

THE STORY OF THE VILLAGE PALAMPUR

INTRODUCTION

Palampur is well-connected with neighbouring villages and towns. Raiganj, a big village, is 3 kms from Palampur. An all weather road connects the village to Raiganj and further on to the nearest small town of Shahpur. Many kinds of transport are visible on this road starting from bullock carts, tongas, bogeys (wooden cart drawn by buffalos) other commodities to motor vehicles like motorcycles, jeeps, tractors and trucks.

This village has about 450 families belonging to several different castes. The 80 upper caste families own the majority of land in the village. The SCs (dalits) comprise one third of the population and live in one corner of the village and in much smaller houses some of which are of mud and straw. Electricity powers all the tubewells in the fields and is used in various types of small business. Palampur has two primary schools and one high school. There is a primary health centre run by the government and one private dispensary where the sick are treated. The story of Palampur, an imaginary village, will take us through the different types of production activities in the village. In villages across India, farming is the main production activity. The other production activities, referred to as nonfarm activities include small manufacturing, transport, shop-keeping, etc. We shall take a look at both these types of activities, after learning a few general things about production.

ORGANISATION OF PRODUCTION

Production of any type of goods or services requires the services of four factors of production.



- (i) First requirement is land and other natural resources such as water, forests and minerals.
- (ii) Second requirement is labour. Some production activities require highly educated workers, other activities require workers who can do manual work.
- (iii) Third requirement is physical capital, i.e. the variety of inputs required at every stage during production. Tools, machines, buildings can be used in production over many years, and are called fixed capital. Raw materials and money in hand are called working capital; these are used up in production.
- (iv) There is a fourth requirement too. One needs knowledge and enterprise to be able to put together land, labour and physical capital and produce an output. This is called human capital.

Every production is organised by combining land, labour, physical capital and human capital, which are known as factors of production.

The second requirement is labour, i.e. people who will do the work. Some production activities require highly educated workers to perform the necessary tasks. Other activities require workers who can do manual work. Each worker is providing the labour necessary for production.

The third requirement is **physical capital**, i.e. the variety of inputs required at every stage during production. What are the items that come under physical capital?

THE STORY OF THE VILLAGE PALAMPUR

- (a) Tools, machines, buildings: Tools and machines range from very simple tools such as farmer's plough to sophisticated machines such as generators, turbines, computers, etc. Tools, machines, buildings can be used in production over many years and are called fixed capital.
- (b) Raw materials and money in hand: Production requires a variety of raw materials such as the yarn used by the weaver and the clay used by the potter. Also, some money is always required during production to make payments and buy other necessary items. Raw materials and money in hand are called working capital. Unlike tools, machines and buildings, these are used up in production.

There is a fourth requirement too. You will need knowledge and enterprise to be able to put together land, labour and physical capital and produce an output either to use yourself or to sell in the market. This these days is called human capital.



A factory, with several labourers and machines

Every production is organised by combining land, labour, physical capital and human capital, which are known as factors of production.

FARMING IN PALAMPUR

1. Land is fixed

Farming is the main production activity in Palampur. 75 per cent of the people who are working are dependent on farming for their livelihood. They could be farmers or farm labourers. The well being of these people is closely related to production on the farms.

But remember that there is a basic constraint in raising farm production. Land area under cultivation is practically fixed. Since 1960 in Palampur, there has been no expansion in land area under cultivation. By then, some of the wastelands in the village had been converted to cultivable land. There exists no further scope to increase farm production by bringing new land under cultivation.

SPOT LIGHT

The standard unit of measuring land is hectare, though in the villages you may find land area being discussed in local units such as bigha, guintha etc. One hectare equals the area of a square with one side measuring 100 metres. Can you compare the area of a 1 hectare field with the area of your school ground?

THE STORY OF THE VILLAGE PALAMPUR

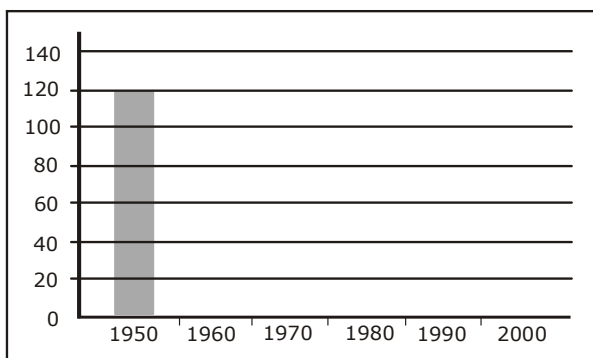
2. Is there a way one can grow more from the same land?

In the kind of crops grown and facilities available, Palampur would resemble a village of the western part of the state of Uttar Pradesh. All land is cultivated in Palampur. No land is left idle. During the rainy season (kharif) farmers grow jowar and bajra. These plants are used as cattle feed. It is followed by cultivation of potato between October and December. In the winter season (rabi), fields are sown with wheat. From the wheat produced, farmers keep enough wheat for the family's consumption and sell the surplus wheat at the market at Raiganj. A part of the land area is also devoted to sugarcane which is harvested once every year. Sugarcane, in its raw form, or as jaggery, is sold to traders in Shahpur.

The main reason why farmers are able to grow three different crops in a year in Palampur is due to the well-developed system of irrigation. Electricity came early to Palampur. Its major impact was to transform the system of irrigation. Persian wheels were, till then, used by farmers to draw water from the wells and irrigate small fields. People saw that the electric-run tubewells could irrigate much larger areas of land more effectively. The first few tubewells were installed by the government. Soon, however, farmers started setting up private tubewells. As a result, by mid-1970s the entire cultivated area of 200 hectares (ha.) was irrigated.

To grow more than one crop on a piece of land during the year is known as multiple cropping.

	Cultivated Area
1950	120
1960	130
1970	140
1980	140
1990	140
2000	140



Cultivated Area over the years

You have seen that one way of increasing production from the same land is by multiple cropping. The other way is to use modern farming methods for higher yield. Yield is measured as crop produced on a given piece of land during a single season. till the mid 1960s, the seeds used in cultivation were traditional ones with relatively low yields. Traditional seeds needed less irrigation. Farmers used cow-dung and other natural manure as fertilizers. All these were readily available with the farmers who did not have to buy them.

The Green Revolution in the late 1960s introduced the Indian farmer to cultivation of wheat and rice using high yielding varieties (HYVs) of seeds. Compared to the traditional seeds, the HYV seeds promised to produce much greater amounts of grain on a single plant. As a result, the same piece of land would now produce far larger quantities of foodgrains than was possible earlier. HYV seeds, however, needed plenty of water and also chemical fertilizers and pesticides to produce best results. Higher yields were possible only from a combination of HYV seeds, irrigation, chemical fertilisers, pesticides etc.

THE STORY OF THE VILLAGE PALAMPUR

Farmers of Punjab, Haryana and Western Uttar Pradesh were the first to try out the modern farming method in India. The farmers in these regions set up tubewells for irrigation, and made use of HYV seeds, chemical fertilizers and pesticides in farming. Some of them bought farm machinery like tractors and threshers, which made ploughing and harvesting faster. They were rewarded with high yields of wheat. du30

In Palampur, the yields of wheat grown from the traditional varieties was 1300 kg per hectare. With the HYV seeds, the yield went up to 3200 kg per hectare. There was a large increase in the production of wheat. Farmers now had greater amounts of surplus wheat to sell in the markets.

3. Will the land sustain?

Land being a natural resource, it is necessary to be very careful in its use. Scientific reports indicate that the modern farming methods have overused the natural resource base.

In many areas, Green Revolution is associated with the loss of soil fertility due to increased use of chemical fertilizers. Also, continuous use of groundwater for tubewell irrigation has reduced the water-table below the ground. Environmental resources like soil fertility and groundwater are built up over many years. Once destroyed it is very difficult to restore them. We must take care of the environment to ensure future development of agriculture.

4. How is land distributed between the farmers of Palampur?

You must have realised how important land is for farming. Unfortunately, not all the people engaged in agriculture have sufficient land for cultivation. In Palampur, about one third of the 450 families are landless, i.e. 150 families, most of them dalits, have no land for cultivation.

Of the remaining families who own land, 240 families cultivate small plots of land less than 2 hectares in size. Cultivation of such plots doesn't bring adequate income to the farmer family.

You can see the large number of small plots scattered around the village in the picture. These are cultivated by the small farmers. On the other hand, more than half the area of the village is covered by plots that are quite large in size. In Palampur, there are 60 families of medium and large farmers who cultivate more than 2 hectares of land. A few of the large farmers have land extending over 10 hectares or more.

SPOT LIGHT

In 1960, Gobind was a farmer with 2.25 hectares of largely unirrigated land. With the help of his three sons Gobind cultivated the land. Though they didn't live very comfortably, the family managed to feed itself with a little bit of extra income from one buffalo that the family possessed. Some years after Gobind's death, this land was divided among his three sons. Each one now has a plot of land that is only 0.75 hectare in size. Even with improved irrigation and modern farming method, Gobind's sons are not able to make a living from their land. They have to look for additional work during part of the year.

5. Who will provide the labour?

Farm labourers come either from landless families or families cultivating small plots of land. Unlike farmers, farm labourers do not have a right over the crop grown on the land. Instead they are paid wages by the farmer for whom they work. Wages can be in cash or in kind e.g. crop. Sometimes labourers get meals also. Wages vary widely from region to region, from crop to crop, from one farm activity to another (like sowing and harvesting). There is also a wide variation in the duration of employment. A farm labourer might be employed on a daily basis, or for one particular farm activity like harvesting, or for the whole year.

Dala is a landless farm labourer who works on daily wages in Palampur. This means he must regularly look for work. The minimum wages for a farm labourer set by the government is Rs.60 per day, but Dala gets only Rs. 35–40. There is heavy competition for work among the farm labourers in Palampur, so people agree to work for lower wages. Dala complains about his situation to Ramkali. Who is another farm labourer.

6. The capital needed in farming

You have already seen that the modern farming methods require a great deal of capital, so that the farmer now needs more money than before.

- (i) Most small farmers have to borrow money to arrange for the capital. They borrow

from large farmers or the village moneylenders or the traders who supply various inputs for cultivation. The rate of interest on such loans is very high. They are put to great distress to repay the loan.

- (ii) In contrast to the small farmers, the medium and large farmers have their own savings from farming. They are thus able to arrange for the capital needed. How do these farmers have their own savings? You shall find the answer in the next section.

7. Sale of Surplus Farm Products

Let us suppose that the farmers have produced wheat on their lands using the three factors of production. The wheat is harvested and production is completed. What do the farmers do with the wheat? They retain a part of the wheat for the family's consumption and sell the surplus wheat. Small farmers like Savita and Gobind's sons have little surplus wheat because their total production is small and from this a substantial share is kept for their own family needs. So it is the medium and large farmers who supply wheat to the market. In the Picture, you can see the bullock cart streaming into the market each carrying loads of wheat. The traders at the market buy the wheat and sell it further to shopkeepers in the towns and cities.

SPOT LIGHT

Savita is a small farmer. She plans to cultivate wheat on her 1 hectare of land. Besides seeds, fertilizers and pesticides, she needs cash to buy water and repair her farm instruments. She estimates that the working capital itself would cost a minimum of Rs. 3,000. She doesn't have the money, so she decides to borrow from Tejpal Singh, a large farmer. Tejpal Singh agrees to give Savita the loan at an interest rate of 24 per cent for four months, which is a very high interest rate. Savita also has to promise to work on his field as a farm labourer during the harvest season at Rs.35 per day. As you can tell, this wage is quite low. Savita knows that she will have to work very hard to complete harvesting on her own field, and then work as a farm labourer for Tejpal Singh. The harvest time is a very busy time. As a mother of three children she has a lot of household responsibilities. Savita agrees to these tough conditions as she knows getting a loan is difficult for a small farmer.



Scene of a village

Tejpal Singh, the large farmer, has a surplus of 350 quintals of wheat from all his lands! He sells the surplus wheat at the Raiganj market and has good earnings.

What does Tejpal Singh do with his earnings? Last year, Tejpal Singh had put most of the money in his bank account. Later he used the savings for lending to farmers like Savita who were in need of a loan. He also used the savings to arrange for the working capital for farming in the next season. This year Tejpal Singh plans to use his earnings to buy another tractor. Another tractor would increase his fixed capital.

NON FARMING ACTIVITIES IN PALAMPUR

- 1. Dairy – the other common activity :** Dairy is a common activity in many families of Palampur. People feed their buffalos on various kinds of grass and the jowar and bajra that grows during the rainy season. The milk is sold in Raiganj, the nearby large village. Two traders from Shahpur town have set up collection cum chilling centres at Raiganj from where the milk is transported to far away towns and cities.
- 2. An example of small-scale manufacturing in Palampur :** At present, less than fifty people are engaged in manufacturing in Palampur. Unlike the manufacturing that takes place in the big factories in the towns and cities, manufacturing in Palampur involves very simple production methods and are done on a small scale. They are carried out mostly at home or in the fields with the help of family labour. Rarely are labourers hired.
- 3. The shopkeepers of Palampur :** People involved in trade (exchange of goods) are not many in Palampur. The traders of Palampur are shopkeepers who buy various goods from wholesale markets in the cities and sell them in the village. You will see small general stores in the village selling a wide range of items like rice, wheat, sugar, tea, oil, biscuits, soap, toothpaste, batteries, candles, notebooks, pen, pencil, even some cloth. A few of the families whose houses are close to the bus stand have used a part of the space to open small shops. They sell eatables.
- 4. Transport: a fast developing sector :** There are variety of vehicles on the road connecting Palampur to Raiganj, Rickshawallahs, tongawallahs, jeep, tractor, truck drivers and people driving the traditional bullock cart and bogey are people in the transport services. They ferry people and goods from one place to another, and in return get paid for it. The number of people involved in transport has grown over the last several years.

SUMMARY

Farming is the main production activity in the village. Over the years there have been many important changes in the way farming is practiced. These have allowed the farmers to produce more crops from the same amount of land. This is an important achievement, since land is fixed and scarce. But in raising production a great deal of pressure has been put on land and other natural resources.

The new ways of farming need less land, but much more of capital. The medium and large farmers are able to use their own savings from production to arrange for capital during the next season. On the other hand, the small farmers who constitute about 80 per cent of total farmers in India, find it difficult to obtain capital. Because of the small size of their plots, their production is not enough. The lack of surplus means that they are unable to obtain capital from their own savings, and have to borrow. Besides the debt, many of the small farmers have to do additional work as farm labourers to feed themselves and their families.

Labour being the most abundant factor of production, it would be ideal if new ways of farming used much more labour. Unfortunately, such a thing has not happened. The use of labour on farms is limited. The labour, looking for opportunities is thus migrating to neighbouring villages, towns and cities. Some labour has entered the non-farm sector in the village.

At present, the non-farm sector in the village is not very large. Out of every 100 workers in the rural areas in India, only 24 are engaged in non-farm activities. Though there is a variety of non-farm activities in the villages (we have only seen a few examples), the number of people employed in each is quite small.

In the future, one would like to see more non-farm production activities in the village. Unlike farming, non-farm activities require little land. People with some amount of capital can set up non-farm activities. How does one obtain this capital? One can either use his own savings, but more often has to take a loan. It is important that loan be available at low rate of interest so that even people without savings can start some non-farm activity. Another thing which is essential for expansion of non-farm activities is to have markets where the goods and services produced can be sold. In Palampur, we saw the neighbouring villages, towns and cities provide the markets for milk, jaggery, wheat, etc. As more villages get connected to towns and cities through goods roads, transport and telephone, it is possible that the opportunities for non-farm activities in the village would increase in the coming years.