistence/poor peasants in the village economy? These questions help us to understand the nature of agrarian structure and the type of households that are dominating in the production relations in the agrarian economy.

### *Selection of Study Villages*

In a stable village economy, land and other assets needed in the production process are concentrated in the hands of non-cultivating households, rich peasants and middle peasants. Non-cultivating non-resident households are high in canal irrigated villages

(Parthasarathy and Prasada Rao, 1969). Agricultural labour households and poor peasantry derive their income from the production activity undertaken by these groups. The agricultural labour households are completely dependent on the production activity of other groups for livelihood, while poor peasantry are partly dependent on these groups for their livelihood as they also own some agricultural land. The economic relations like tenancy and engagement of labour are controlled by the large and medium farmers and the poor peasants, while the agricultural labour households participate in the transactions. This gives the village stability and reproductive capacity as all the classes have an interest in reproducing the transactions.

### *Selection of Districts*

The study has looked into the pattern of agrarian structures, including the market institutions that have a tendency to undergo changes and transform themselves. These changes are associated with the level of development of the region or sub-region. This is more so when the total economy is not well-integrated within itself. The agro-climatic regions in Telangana are under different levels of development. These agro-climatic zones are based on the geophysical characteristics such as rainfall, nature of soils, climatic conditions, source of irrigation, *etc.* Some studies tried to understand the changes in agrarian structure, depending on the source of irrigation and nature of crops cultivated. For the purpose of this study the districts are selected on the basis of source of irrigation and nature of crops grown. From these districts one mandal and further one village was selected based on the same characteristics. Four villages were selected by using purposive method based on the data and information available. Apart from this, the other criteria are that the village should be of moderate size and should not reflect the semi-urban characteristics and agriculture should be a predominant livelihood source. The village should comprise multi-caste households to understand the structural changes occurring in the village economy.

The study areas were selected based on the data available for different sources of irrigation for districts, mandals and villages. We have collected information related to sources of irrigation from District Hand Book of Statistics (DHS) and Village Census. The selection of the district, mandal and village was based on the highest percentage of irrigation under canals, tube wells, and tanks for recent three years in the State. Though there are various sources of irrigation channels, selection of districts are made on the basis of zonal-wise channels of irrigation and shifts in the cultivation of crops. In addition, one village was selected from drought-affected mandal where average rainfall for eight years was low in the State (see details in Table.3). We have designed a structured questionnaire to understand the changes in agrarian structure across different village settings in both the States. A pilot survey was conducted in four different villages in Telangana State,

where the villages represented different sources of irrigation. The first village has witnessed the highest proportion of cultivated land under canal irrigation, the second village has the evidence that majority of cultivable land is under tank irrigation and the third village has witnessed tube well irrigation as predominant source of irrigation. In the fourth village which is a drought-affected village, data for eight years was obtained and the average rainfall for these years was found to be low.

**Table 3: The Study Area in Telangana and Andhra Pradesh Telangana State**

Source	Old District	New District	Mandal	Village
<b>Canal</b> (The percentage of average cannal irrigation to total net irrigation in recent 3 years has been high)	Nalgonda	Suryapet	Nered- ucherla	Bodaladinna
<b>Tank</b> (The percentage of average tank irrigation to total net irrigation in recent 3 years has been high)	Warangal	Jayashankar- Bhupalpally	Govindaraopet	Bussapur
<b>Tube well</b> (The percentage of average tube well irrigation to total net irrigation in recent 3 years has been high)	Karminangar Lingampally	Sircilla	Vemulawada rural	
<b>Rainfall</b> (The average rainfall for eight years has been low and declared as drought affected mandals more times)	Mahabubnagar	Mahabubnagar	Kosigi	Bijjaram

**Andhra Pradesh State**

Source	District	Mandal	Village
<b>Canal</b> (The percentage of average canal irrigation to total net irrigation in recent 3 years has been high)	Krishna	Guduru	Maddipatla
<b>Tank</b> (The percentage of average tank irrigation to total net irrigation in recent 3 years has been high)	Vijayanagaram	Vepada	Jakeru
<b>Tube well</b> (The percentage of average tube well irrigation to total net irrigation in recent 3 years has been high)	Chittoor	Valmikipuram	Ayyavaripalli
<b>Rainfall</b> (The average rainfall for 8 years has been low and declared as drought affected mandals more times)	Anantapur	Gummagatta	Veerapuram

Source: District Hand Book of Statistics (DHS)

We have selected Suryapet district in Telangana where canal irrigation is a predominant source of irrigation which represents high proportion of area irrigated by canals in the State. Similarly, Jayashankar-Bhupalpally district has high proportion of area irrigated by tanks in Telangana State. Another district is Sircilla where tube well irrigation is high. We have selected Mahbubnagar district under rain-fed (lowest) as this district is declared as drought hit for the past eight years (low rainfall). For the purpose of the study four districts were selected based on the said parameters in Telangana State and the same method was used for selection of mandals and villages. But for the selection of villages we have taken irrigation data of recent years from Mandal Revenue Office. Towards decentralization of administration and to reach out to the people the government of Telangana increased the number of districts in the State from 10 to 31. In view of this, the selection of districts was relooked by undertaking the same exercise for selection of the study area on the basis of data available on irrigation sources. By applying the same method of identifying the new districts Suryapet district (carved out of Nalgonda district) was selected for canal irrigation. In this district Bodalidinna village from Neredcherla mandal was selected. Under tank irrigation Jayshankar-Bhupalapalli district (carved out of Warangal district) was selected. In this district Bussapur village of Govindaraopeta mandal was selected. For tube well irrigation, Sircilla district (carved out of Karimnagar district) was selected. In this district Lingampally village from Vemulawada rural mandal was selected for the study. For rainfed source, Mahbubnagar district was retained and from this district Bijjaram village of Kosigimandal was selected for the study. The villages selected from each district represent the rural characteristics. They are the multi-caste habitat villages where agriculture is the primary occupation.

The method adopted in Telangana was applied in Andhra Pradesh also for identifying the study villages in the State. In Krishna district where the share of canal irrigation is high in the State, from Gudurumandal, Maddipatla village was selected. In Vijayanagaram district, where a high proportion of land is irrigated by tanks, Jakeru village was selected from Vepada mandal. In Chittoor district, where tubewell irrigation is high, Ayyavaripalli village was taken from Valmikipuram mandal of under rain-fed source of irrigation, in Anantapur district, from Gummagatta mandal, Veerapuram village was selected. Gummagatta mandal has been declared as drought-affected many times. The villages selected from each district represent the rural characteristics. They are the multi-caste habitat villages where agriculture is the primary occupation for most of the people.

Table 4 shows that the percentage of area irrigated by different sources of irrigation, which is a proxy to select the study villages in both the States of Telangana and Andhra Pradesh. The study village of Bussapur has witnessed 100 per cent irrigation by tanks. The same is the case with Jakeru village in Andhra Pradesh. Bodaladonna in Telangana

and Maddipatla village in AP have canals as predominant source of irrigation. Similarly, tube well irrigation is a dominant source of irrigation in Lingampally village of Telangana and Ayyavaripalli village of Andhra Pradesh. Other two villages are severely drought-affected.

**Table 4: Percentage Distribution of Irrigation by Different Sources in Study Villages**

Village /Source	Canal	Tube well	Tank	Rainfall	Total
Lingampally	0	83.9	0	16.1	100
Bodaladonna	85.55	2.52	0	11.93	100
Bussapur	0	0	100	0	100
Bijjaram	0	29.68	9.64	60.68	100
Ayyavaripalli	0	100	0	0	100
Veerapuram	0	5.49	0	94.51	100
Maddipatla	100	0	0	0	100
Jakeru	0	5.41	94.59	0	100

*Source:* District Hand Book of Statistics, 2015.

#### 4. Agrarian Structure in the Study Villages

There is a need to understand the agrarian structure with a different approach as the type of household or the nature of land ownership provides a window to understand it in different agro-climatic areas. As discussed before, we classified the rural households broadly into four categories: absentee land owning households, cultivators, tenant households and agricultural labour households. In this section, we will make an attempt to understand the percentage distribution of households and the area operated by different categories of households in the study villages (Table 5).

Table 5 gives an aggregate picture of distribution of households based on agricultural practices in the study villages. Out of 2271 households, 1081 (47.6 per cent) belong to cultivator households, followed by 304 (13.39 per cent) tenant households and 242 (10.66 per cent) absentee land owning households (ALOHs) who changed their occupation to non-agricultural works without losing their rights on farm land. The highest percentage of absentee land owning households is found in Bodaladonna (21.49 per cent), followed by Maddipatla (14.67 per cent), Bussapur (14.73 per cent) and Jakeru (10.69 per cent). On the other hand, the lowest percentage of absentee land owning households is found in Veerapuram (3.72 per cent), followed by Bijjaram (6.25 per cent). Such condition is seen drought-prone villages where agriculture is not

Table 5: Distribution of Farm Households in Study Villages

States	Sources of irrigation	Villages	Type of Farm Household					Total Households
			Absentee Land Owning Households	Cultivators	Tenants	Agricultural Labourers		
TS	Tube well	Lingampally	46 (12.81)	179 (49.86)	64 (17.83)	70 (19.50)	359 (100)	
		Canal	46 (21.49)	81 (37.85)	37 (17.28)	50 (23.36)	214 (100)	
	Tank	42 (14.73)	89 (31.22)	56 (19.64)	98 (34.39)	285 (100)		
	Rainfall	18 (6.25)	171 (65.01)	12 (4.56)	62 (23.57)	263 (100)		
	Tube well	12 (6.25)	113 (58.85)	19 (9.89)	48 (25)	192 (100)		
AP	Rainfall	17 (3.72)	294 (64.47)	22 (4.82)	123 (26.97)	456 (100)		
	Canal	27 (14.67)	48 (26.08)	38 (20.65)	71 (38.59)	184 (100)		
	Tank	34 (10.69)	106 (33.33)	56 (17.61)	122 (38.36)	318 (100)		
	<b>Total</b>	<b>242 (10.66)</b>	<b>1081 (47.6)</b>	<b>304 (13.39)</b>	<b>644 (28.36)</b>	<b>2271 (100)</b>		

Source: Field Survey.

Note: Figures in parentheses indicate percentages to total households which include non-residents. Absentee land owning households consist of resident and non-resident households.

prosperous. More tenant households are found in Maddipatla village (20.65 per cent), followed by Lingampally, Bodaladinna and Jakeru villages and less tenant households (less than 5 per cent) are reported in Bijjaram and Veerapuram. The main inference drawn from Table 5 is that the roportion of cultivators is high in Bijjaram (65.01 per cent) and Veerapuram (64.47 per cent) which are drought-affected villages. The lowest percentages of cultivator households are reported in Maddipatla (26.08 per cent) and Bussapur (31.22 per cent). It implies that agriculturally prosperous villages have low percentage of cultivator households. Another interesting observation is that the share of agricultural labour households is the highest with nearly the same in Maddipatla (38.59 per cent) and Jakeru (38.36 per cent). Next is Bussapur (34.39 per cent). Farm labour (landless) that entered into tenancy market is the highest found in Maddipatla (20.65 percent).

Table 6 shows the distribution of total area being operated by cultivators and tenants, which is 5274.22 acres. But the area owned by absentee land owning households in all the study villages is 714.72 acres which accounts for 14.02 per cent of the total own land. Out of 5274.22 acres of total operated area, 3565.87 acres (67.6 per cent) are cultivated by the households on their own and 1708.35 acres (32.39 per cent) are cultivated by the tenants. It is noticed that the absentee land owning households owned the highest share of of 53.7 per cent of total operated land in Maddipatla village, followed by Bodaladinna (32.59 per cent), Jakeru (27.48 per cent) and Bussapur (20.61 per cent) respectively. The proportion of land owned by absentee land owning households is less in drought-affected villages such as Veerapuram (5.65 per cent) and Bijjaram (7.28 per cent). The data also reveal that the area under tenant cultivation is 1708.35 acre across all villages. The highest percentage of land under tenancy to total operated land in a village is reported in Maddipatla (65.29 per cent) and the lowest (13.54 per cent) is found in Bijjaram. The highest percentage of land under cultivators is found in Bijjaram and Veerapuram villages (86.45 and 86.34 per cent, respectively). The lowest percentage of land operated by cultivators is found in Bussapur village (41.81 per cent) with 226 acres and Jakeru village (49.31 per cent) with 104.95 acres. It is seen from the Table 6 that there is a sizable land owned by the absentee land owning households in Maddipatla (53.7 per cent to total operated area) followed by Bodaladinna (32.59 per cent) and Bussapur (20.61 per cent).

Table 6: Distribution of Area by Type of Household (In Acres)

States	Sources of Irrigation	Villages	Land Owned by Absentee Land Owning Households	Operated Area in the Village		
				Cultivators	Tenants	Total Operated Area
		(1)	(2)	(3)	(4)	(3+4)
TS	Tube well	Lingampally	139.35 (13.36)	632.4 (54.92)	519 (45.07)	1151.4 (100)
	Canal	Bodaladinna	178.25 (32.59)	260.75 (49.57)	265.25 (50.42)	526 (100)
	Tank	Bussapur	96 (20.61)	226 (41.81)	314.5 (58.18)	540.5 (100)
	Rainfall	Bijjaram	46.5 (7.28)	534.65 (86.45)	83.75 (13.54)	618.4 (100)
AP	Tube well	Ayyavaripalli	30.75 (5.66)	430.74 (81.34)	98.75 (18.65)	529.49 (100)
	Rainfall	Veerapuram	85.1 (5.65)	1317.44 (86.34)	208.35 (13.65)	1525.79 (100)
	Canal	Maddipatla	86.57 (53.7)	58.94 (34.7)	110.9 (65.29)	169.84 (100)
	Tank	Jakeru	51.6 (27.48)	104.95 (49.31)	107.85 (50.68)	212.8 (100)
<b>Total</b>			<b>714.72 (14.02)</b>	<b>3565.87 (67.6)</b>	<b>1708.35 (32.39)</b>	<b>5274.22 (100)</b>

Source: Field Survey.

Note: Figures in parentheses show percentages to total owned land in the village for the absentee land owning households (Col. 2) and to total operated land for the cultivators and tenants (Col. 3+4).

#### 4.1 Profile of Absentee Land Owning Households

Agrarian structure is important to understand the production relations, development of agriculture and growth of agriculture. In pre-capitalist relations of productions there was sizable area under absentee owners (absentee landlordism). They were exploiting more in the form of tenancy, bonded labour, unfree labour, attached labour and so on (Athreya, *at el.*, 1990). In fact, if *non-cultivating peasant households* are there in agrarian structure sizably, there is possibility to develop informal institutions and it is a big hurdle to restrict the development of agriculture and growth (Vijay, 2012). Some studies

identified the absentee land owners or non-agriculturists in agrarian structure in the literature. A.R. Desai (1959) identified *non-agriculturists* in agrarian structure and their implications on agrarian economy. Dhanagare (1983) has identified the *non-cultivating owners* in agrarian structure as the cause of peasant movements in India. Recently, Vijay's study points out that it has an adverse impact on agricultural growth due to lack of investments, as non-cultivating peasant households (NCPHs) do not have incentives. He used both macro and micro data (NSS data on household assets and liability across India and household survey of nine villages in AP) for understanding the importance of absentee land owning households in the agrarian economy. However, the share of owner cultivators has been declining in the agrarian economy over the years (Chitrasen and Vijay, 2016). Therefore, the number of absentee land owning households and informal tenancy is also rising in the agrarian structure (Sreenivasulu, 2015). The present paper has tried to understand the emerging of absentee land owning households in agrarian structure as responsible for appropriate development of agriculture. Absentee land owning households (absentee land owners) are those who own land but do not self-cultivate. They do not live in the village and engage in non-agricultural activities. They do not have any personal interest in cultivation in future. Some of them do not even have knowledge of processes of production. Therefore, these households are broadly classified into two categories of absentee land owning households living in the urban area and living in the village, for better understanding this phenomenon in agrarian structure.

It can be observed from Table 7 that the absentee land owning households account for 10.66 per cent to total households but own 14.02 per cent of cultivable area. Moreover, the percentage of households of absentee land owning households living in urban area is high (6.74 per cent) and own 9.05 per cent area. It is clear that absentee land owning households who are living in the towns/cities are high in terms of households as well as area compared to absentee land owning households living in the village. As regards literacy levels among the absentee land owning households, 28.92 per cent of households living in urban areas are illiterates and 46.61 per cent of households living in the village are illiterates. Out of that 20.66 per cent of people belonging to households living in towns/cities studied primary/below primary whereas 8.27 per cent of people belonging to households living in village studied primary/below primary. As regards secondary level of education, 17.35 per cent of people from households living in towns/cities and 22.55 per cent of people belonging to households living in village studied secondary level. About pursuing higher education, 33.05 per cent of people belonging to households living in towns/cities studied higher education whereas 22.55 per cent of their counter parts completed their higher studies. The literacy rate is high in absentee land owning households living in urban area compared to absentee land owning households living in the village.

**Table 7: Composition of Non-cultivating Households in Study Villages**

Composition of Non-cultivators	Absentee Land Owing Households Living in the Urban (Cities/Towns)	Absentee Land Owing Households Living in the Village	Total
% of absentee land owning households to total households in the village	6.74	3.92	10.66
% of area owned by non-cultivators to total own area in village	9.05	4.97	14.02
<b>Education (%)</b>			
Primary/Below Primary	20.66	8.27	14.46
Secondary	17.35	22.55	20
Higher	33.05	22.55	27.8
Illiterate	28.92	46.61	37.76
<b>Age</b>			
Less than 35	51.18	40	45.59
36-50	32.28	17.14	24.71
51 and above	16.53	42.85	29.69
<b>Presence of Children</b>			
Living with children	74.28	40	57.14
Not-living with children	25.71	60	42.85
<b>Occupation</b>			
Farm sector	0	27.85	13.92
Non-farm sector	60.62	29.28	44.95
Not working	39.38	42.85	41.11
<b>Income</b>			
Rent in cash	6837	7139	6988
Pension	77750	26485.71	52118
Non-farm income	116545.5	122619.2	119582.3

*Source:* Field Survey.

As regards the age groups of absentee land owning households living in both towns/cities and villages in the study area, 51.18 per cent in towns/cities and 40 per cent in villages are under 35 years age group, whereas in 36-50 age group, it is 32.28 per cent in towns/cities and 17.14 per cent in villages and in 51 years and above age group, it is 16.53 per cent in towns/cities and 42.85 per cent are in villages, which is significant. In

case of children living with parents, it is 74.28 per cent in towns/cities and 40 per cent in villages. The data on children not living with parents show that, it is 25.71 per cent in towns/cities and 60 per cent in villages.

The occupational details of the absentee land owning households who live in towns/cities and villages reveal that no household that depends on farm sector is living in towns/cities, but 27.85 per cent of households who depend on farm sector live in villages. In case of non-farm sector, 60.62 per cent of households are living in towns/cities and 29.28 per cent of households are living in villages. As per the data on not-working, population, 39.38 per cent are living in towns/cities and 42.85 per cent are living in villages. The details of income among absentee land owning households indicate that from the source of pension, Rs 77750 is the average income of households living in towns/cities and Rs. 26485.71 is the average income of households living in the village. As regards income from non-farm sector, Rs.116545.5 is the average income of household living in towns/cities and Rs. 122619.2 is the average income of households living in the village.

**Figure 6: Distribution of Absentee Land Owning Households by Size Class and Source of Irrigation**

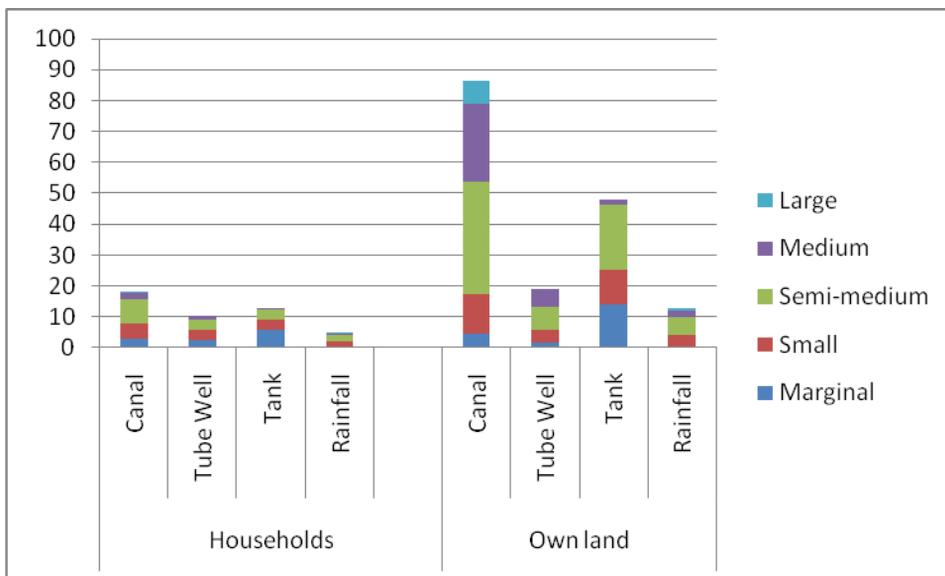


Figure 6 explains the distribution of households of different size class by source of irrigation. The total number of households of absentee land owners is 242. Out of this, a significant proportion more than 80 per cent comes under canal irrigation and followed by tank irrigation. The absentee landowning households are high in villages where

there is a public provision of irrigation. Across the class, they belong to the semi-medium and medium categories of farmers. Rest of the irrigation sources, their proportion is not sizable in terms of number as well as area owned. The absentee land owning households living in urban area are high under small and marginal categories in terms of number. Whereas in terms of area owned, medium category of absentee land owners are high in tube well irrigated areas. It is interesting to observe that the absentee land owning households living within the villages are high in different sources of irrigated areas. Among the absentee land owning households living in urban area, semi-medium category is high in canal irrigated area. Marginal farmers in tank irrigated areas and medium farmers of in drought affected areas are dominant.

**Figure 7: Distribution of Absentee Households and Area Own by Social Groups and of Irrigation Source Wise**

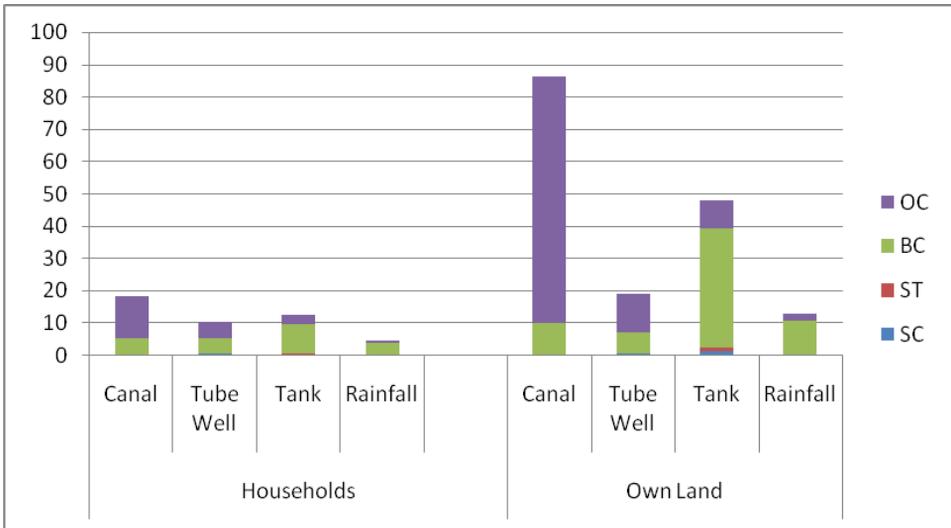


Figure 7 provides data on social category-wise absentee landowning households that distributed on different sources of irrigation in the study area. The total number of households that left agriculture is 242. Out of this, four SC households have tube well (7.5 acres), whereas two ST households have tank irrigation (5.0 acres). With regard to BC households, tank irrigation is the major source for 55 households (96.1 acres) and for 52 OC households canal is the main source of irrigation (223.92 acres). It is important to understand that the agrarian structure in canal irrigated areas (76.12 per cent of the area to total owned area) is under the control of absentee land owning households belonging to OC category. The BC households are controlling most of the lands under tank irrigation and drought-affected.

**Table 8: The percentage of Absentee Land Owning Households Involved in decision making of agriculture production**

Involvement in production process	Source of Irrigation				
	Canal	Tube Well	Tank	Rainfall	Total
Percentage of absentee land owning households living in urban having knowledge on raising of crops in their lands	38.35 (28)	24.13 (14)	40.8 (31)	22.85 (8)	33.47 (81)
Percentage of absentee land owning households living in urban involved in decision - making of production	2.73 (2)	1.72 (1)	0 (0)	0 (0)	1.23 (3)
Percentage of absentee land owning households living in urban and helped the tenants during crop damage	30.13 (22)	13.79 (8)	40.78 (31)	14.28 (5)	27.27 (66)
Percentage of absentee land owning households living in the village having knowledge on raising of crops in their lands	27.39 (20)	32.75 (19)	32.89 (25)	31.42 (11)	30.99 (75)
Percentage of absentee land owning households living in the village involved in the decision - making of production	0 (0)	0 (0)	0 (0)	2.85 (1)	0.41 (1)
Percentage of absentee land owning households living in the village and helped the tenant during crop damage	16.43 (12)	12.06 (7)	23.68 (18)	20 (7)	18.18 (44)

*Source:* Field Survey

*Note:* the actual numbers indicate in the parenthesis

Table 8 shows that the percentage of absentee land owners involved in the decision making of agriculture production process in the different sources of irrigated areas. Where there is public provision of irrigation, like canal and tank, there is more percentage of ALOHLU (38.35 per cent in canal irrigated area and 40.78 per cent in tank irrigated area) having knowledge about raising of crops in their lands, but their involvement in the decision-making concerning production is nil across all sources. In the tube well irrigation and drought affected dominated areas the ALOHLV are high. They do not have knowledge about raising of crops in their lands as well as decision-making in the production process. If there is any crop damage or failure, most of the ALOHLU help the tenants in canal and tank irrigated areas. Minimal help is reported in tubewell irrigated areas and drought-affected areas.

**Box-1: Cases of Absentee Land Owning Households in Different Sources of Irrigated Areas**

*a). Cases of Absentee land owning households in canal irrigated areas*

Vangala Srinivas Reddy of Bodaladinna village leased out his five and half acres of land. It is an ancestral property divided between him and his brother after their father's demise, leaving some portion of land to their mother. He stays in Hyderabad along with his wife and son who is studying in a corporate college. Presently he is working in an office and also engaged in real estate business getting nearly Rs.30000 per month. His land which is near to Musi river, and two crops are grown in a year gives him an additional income through leasing out. He leased out it to the person from the same village for a rent of 12 bags of paddy in kharif and 10 bags in rabi which means he gets around 66 bags in kharif and 55 bags in rabi which he sells along with his tenant farmer after keeping a portion of it for self-consumption. This gives him nearly Rs.1,27,000 per year. In another case, Pamurthi Shankar is a resident of Maddipatla village but he does not cultivate land due to old age. His son left the village long back and he sends money for the family to meet basic requirements. They own three acres of land which is leased-out on fixed rent. They do not want to sell their land in future too, as they are getting rent every year.

*b). Cases of farmers in tube well irrigated areas*

Soma Yella Reddy of Lingampally village leased-out his six acres of land in the village and shifted to another village Marrimuchayla where he purchased four acres of land and doing cultivation there. He already has two acres of land and a house in the latter village and stay there with his family. Irrigation problem in own village is the main reason for shifting to Marrimuchayla village. Other reasons for shifting to other village are highway connectivity and good transport facility to Hyderabad, red soil, good irrigation facilities in Marrimuchyala, and also he is interested in organic farming and floriculture as he is inspired by "Subhash Palekar". He is also planning to build poly house. Presently, he is cultivating 'Geraba' flower plant which is very much in demand in all the seasons and his initiation of cultivating the new commercial crop with less investment and more profit made him to receive "Raithu Ratna" award from the union minister Mr. Venkiah Naidu. He did not disclose any other issues related to investments done in the ancestral land for its development.

In another case of tube well irrigated village, Mr. Komma Obul Reddy, aged 48 years, belongs to Ayyavaripalli village. But he is not staying here now. He has some ancestral property in this village which is leased - out. Obul Reddy used to work along with his father in their agricultural field while pursuing studies. He knows farming. After getting a government job as teacher he shifted to mandal headquarters Vayalpadu where he settled down and constructed a house there. He left the village around 30 years back and stayed in Vayalpadu with his family. His aged mother also stays with him and his children are working in America as

software engineers. He has not purchased any land in the village and not invested anything for the development of the land. Though they have an open well in the land, due to less rains nobody is coming forward to take it for lease. So he has given it to his relative with an arrangement that if there is a good crop he asks for rent, otherwise he doesn't. He has a total of 10 acres, out of which four acres are given for lease and the rest six acres are kept fallow. He wants to sell his land but his son doesn't want the land to be sold. He regularly visits the village but does not participate in the village activities.

*c). Cases of farmers in tank irrigated areas*

Mr. M. Venkat Reddy is a resident of Bussapur village. He leased-out his land and rented his ancestral house four years back and migrated to a nearby town, Pasra, where he is working as a clerk in a fertilizer shop. The main reason for shifting from the village is children's education. He has leased out three acres of land and visits the village frequently as the distance between the two places is just 20 kms. Recently he invested around one lakh rupees for development of the land by levelling it and also doing soil testing. He frequently changes the tenants for more rent. In another case Mr. Saladi Venkanna Dora, 35 years, belongs to Jakeru village. But he never stayed here since his childhood. His father Jagganna Dora used to stay in this village. They belong to Kapu caste, a land owning community. His father got a property share of 1.40 acre and cultivated. When he was one year old his father died and his mother took him to her mother's village, Venkataramanapeta. When he was 12 years old his mother also expired and he stayed with his maternal uncles and from mother's family side he got one acre of land as gift. He sold out some portion of land (80 cents) six years back to Mr. Varadi Veeranna and Mr. Tupparao of the same village and with that money he purchased a house in Venkataramanapeta. In another village he has one acre of gifted land which he leased-out to his father-in-law and working as Hamali (coolie) in the village. He has leased out the land in Jakeru to his paternal aunt. There are no development works carried out by him on his land and he has sold out some portion of the land. When asked about why he has not sold out the entire land, he said: "this is my ancestral village and this is my family land which reminds me of my family roots". Presently he is staying in Venkataramanapeta village along with his wife and two children.

*d). Drought -affected areas*

Mr. Vaddi Chinniah, aged 38 years, belongs to Venkatarammanapeta village. He owned 10 acres of land which he leased-out to a farmer from Boya community. It is a dry land. For a few years, there are no rains. Therefore, cultivation is not remunerative. He decided to migrate from the village 10 years back. His family consists of three daughters, two sons and wife. The rental value per acre is very less as it depends on the yield.

Table 9: Reasons for Absentee Land Owning Households Leaving Agriculture from 1990 to 2016

Source of Irrigation	Year	Absentee Land Owning Households Living in Urban		Absentee Land Owning Households Living in the Village		Total
		Better Income from Non-farm Employment	Better Income from Self-Employment in Non-farm	Old Age, Health Problem	Family Occupation, Non-farm	
Canal	1990-2000	4 (5.47)	1 (1.36)	1 (1.36)	0	6 (8.21)
	2001-2010	22 (30.13)	11 (15.65)	11 (15.65)	4 (5.47)	48 (65.75)
	2011-2016	6 (8.21)	5 (6.84)	7 (9.58)	1 (1.36)	19 (26.02)
Tube Well	1990-2000	2 (3.44)	3 (5.17)	1 (1.72)	1 (1.72)	7 (12.06)
	2001-2010	5 (8.62)	12 (20.68)	5 (8.62)	3 (5.17)	25 (43.1)
	2011-2016	9 (15.51)	4 (6.89)	8 (13.79)	5 (8.62)	26 (44.82)
Tank	1990-2000	6 (7.89)	2 (2.63)	1 (1.31)	1 (1.31)	10 (13.15)
	2001-2010	12 (15.78)	7 (9.21)	9 (11.84)	3 (3.94)	31 (40.78)
	2011-2016	14 (18.42)	5 (6.57)	13 (17.1)	3 (3.94)	35 (46.05)
Rainfall	1990-2000	3 (8.57)	0 (8.57)	0	0	3
	2001-2010	7 (20)	9 (25.71)	1 (2.85)	2 (5.71)	19 (54.28)
	2011-2016	0	4 (11.42)	8 (22.85)	1 (2.85)	13 (37.14)
<b>Total</b>		<b>90 (37.19)</b>	<b>63 (26.03)</b>	<b>65 (26.86)</b>	<b>24 (9.92)</b>	<b>242 (100)</b>

Source: Field Survey.

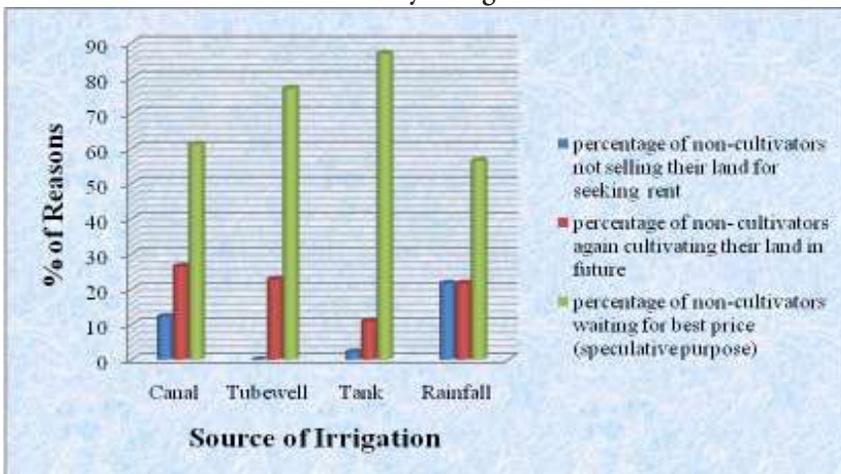
Note: Number in parentheses indicate percentage to total number by different sources of irrigation separated from 1990 to 2016.

#### 4.2 Reasons for Emergence of Non-Cultivators (Absentee Land Owning Households)

Table 9 explains the reasons for leaving agriculture by households from 1990 to 2016. Out of total 242 households, 37.19 per cent (90 households) of households have left agriculture for better income in non-farm employment, 26.86 per cent (65 households) due to old age and health problems, 26.03 per cent (63 households) for better income through self-employment in non-farm and 9.92 per cent households (24 households) e due to shifting to non-farm as family occupation respectively. Table 9 also shows the trends of farm households moving from agriculture to non-agriculture in recent three decades. The highest percentage of households (65.75) moved from agriculture under canal irrigation between 2001 and 2010 years. A sizeable percentage of households (44.82) left agriculture between the years 2011 and 2016 where tube well is the irrigation source. Also, a significant percentage of households (46.05) left agriculture between 2011 and 2016 years under tank irrigation. Therefore, in the drought affected areas, the number of households that left farming is more in number (19) between 2001 and 2010. A sizeable percentage of households (44.82 per cent) left agriculture between 2011 and 2016 in tube well irrigated areas. Very less farm households left/moved from agriculture between 1990 and 2000.

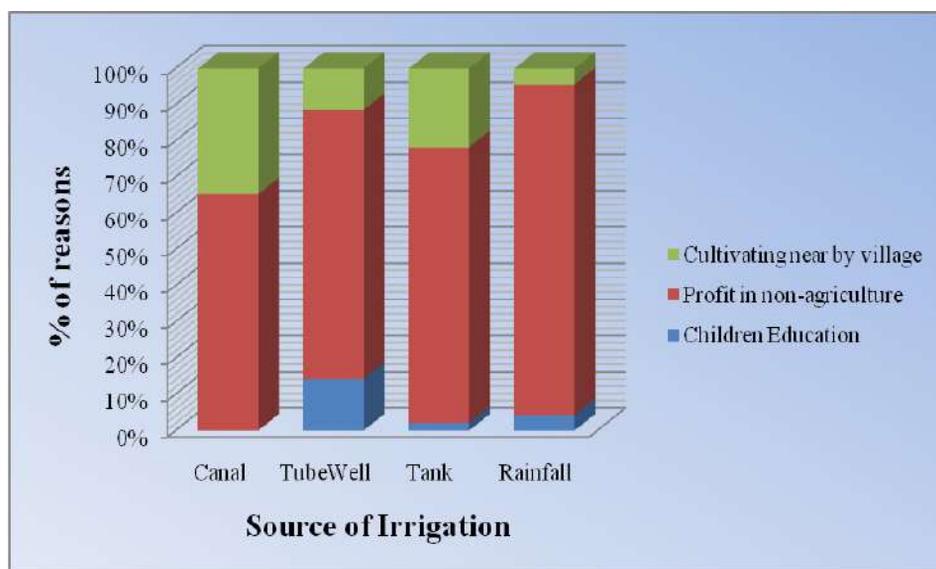
Figure 8 reveals the reasons for not selling the farm lands even though the households are not cultivating them. A significant percentage of households (71.89) are not willing to sell their lands until they get a better price in future. Here, 20.26 per cent of households are having the hope that they will cultivate their lands in future and 11.1 per cent of them are interested to lease-out the land instead of selling.

**Figure 8: Reasons for Not Selling Lands Even After Leaving Agriculture in Study Villages**



Source: Field Survey.

Figure 9: Reason for Leasing-out Land and Not Staying in the Village



Source: Field Survey.

Table 10: Distribution of Forms of Rent of Absentee Land Owning Households by Source of Irrigation in study Villages

Source	Absentee Land Owning Households Living in Urban			Absentee Land Owning Households Living in Village			Total
	Fixed Cash	Fixed Kind	Share Cropping	Fixed Cash	Fixed Kind	Share Cropping	
Canal	1 (1.11)	59 (65.56)	0	0	29 (32.22)	1 (1.11)	90 (100)
Tube Well	28 (46.67)	4 (6.67)	4 (6.67)	24 (40)	0	0	60 (100)
Tank	3 (3.53)	18 (21.18)	30 (35.29)	5 (5.88)	23 (27.06)	6 (7.06)	85 (100)
Rainfall	21 (56.76)	0	4 (10.81)	8 (21.62)	0	4 (10.81)	37 (100)
<b>Total</b>	<b>53</b> (19.49)	<b>81</b> (29.78)	<b>38</b> (13.97)	<b>37</b> (13.6)	<b>52</b> (19.12)	<b>11</b> (4.04)	<b>272</b> (100)

Source: Field Survey.

Note: Majority of tenants under tank irrigation preferred share cropping as predominant form of lease in Jakeru village.

Table 10 shows the distribution of forms of rent paid by tenants towards land lease from absentee land owning households across different sources of irrigation. The absentee land owning households, both in towns/cities and villages, are willing to lease-out land on fixed kind (97.78 per cent) in canal irrigated areas. It is clear that fixed kind is a predominant form of rent in canal irrigated areas. However, fixed cash is a dominant form of rent in tube well irrigated areas where both absentee land owning households living in towns/cities and villages have leased-out lands on fixed cash rent. Share cropping is still a predominant form of rent in tank irrigated areas, particularly absentee land owning households living in towns prefer share cropping. Interestingly, fixed cash is the dominant form of rent in drought-affected areas. The absentee land owning households living in both towns/cities and villages prefer fixed cash as rent.

### **5 Implications of Land Owning Absentee Land Owning Households on Agriculture**

To study the implication on agrarian economy, it is important to discuss on any investment can take place on land development, irrigation, technology and other production inputs. There is a positive impact of irrigation in overall development and growth of agriculture to enhance the extent of output, capital and labour for development of agrarian economy (Vaidyanathan, 1994). Modes of production and production relations depend on the nature of agrarian structure dominated by capitalists, semi-feudal, poor farmers and absentee landowners. If the absentee landowners are high in the agrarian structure, it is possible that middle man or informal institutions play vital role in the production relations (Byers, 1999). Another study has also mentioned that the extent of land under tenancy system is high where absentee landowners are high (Sreenivasulu, 2015). It is important to understand the hurdles in the production process where absentee landowners are more in the agrarian structure (see Table 9 more details for access to credit)

Figure 10 discusses about the source of credit of tenants who leased-in land from absentee land owning households living in village/towns/cities. They have accessed credit from both formal and non-formal institutions. It reveals that tenants who have got farm land from the absentee land owning households living in the village constitute 38.24 per cent of total households. They are cultivating lands under canal irrigation while depending on money lenders for credit which is significant. However, the percentage of tenants who cultivate lands of two categories of absentee land owning households and depend on money lenders for credit is very high, followed by formal institutions such as commercial banks. Thus, it is clear that tenants who have depended on land owners for credit is very less and their dependency is more on money lenders and banks.

Figure 10: Source of Credit of Tenants Who Leased-in Land from Absentee Land Owners

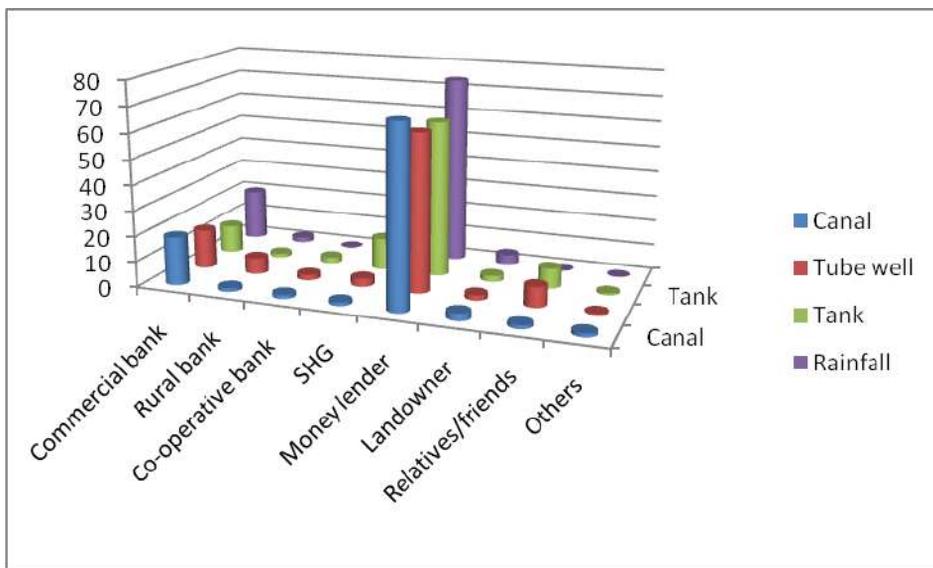
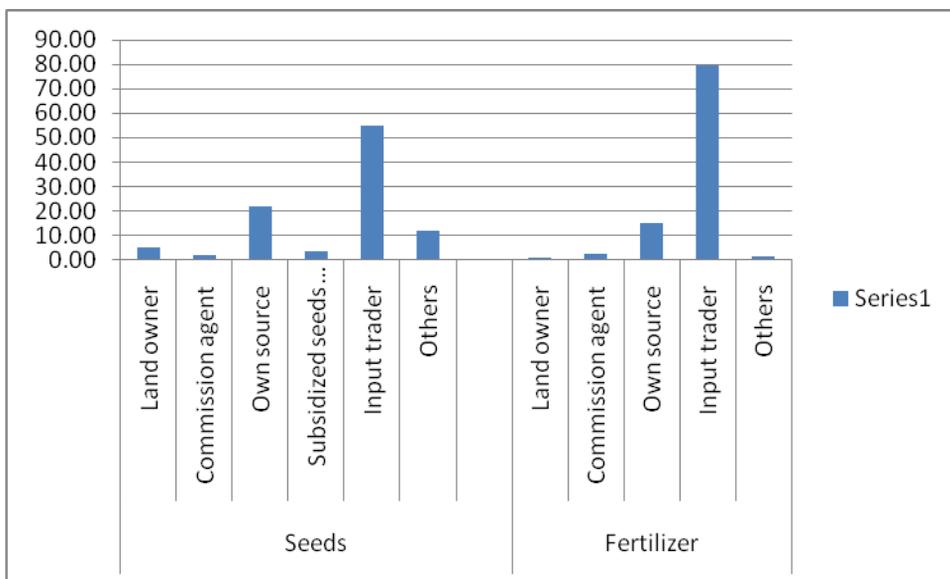


Figure 11: Access to Seeds and Fertilizers to Tenants Who Leased-in Land from Absentee Land Owners



Source: Field Survey.

Figure 11 discusses about the access to seeds by tenants. The data reveal that, the tenants who are cultivating the farm land of absentee land owning households living in the village across all categories of irrigation sources depend on input traders (INT) for

accessing seeds. It is very significant at 33 per cent. Similarly, 22.77 percent of the tenants who are cultivating the farm land of absentee land owning households living in urban area also depend on input traders across all categories of irrigation sources. With regard to access to subsidized seeds from government, the tenants who are cultivating the lands of the households living in towns/cities, 2.31 per cent are receiving from that source. Whereas tenants who are cultivating lands of households living in villages are availing 1.32 per cent subsidized seeds only. As regards access to seeds from the land owners, 1.98 per cent tenants have accessed seeds from the owners who live in towns/cities and 1.98 per cent tenants have accessed from the owners who live in villages. In the case of own source, 9.9 per cent of tenants cultivating the lands of households living in villages have seed bank on their own and the same for tenants leasing in land from the households living in towns/cities is 10.23 per cent. The tenants who leased-in land from both the absentee land owning households living in the towns/cities and villages have accessed seeds from input traders. It is the main source for all the tenants. The tenants who have accessed seeds from land owners are very minimal.

With regard to tenants' access to fertilizers, those, who cultivate the leased-in land of the absentee land owning households living both in the village and towns/cities, depend on input traders to a very significant extent (43.71 per cent). It is true across all categories of irrigation sources. Also the tenants who are cultivating the lands of absentee land owning households living in urban area, from all categories of irrigation sources are depending on input traders (33.77 per cent). The percentage of tenants who have accessed government subsidy while cultivating the lands of households living in towns/cities is 0.66 per cent. There are no tenants who have availed subsidised fertilizers from the government on the leased-in land of households living in the villages. Only 0.99 per cent of tenants have got fertilisers from the owners living in towns/cities and 0.66 per cent per cent tenants have accessed fertilisers from the owners living in villages. A few tenants are depending on land owners for fertilisers.

In the case of own source, 7.95 per cent of tenants cultivating the lands of owners living in villages are depending on their own to get fertilizers. While that of tenants cultivating the lands of households living in towns/cities is 6.29 per cent. It has been revealed that the tenants are depending on local commission agents (LCAs) to buy fertilisers. Nearly two per cent of tenants cultivating the lands of absentee land owning households living in villages are depending on commission agents and 0.66 per cent tenants cultivating the lands of absentee land owning households living in urban area are depending on commission agents. Input trader is a major source to get fertilizers across different irrigated areas.

**Table 11: Government Benefits Received by Lessors and Tenants**

<b>Government benefits/Source of Irrigation</b>	<b>Canal</b>	<b>Tube Well</b>	<b>Tank</b>	<b>Rainfall</b>
Percentage of absentee land owning households living in urban allowing tenant to use land documents to get government benefits	0	1.72	1.3	0
Percentage of absentee land owning households living in urban who have taken crop loan from banks	4.1	6.9	0	5.7
Percentage of absentee land owning households living in urban benefited from government	1.4	1.32	0	5.17
Percentage of tenants who have received incentives from absentee land owning households living in urban	1.4	1.32	0	0
Percentage of absentee land owning households living in the village allowing tenants to use land documents to get government benefits	1.37	1.72	1.31	0
Percentage of absentee land owning households living in the village who have taken crop loan from banks	8.91	5.17	1.31	0
Percentage of absentee land owning households living in the village benefited from government	2.7	0	1.31	0
Percentage of tenants received incentives from absentee land owning households living in the village	1.4	0	0	0

*Source:* Field Survey.

Table 11 gives detailed information on the government benefits received by lessor or tenant. It is reported that 4.95 per cent of households of absentee land owners who live in the village have taken crop loan from banks though they are not cultivating the lands. A few tenants (0.41 per cent) have received incentives from the households of absentee land owners living in the village. It has been revealed that 8.91 per cent of households of ALOHLV are in canal irrigated areas. The ALOHLV have taken loans from banks (6.9 per cent) in tube well irrigated areas. Some of the ALOHLU have also taken crop loan from banks in these areas. Whereas 5.17 per cent of ALOHLU have received government benefits in rain-fed areas.

**Table 12: Investments by Absentee Land Owning Households in Agriculture from 2004 to 2016**

Source	Irrigation	Machinery	Land Development	farm Implements
Canal	7 (54166.57)	1 (700000)	9 (10994)	1 (50000)
Tube Well	9 (20500)	1 (150000)	1 (50000)	1 (10000)
Tank			6 (16354.17)	
Rainfall	3 (25416.67)		1 (15000)	
All	19 (33361.08)	2 (425000)	17 (23087.04)	2 (30000)

*Source:* Field Survey.

*Note:* Average amount invested is indicated in parentheses.

Table 12 reveals the investment details of the households living in both towns/cities and villages on their land. Nine absentee land owning households living in the urban areas, have invested an average amount Rs.75,833 on irrigation, whereas 11 households living in villages have invested a highest average of Rs.1,56,109 on irrigation in the last 10 years. As regards the investment on land development, an average amount of Rs.31,500 has been spent by 6 households living in towns/cities, but 11 households living in villages have spent an average amount Rs.54,864 on land development activities. It is reported that all absentee land owners have received incentives and taken crop loan from banks though they are not cultivating the lands. For farm implements, only two households have spent an average amount of Rs.30000. In the case of machinery, one household has spent an amount of Rs.150000.

## 7. Conclusions

There is an increasing importance of land - owning absentee land owning households in agrarian economy (Vijay, 2012; Chitrasen and Vijay, 2016). It is witnessed that the absentee land owning households living in the urban area who were engaged in non-agricultural activities did not lose their ancestral property in the villages. They are significant in terms of number and owning of farm land having public provision of irrigation (canal and tank irrigation). Here, the proportion of leased-in land as well as area under informal tenancy is sizable in number (Sreenivasulu, 2015). The non-cultivators belong to upper caste (OC) and backward community (BC) and their area

fall under semi-medium and medium size of land holdings. The absentee land owning households living in the urban area constitute 40.78 per cent in tank irrigated area and 38.35 per cent in canal irrigated area, having knowledge on crops being raised in their lands but their involvement in the decision-making process of production is very minimal. However, the absentee land owning households living in the urban area have helped the tenants (30 per cent) in canal irrigated lands; and the tenants in tank irrigated areas (40.78 per cent) have received help in the case of crop damage. Only a small proportion of absentee land owning households living in urban areas have helped the tenants for crop damage in the rain-fed and tube well irrigated areas. The absentee land owning households living in the village have knowledge about cultivation but are not involved in the decision-making process of production.

It is evident that 65.75 per cent of absentee land owning households have shifted to non-agriculture activities between 2001 and 2010 in canal irrigated areas. Also, a higher number of farmers have shifted in both tube well and tank irrigated areas in recent decades. It is observed that a few farmer households have shifted from agriculture to non-agriculture in the drought-affected areas. Majority of the absentee land owning households living in urban areas are involved in better income generating activities concerning non-farm and self-employment. However, all absentee land owning households living in the village have left agriculture, due to old age or health problems. It is found that absentee land owning households are not willing to sell their lands anticipating better price (speculative purpose) and are getting fixed rental income. It is clear that fixed cash and fixed kind are a predominant forms of lease in canal, tube well and even in drought-affected areas which is beneficial to absentee land owning households.

The study has found that there is an adverse impact of absentee land owning households on agriculture. The absentee land owning households have got subsidised seeds, fertilisers, pesticides and crop loans which are not accessible to actual cultivator (tenant). All the tenants in the study area have depended on informal agents such as money lenders, commission agents, local input traders, etc., for credit, seeds, pesticides and machinery in the production process. It is revealed that there is no evidence of investments on irrigation, machinery and land development by absentee land owning households in the study villages. The absentee land owning households want rental income without any involvement in the production process. Therefore, investments have not taken place, which is severely affecting the agricultural development and growth.

### **Policy Concerns**

The absentee land owning households are prevalent in considerable numbers in canal and tank irrigated regions. This acted as a natural constraint on agricultural growth as

there was no new investment in agriculture. Therefore, the revenue officials should identify the lands of absentee land owners who are not interested in farming. These lands should be given to women groups (Joint Liability Groups) of landless poor on group leasing. This will benefit both the landless poor women and the land owners, like “Haritashree Group Lease Land Farming Programme” in Kerala. This type of group farming will regularize, liberalize and legalize the tenancy market in terms of lease, rent, duration of lease, etc.

The present situation of tenant farmers is very fragile and worst among them are the pure tenant farmers. In the absence of written/legal documents of tenancy these farmers are facing problems. There is no proper documentary evidence on number of tenants and extent of land under tenancy system at village and mandal levels. Therefore, it is important to identify the tenant farmer at the village level. For this process the village community needs to constitute a committee with members consisting of gram panchayat Sarpanch, Village Revenue Officer (VRO), Adarhsa Rythu (AR) and one woman SHG member. The committee should be mandated to register the details of tenants, issue certificates and ensure getting of Loan Eligibility Cards (LECs), so that actual tillers, tenants, get benefits from the government.. However, the committee should be empowered to frame terms and conditions of tenancy such as fixation of rent and documentation of agreement between the tenant and the lessor at the village level. Further, the committee should solve the problems that arise between the tenants and absentee land owning households. This model would help in reducing the interference of middle men (commission agents) in the land lease market and identify the actual cultivator/tenant.

This new level of hierarchy in the land lease market is suggested for effective implementation of new act (AP Licensed Cultivators Act, 2011) which significantly altered the dynamics of land lease market. After implementation of this Act, land owners are not interested/ willing to lease land directly to tenants as it will provide tenants an easy access to bank credit, insurance and other Government benefits. It is the failure of the State to identify the actual number of tenants and issue LECs to all tenants (Revathi, 2014). In critical situations such as crop failures, natural calamities and others, the compensation provided by the Government should reach the tenant farmer instead of the land owner who is not the actual cultivator.

It is a documented fact about the suicides by the farmers in the country that 75 percent of them belong to small and marginal farmers, particularly those tenants who committed suicides due to indebtedness (most of the money is taken from informal moneylenders and commission agents and is used for agricultural inputs and other family needs). Apart from this, most of the tenants have paid higher rent. Moreover, the machinery

and inputs come with a heavy price tag and the tenant farmers are unable to get support from the government agencies (banks, cooperative societies). This makes them largely rely on the commission agents and input traders for credit with high interest rate. The present study has gathered the evidence that agrarian system at present is exploitative in nature as nearly 50 per cent of farm output is paid towards rent to absentee land owning households who do not take any risk in agriculture. In times of shocks or risks in agriculture there is no support mechanism to pure tenants and compensation claims are made and received by absentee land owning households. It is observed that absentee land owning households seeking rental income without any involvement in the process of production and investments in agriculture are acting as stumbling blocks in agricultural development and growth. To expunge this situation and protect the tenant farming community both the central and state governments are coming up with new policies on land leasing, aiming at benefiting both the tenants as well as absentee land owning households in order to create a robust atmosphere in agricultural sector.

## References

- Acharya S.S and D.P Chaudhri [eds] (2001), *Indian Agricultural Policy at the Crossroad*, Jaipur: Rawat Publications, Jaipur
- Athreya, V. B., Djurfeldt, G., & Lindberg, S (1990). *Barriers Broken Production Relations and Agrarian Change in South India*, Sage Publications Inc.
- Bardhan, A.B (2011), “Changes in Agrarian Relations Since Independence”, *Think India Quarterly*. Vol.14 No.3, July-September.
- Basole, Amit., & Deepankar, Basu (2011), “Relations of Production and Modes of Surplus Extraction in India: Part I –Agriculture”, *Economic and Political Weekly*, Vol. XLVI. No. 14, April 02, 2011, pp. 41-58.
- Bhaduri, Amit (1984), *Economic Structure of Backward Agriculture*, Macmillan Indian Ltd. New Delhi.
- Bhalla, Sheila (1983), “Tenancy Today: New Factors in Determination of Model of Level of Payments in Agricultural Land”, *Economic and Political Weekly*, Vol. 18, Nos. 19-21, May 21.
- Bhalla, Shiela (1992), “The Formation of Rural Labour Markets in India”, in T.S. Papola and Gerry Rodgers (eds.), *Labour Institutions and Economic Development in India*, Research Series 97, International Institute for Labour Studies, Geneva, pp. 125-160.
- Byres, T.J (1981), “The New Technology, Class Formation and Class Action in the Indian Countryside”, *Journal of Peasant Studies*, July, Vol.8, No. 4.
- Byres, T.J (1999), “Rural Labour Relation in India: Persistent Themes, Common Progresses and Differential Outcomes”, *The Journal of Peasant Studies*. Vol. 26 (2&3), Jan & April , pp.10-24.
- Chand, Ramesh (2015), *Estimates and Analysis of Farm Income in India, 1983-84 to 2011-12*, *Economic and Political Weekly*, Vol.50, No. 22, May 30, pp.139 to 145.
- Chandra N.K (1974), “Farm Efficiency under Semi-Feudalism: A Critique of Marginalist Theories and Some Marxist Formulations”, *Economic and Political Weekly*, Vol. 9, No. 32-33-34, August 10.
- Chandrasekhar, C.P. and Ghosh, J (2007), “Recent employment trends in India and China: An Unfortunate Convergence?” *Social Scientist*, Vol.35, Nos.19-46.

- Chavan, P. and R. Bedamatta (2006), "Trends in Agricultural Wages in India 1964-65 to 1999-2000", *Economic and Political Weekly*, Vol.61, No. 38, September 23-29, pp. 4041-4052.
- Chitrasen, Bhue and R.Vijay (2016), "Importance of Landowning Non-cultivating Households: Some More Evidence", *Economic and Political Weekly*, Vol. 51, No. 25, June 18.
- Dantwala, M.L (1986), "Agrarian Structure and Agrarian Relations in India", in Dantwala (ed.), *Indian Agricultural Development since Independence* Oxford and IBH Publications, New Delhi, pp. 73-74.
- Desai A. R (1986), *Agrarian Struggles in India after Independence*, Oxford University Press, Delhi.
- Deshpande, R.S. and Khalil Shah (2007), "Agrarian Distress and Agricultural Labour", *Indian Journal of Labour Economics*, Vol.50, No.2-, pp. 257-72.
- Dev, Mahendra (2008), *Inclusive Growth in India: Agriculture, Poverty, and Human Development*, New Delhi: Oxford University Press.
- Dhanagare D. N (1983), *Peasant Movements in India 1920-1950*, Oxford University Press, Delhi.
- Government of India (2011), *Agricultural Census -2011*, Department of Agriculture & Co-operation, National Informatics Centre.
- Hariss, J (1991), "Agriculture, Non-agriculture Linkages and the Diversification of Rural Economic Activity' in Breman and Mundle (eds)
- Harriss, J (1992), "Does the 'Depressor' Still Work? Agrarian Structure and Development in India: A review of Evidence and Argument", *The journal of Peasant Studies*, Vol.19 No.2, pp.189-227.
- Jodhka, S.S (2014), "Emergent Ruralities Revisiting Village Life and Agrarian Change in haryana", *Review of Rural Affairs, Economic and Political Weekly*, Vol.XLIX No.26 & 27.
- Khusro A.M (1958), *Economic and Social Effects of Jagirdari Abolition and Land reforms in Hyderabad*, Dept of Publication and University Press, Osmania University, Hyderabad.

- Lerche, J (2011), "Agrarian Crisis and Agrarian Questions in India", *Journal of Agrarian Change*. Vol. 11, No.1, pp.104-118.
- Lewis, Oscar and V. Barnouw (1956), "Caste and the Jajmani System in a North Indian Village", *Scientific Monthly*, Vol. 83, pp. 66-81.
- Nancharaiah, G (2001), "Land, Labour and Dalits in Independent India", *Artha Vijnana*, Vol. XLIII, Nos. 1-2. March-June, pp.193-207.
- Parthasarathy, G and B Prasada Rao (1969), *Land Reforms in Andhra Pradesh*, (A Study Sponsored by the R.P.C. Planning Commission), Scientific Book Agency 22, Raja Woodmunt Street, Calcutta.
- Parthasarthy, G (1996), "Recent Trends in Wages and Employment of Agricultural Labour", *Indian Journal of Agricultural Economics*, Vol. 51, Nos. 1 and 2, pp. 145-67.
- Patnaik, Utsa (1971), "Capitalist Development in Agriculture: A Note", RA, *Economic and Political Weekly*, Vol.6, No.39, September 25, pp. A123-A130.
- Prasad, P.H (1973), "Production Relations: Achilles heel of Indian Pkanning" *Economic and Political Weekly*, Vol. 8, No. 19, May 12.
- Puri, B.N (1968), "Irrigation and Agricultural Economy in Ancient India", in *Annals of the Bhandarkar Oriental Research Institute*, Vol.48/49, Golden Jubilee Volume 1917-1967, pp.383-390
- Rajasekhar, D (1988), *Land Transfers and Family Partitioning*, Center for Development Studies, Monograph Series, Oxford and IBH, New Delhi.
- Ramachandran, V.K (2011), "Agrarian Relations And Villages Studies", *The Indian Journal of Labour Economics*, Vol.54, No.4.
- Ramachandran, V.K (2011), "The State of Agrarian Relations in India Today", *The Marxist*, Vol. XXXVII No.1-2.
- Ramchandran, V.K., VikasRawal and Madhura Swaminathan (2010), *Socio-Economic Surveys of Three Villages in Andhra Pradesh*, Tulika Books, New Delhi.
- Rao, B.S (1963), *Economic and Social Effects of Zamindari Abolition in Andhra Pradesh*, Dept of Economics, Andhra University, Waltair.
- Rao, C.H.Hanumantha (1975), *Technological Change and Distribution of Gains in Indian Agriculture*, Macmillan, New Delhi.

- Rao, Narasimha and K. C. Suri (2006), "Dimensions of Agrarian Distress in Andhra Pradesh", *Economic and Political Weekly*, Vol. 9, No. 16, April 22.
- Rao, R.S (1970), "In Search of the Capitalist farmer", *Economic and Political Weekly*, Vol. 5, No. 51, December 19.
- Rao V.M (2007), *Sustainability of Indian Agriculture: Towards an Assessment*, ISEC, ESS Working Paper, August.
- Rao, V.M (2009), "Farmer's Distress in a Modernizing Agriculture-The Tragedy of the Upwardly: An Overview" in D. Narasimha Reddy and Srijit Mishra (eds), *Agrarian Crisis in India*, New Delhi, Oxford University Press, pp. 109-125.
- Reddy, Narasimha D. and Srijit Mishra (2009), *Agrarian Crisis in India*. New Delhi: Oxford University Press.
- Reddy, V.N. and Murthy C.S (1978), "Backward Castes and Tenancy: A Village Study", *Economic and Political Weekly*, Vol. 13, No. 26, July 01.
- Revathi. E (2014), *Liberalizing Lease Market: The Andhra Pradesh Land Licensed Cultivators Act 2011*, Working Paper No.135, July, CESS, Hyderabad.
- Rudra, Ashok (1978), "Class Relations in Indian Agriculture-I", *Economic and Political Weekly*, Vol. 13, Nos.22, 23 and 24, June 03, 10 and 17.
- Sreenivasulu, Y (2013), *Access to Land for Scheduled Castes and Scheduled Tribes in Andhra Pradesh*, the Report submitted to Planning Department, Governemnt of Andhra Pradesh.
- Sreenivasulu, Y (2015), *Functioning of Land Lease Market in Different Agro-Climatic Settings in India*, Serials Publication, New Delhi (India).
- Srivastava, R. and Singh, R (2005), "Economic Reform and Agricultural Wages in India", *Indian Journal of Labour Economics*, Vol. 48, No. 2, pp. 407-423.
- Sundarayya, P (1977), "Class Differentiation of the Peasantry: Results of Rural Surveys in Andhra Pradesh", *Social Scientist*, Nos. 56 and 57, March-April.
- Swaminathan, M (1988), "Growth and Polarization: Changes in Wealth Inequality in a Tamil Nadu Village", *Economic and Political weekly*, October 22.
- Thorner, Daniel (1956), *The Agrarian Prospect in India*, Allied Publishers Pvt. Ltd. New Delhi.

- Thorner, Daniel and Alice Thorner (1962), *Land and Labour in India*, Allied Publishers, Bombay.
- Trent, Scarlet (1955), "Irrigation and Socio-Economic Change in a Mysore Village," *Economic and Political Weekly*, September 10, pp.1091-1094
- Vamsi, V., N.P.Prasad, K. Laxminarayana, S. Kilaru (2011), "Understanding the Andhra Crop Holiday Movement", *Economic and Political Weekly*, Vol. 46, No. 50, December 10.
- Venkateswarlu, A (2003), *Pattern of Land Distribution and Tenancy in Rural Andhra Pradesh*, Working Paper No.51, Centre for Economic and Social Studies (CESS), Hyderabad, September.
- Vijay, R (2012), "Structural Retrogression and Rise of New Landlords in Indian Agriculture: An Empirical Exercise", *Economic and Political Weekly*, Vol. 48, No. 5, February 04, pp.37-45.
- Vijay, R and Y. Sreenivasulu (2013), "Agrarian Structure and Land Lease Arrangements: An Investigation in Nine Villages Andhra Pradesh", *Economic and Political Weekly*, Review of Rural Affairs, No. 26-27, Vol. 48, June 29, pp. 42-49.
- Vijay. R. and Y. Sreenivasulu (2016), "Examining Change in the Nature and Composition of land Lease Arrangements in India: An Exploratory Analysis", published in the book entitled *Land Rights in India*, edited by Varsha Bhagat-Ganguly, Routledge, NewYork, New York
- Vyas, V.S (2003), *Indian Agrarian Structure, Economic Policies and Sustainable Development: Variation on a Theme*, Academic Foundation, New Delhi.
- Walker, T.S. and Ryan, J.G (1990), *Village and Household Economies in India's Semi-arid Tropics*, Johns Hopkins University Press, Baltimore.