

# ***ANALYSIS OF RURAL TRANSFORMATION IN TAMIL NADU (1992-1993 TO 2002-03)***

**C. CHINNARAJ**  
Research Scholar  
Department of Economics  
Bharathidasan University

**N.PRASANNA**  
Assistant Professor  
Department of Economics  
Bharathidasan University

## **Abstract**

About 69 per cent of the country's total population of 121 crore continue to live in rural India, which exhibits that India is a rural-based country. In India, many states have been injecting several schemes towards achieving higher growth rate and they have achieved it also, but rural poverty and rural people's development is still stagnated. So, the aim of the study is to analyse the economic conditions of rural people in Tamil Nadu after the LPG policies. For this analysis, landholding pattern, asset holding, agriculture production, and consumption pattern were taken as variables. The secondary data was collected from National Sample Survey Organisation, Reserve Bank of India Bulletins and Season and Crop Reports of Tamil Nadu. The study period was limited from 1992-92 to 2002-03 with regards to data. Simple percentage method and correlation were used to analyze the data. The study results show that a transformation in the rural economy was identified. But, this transformation could not lead them to take better nutritional food.

**Keywords:** *Rural Transformation, Land Holding Pattern, Consumption Expenditure and LPG.*

## **I. INTRODUCTION**

In the late 20th and early 21st centuries, rural restructuring was identified in Western Europe, North America, and Israel. At the same time, such

transformational development took place in the rural areas of the developing countries, such as China, India, Zimbabwe and Ecuador (Long, et al., 2011). Before 1990s many studies were undertaken with regard to rural restructuring or rural transformation. Earlier rural restructuring was synonymous with rural transformation. Now, i.e., in the 21st Century, rural transformation is identified by the development of the rural areas. However, there is no particular definition and index to identify or measure rural transformation. Rural transformation is a term that captures changes in agricultural intensity, crop selection pattern, land productivity, farm income, labour and technological productivity, major improvements in rural housing, economic and social improvements resulting from industrialization and urbanization (Reddy Amarendar, 2013).

## **II. LITERATURE REVIEW**

The most relevant and selective studies are reviewed in this section. C.T. Kurien (1980) made an attempt to find how the changes affect the different sections of society by analyzing the data of NSSO, Seasonal and Crop Reports of Tamil Nadu and RBI reports. The State's growth rate had slightly increased due to improvement in the availability of income and employment to the people during the period. The wage rate of agriculture labour rose while the number of agriculture labours and cultivators had continuously decreased. Expenditure of non-food

items had increased than the food items. Basant (1994) studied the economic diversification in rural areas of Gujarat. He analyzed trends of sectors in macroeconomic perspective in which employment and income of the State diversified from the agricultural sector to the secondary sector and tertiary sector. Moreover, urban people's income and employment had slightly changed from secondary to tertiary sector and also the contribution of rural people in the tertiary sector had increased. The state might have achieved higher growth rate, but poverty was on the increasing side. Jeyaraj (1996) explained the role of non-agricultural employment in social-transformation. Non-farm sector has positively impacted on the social transformation. At the same time, gender and caste limited the access to employment in the non-agricultural sector, while education helped to get better access to employment in the non-agricultural sector. Saleth (1997) analyzed the rural diversification in two villages of Trichy district. This study observed the signs of rural diversification. Declining share of family wage labour and increasing share of livestock and non-farm sector in household employment and income were the major signs of diversification in the study area. In connection with the above studies, Lonjouw and Sharriff (2004) observed that the role of non-farm sectors in diversification was quite considerable because non-farm sector in rural India had contributed about one third (34 percent) of the total household's income in 1993-94. Further, its growth had a strong relationship with wage increase. Kijoma and Lanjouw (2005) agreed with the idea of positive impact of non-farm sector on rural diversification, however, they observed that non-farm sector was generally associated with education level and social status. They concluded that expansion of nonfarm

income influenced poverty indirectly through agricultural wage. Biswas and Pal (2012) analyzed the importance of non-farm sector in rural development. In this connection, they observed that its role became vital as it could provide diverse employment opportunities to the rural people and in the process transform the rural economy in the desired direction of inclusive growth. This indicated a positive role of rural non-farm sector in the transformation of the rural economy. But, transformation of the rural economy in terms of employment diversification in the States of India varied widely and hence the face of economic development of the States occurred differently. Generally, rural non-farm sector expansion has a strong positive association with Per Capita Net State domestic product and monthly income per capita consumption and negative association with poverty. Educational attainments at different stages are observed to have a positive impact on rural non-farm sector employment and also on the diversification at the regional level. The development of the non-farm sector is, of course, to be planned along with that of the farm sector, which still absorbs the largest number of rural population.

### III. OBJECTIVE

1. To find out the rural transformation in Tamil Nadu during the period 1992-93 to 2002-03.

### IV. DATA AND METHODOLOGY

This study focuses on Rural Transformation during 1992-1993 to 2002-2003 in Tamil Nadu. Secondary data was used in the study. Data was collected from various sources, like National Sample Survey Organization (NSSO), Season and Crop Reports of Tamil Nadu and Reserve Bank of India (RBI). The availability of data for rural transformation was limited up to 2003. Hence, data

used for the study ranges from 1992-93 to 2002-03. For analyzing the variables, statistical tools such as percentage and growth rate were used.

#### V. RESULTS AND DISCUSSION

Analysis of selected variables like rural households' operational land holding pattern, asset holding, consumption expenditure and agricultural area, production and productivity for the major crops has been done.

Table 1.1 gives the class-wise operational land holding of households in rural Tamil Nadu. In this

period, there was no significant change in the operational land holding of households. Under land holding less than 0.002 hectares the number of households decreased from 1.58 per cent in 1992-93 to 0.39 per cent in 2002-03. All categories of landholding of households decreased except the categories 5.01-10 and 20 & above. Among them, marginal farmers decrease was high from 987 in 1993-94 to 187 in 2002-2003. At the same medium farmers increase was also high. This change could have occurred due to land consolidation.

*Table 1.1 Class-Wise Operational Land Holdings of Households in Tamil Nadu (1993-94 and 2002-2003)*

Classification of operational land holding (in ha)	Households 1992-93	Percentage	Households 2002-03	Percentage
< 0.002	918	1.58	187	0.39
0.002-0.50	34653	59.62	27626	58.78
0.51-5.00	21975	37.81	18509	39.78
5.01-10.00	419	0.72	620	1.31
10.01-20	150	0.26	41	0.08
20.01&above	6	0.01	11	0.02
Total	58121	100	46994	100

*Source: NSSO, Various Reports 1992-93 and 2002-03\**

\*The classification of operational holding were different in NSSO 1992-93 and 2002-03 data; also 'Nil' category was present in NSSO 2002-03 data, but this category was not present in NSSO 1992-93 data. So, to make comparison necessary rearrangements were made to the NSSO Data.

*Table 1.2(a) Per Thousand Distribution of Households Asset Holding for each Household type in Tamil Nadu-1992-93 (Rural)*

Household type/Amount in Rs Thousands	Less than 5	5-10	10-20	20-30	30-50	50-70	70-100	100-150	150-250	250 & above
Cultivator	33	48	78	90	196	103	116	95	99	91
Non-Cultivator: Agricultural labour	305	277	263	67	68	15	1	4	-	-
Artisan	248	140	157	139	97	87	93	20	19	-
Others	187	106	130	92	177	105	74	58	28	44
Total	251	192	197	87	114	60	42	27	13	17
All	156	129	167	88	150	79	75	57	51	49

*Source: NSSO various Reports*

The Tables 1.2 (a) and 1.2 (b) provide details of the asset holdings of the rural people, i.e., cultivators and non-cultivators in Tamil Nadu during 1992-93 and 2002-03 respectively. Non-cultivators include agricultural labour, artisan, and others. In 1992-93, under cultivators category, 196 households had assets in the range of Rs.30-50 thousand, 103 households were in the range Rs.50-70 thousand, 95 households were in the range Rs.100-150 thousand, 99 households were in the range Rs.150-250 thousand and 91 households were in the range Rs.250 thousand & above.

In 2002-03, under cultivator category, 107 households had assets in the range Rs.30-60 thousand, 139 households were in the range of Rs.60-100 thousand, 167 households were in the range of Rs.100-150 thousand, 167 households were in the range of Rs.100-150 thousand, 100 households were in the range of Rs.150-200 thousand, 144 households were in the range of Rs.200-300 thousand, 95 households were in the range of Rs.300-450 thousand, 115 households were in the range of Rs.450-800 thousand and 85 households were in the range of Rs.800 thousand and above. It denotes that the number of households increased to high-value asset category and their asset value increased significantly. The cultivators' households have improved their assets value during this decade, i.e., between 1992-93 and 2002-03.

*Table 1.2(b) Per Thousand Distribution of Households Asset Holding for Each Household Type in Tamil Nadu- 2002-2003 (Rural in '000')*

<b>Household type/Amount in Rs Thousands</b>	<b>0-15</b>	<b>15-30</b>	<b>30-60</b>	<b>60-100</b>	<b>100-150</b>	<b>150-200</b>	<b>200-300</b>	<b>300-450</b>	<b>450-800</b>	<b>800&amp;Above</b>
Cultivator	13	35	107	139	167	100	144	95	115	85
Non-Cultivator: Agricultural labour	148	194	336	207	65	22	21	8	3	0
Artisan	245	185	215	129	100	65	36	17	7	0
Others	155	110	164	172	121	85	69	51	49	23
Total	169	153	233	175	98	60	46	30	25	11
<b>All</b>	<b>115</b>	<b>112</b>	<b>189</b>	<b>162</b>	<b>122</b>	<b>74</b>	<b>80</b>	<b>52</b>	<b>57</b>	<b>37</b>

*Source: NSSO various Reports*

On the other side in the non-cultivator category also, the asset value increased significantly, particularly, in the case of the agricultural labour. In 1992-93 more households were present in the lower asset category i.e., 305 households were in the range of Rs. Less than 5 thousand, 277 households were in the range of Rs.5-10 thousand, 263 households were in the range Rs 10-20 thousand, 67 households were in the range Rs. 20-30 thousand, 68 households in the range Rs. 30-50 thousand, while all the remaining categories were higher income category. The number of households in low categories had decreased in 2002-03. So, they came in single digit and nil numbers. The agricultural production was poor in 2002-2003, however, Agricultural labour households' assets moved to higher category due to the impact of the non-farm sector.

Table 1.3 gives the picture of the MPCE of rural people for the year 1993-94 and 2002-03 in

Tamil Nadu. The MPCE is categorized as food items and non-food items. In the case of food items, the MPCE on cereals and grams had increased from 20.66 per cent in 1993-94 to 23.44 per cent in 2002-03. The MPCE for pulses and their products slightly increased from 4.25 per cent in 1993-93 to 5.30 in 2002-03. The cost of producing milk was less in rural areas because the cattle were fed on social grazing and also grew them in their owned agricultural land. Alongside the fodder produced from agricultural land was also used for cattle, all this reflected in the expenditure for milk and milk products as there was a slight increase in its prices in rural areas in 2002-03 as compared to that of 1993-94 prices.

Notably, in the rural area, MPCE on other food items including meat, oil, egg and fish was 18.6 per cent out of total MPCE during 1993-94. It was 15.8 per cent in 2002-03 out of total MPCE, which infers that there was a decline in MPCE of the other

food items as compared to that of 1992-93. This decrease could be due to the increase in fuel and light expenses, as it was 7.94 in 1993-94 which has almost doubled to 13.19 per cent in 2002-03.

Overall the expenditure on food items portrays that nutritional food is far from the reach of the rural people. On the other side in terms of the non-food items, the expenditure on clothing increased

significantly from 5.98 per cent in 1993-94 to 8.27 per cent in 2002-03 and its growth rate between the two periods is almost 60 per cent. Totally, non-food items slightly reduced from 48.72 per cent in 1993-94 to 48.52 per cent in 2002-03. Though assets of the rural people had increased during the study period, the consumption expenditure did not increase significantly during the reference period.

*Table 1.3 Distribution of Monthly Per Capita Expenditure (MPCE) Items of Consumption in Rural Areas of Tamil Nadu for the Year 1993-94 and 2002-2003*

Items	1993-1994 Expenditure	Percentage	2002-2003 Expenditure	Percentage
Cereals, Grams and Cereal and Substitutes	72.8	20.66	95.73	23.54
Pulses and their products	15	4.25	21.56	5.30
Milk and milk products	27.40	7.77	27.56	6.79
Other food item including oil, meat, egg and fish	65.6	18.60	64.26	15.80
All food items	180.8	51.28	209.11	51.43
Clothing	21.1	5.98	33.63	8.27
Fuel and light	28	7.94	53.63	13.19
Miscellaneous consumer goods	122.8	34.82	110.23	27.11
All non-food item	171	48.72	197.49	48.57
Total	351.8	100	406.6	100

*Source: NSSO, Various reports*

In Table 1.4, the growth rates for the area under principal crops, i.e., Paddy, Cholan, Cumbu, Ragi, Groundnut, Sugarcane and Cotton in Tamil Nadu during 1992-93 to 2002-03 has been presented. Among the seven crops, the growth rate for the area under sugarcane is observed to be continuously positive. It was 15.81 per cent in 1993-94, 52.09 per cent in 1994-95, again 52.09 per cent in 1995-96, 49.3 per cent in 2001-02 and 21.39 per cent in 2002-03. Except for sugarcane, all other crops exhibit decreasing trend during the study period in acreage. Among them, the growth rate of paddy was positive and negative during the period. It was 5.59 per cent in 1993-94, 2.29 per cent in 1994-95, -10.75 per cent in 1995-96, 0.05 per cent in 1996-97, 3.48 per cent in 1997-98, 4.12 per cent in 1998-99, -0.09 per cent in 1999-00, -4.76 per cent in 2000-01, -3.94 per cent in 2001-02 and -30.59 per cent in 2002-03.

Waterlogging is essential for growing paddy crop, thereby the area allocation for paddy depends on the quantity of rainfall. Hence, It can be said that during heavy rainfall, more area was under the Paddy crop and during low rainfall, growth rate of the area under paddy was negative. Growth rate of area under Cholan was positive for two years, 4.54 per cent in 1993-94 and 4.54 per cent in 1994-95 and it fell down to -10.74 per cent in 1995-96, -18.59 per cent in 1996-97, -19.92 per cent in 1997-98, -13.69 per cent in 1998-99, -27.37 per cent in 1999-00, -7.45 per cent in 2000-01, -7.18 per cent in 2001-02 and -23.85 per cent. For the remaining crops, Cumbu, Ragi, Groundnut and Cotton, growth rate of the area was negative during 1992-93 and 2002-03 continuously. Change in land use pattern in Tamil Nadu in the past two decades was the basic reason for the overall decrease in the area under principal crops.

In Tamil Nadu, fallow land and land use for non-agricultural purpose was increasing and net sown

area came down in the past two decades (Bardhan and Tewari, 2010; Ramasamy et.al., 2005).

*Table 1.4 Growth Rate for Area of Principle Crops in Tamil Nadu (1992-93 to 2002-2003)*

Year	Paddy	Cholam	Pulses	Ragi	Groundnut	Sugarcane	Cotton
1992-93	0	0	0	0	0	0	0
1993-94	5.59	4.54	-6.64	-4.67	-2.52	15.81	-13.9
1994-95	2.29	4.54	-11.92	-24	-9.18	52.09	-4.13
1995-96	-10.75	-10.74	-17.34	-42.67	-21.46	52.09	-2.26
1996-97	0.05	-18.59	-21.21	-26	-24.16	20.47	-5.26
1997-98	3.48	-21.49	-19.92	-28.67	-27.02	31.16	-14.67
1998-99	4.12	-24.79	-13.69	-20	-27.18	42.32	-18.04
1999-00	-0.09	-27.48	-27.37	-18.67	-36.11	46.97	-33.08
2000-01	-4.76	-31.61	-7.45	-16	-41.16	46.51	-36.47
2001-02	-3.94	-34.5	-7.18	-17.33	-44.28	49.3	-38.34
2002-03	-30.59	-34.09	-23.85	-30.67	-57.74	21.39	-71.8

*Source: Season and Crop Reports of TamilNadu, Various issues.*

Table 1.5 explains the productivity of major crops in Tamil Nadu. The productivity of major crops was largely declining. While paddy, groundnut and sugarcane had a lower rate of decline, other crops, namely, Cholam, Cumbu, Ragi and Cotton had a higher rate of decline. In the reference period, Cumbu, Ragi, and Cholam productivity was declining due to increase in the productivity of cash crops like cotton, sugarcane and groundnut, which describes that cash crops occupied majority of the agricultural production for earning more money. Due to monsoon failure from 2001-2002 to 2002 2003 productivity of paddy, sugarcane and cotton had declined. However, productivity of groundnut was not affected significantly because it did not depend much on rain or water. Overall, productivity of major crops declined in Tamil Nadu during 1992-93 to 2002-03.

*Table 1.5 Productivity of the Major Crops in Tamil Nadu (1992-1993 to 2002-2003)*

Year	Paddy	Cholam	Cumbu	Ragi	Groundnut	Sugarcane	Cotton
1992-93	312	100.40	114.43	199.29	148.63	1242.11	170.05
1993-94	292.67	96.04	112.06	209.49	161.06	1275.77	186.07
1994-95	339.18	113.42	120.27	248.61	163.20	1527.22	172.39
1995-96	271.71	85.99	109.45	254.48	162.89	1009.79	130.09
1996-97	267.67	91.61	118.36	171.01	159.54	928.92	130.80
1997-98	304.95	99.29	125.72	203.60	162.29	1085.48	163.75
1998-99	357.87	101.14	133.89	200.43	182.78	1102.64	227.85
1999-00	348.17	98.44	153.06	193.72	173.61	1083.46	199.82
2000-01	354.13	98.36	131.81	204.39	194.23	1052.84	186.33
2001-02	310.58	86.64	122.29	188.31	182.32	1015.49	139.94
2002-03	235.86	65.95	83.99	134.41	492.90	924.40	110.55
Avg.	283.15	93.75	120.48	200.17	601.27	1020.65	167.02
Total	3114.66	1031.28	1325.33	2201.81	2784.7	12247	1837.18

*Source: Season and Crop reports of Tamil Nadu, Various Issues.*

## VI. CONCLUSION

A few concluding observations about the rural scene in Tamil Nadu can be made based upon the present study. The first thing is that both cultivators and non-cultivators have shown

significant improvement in household asset holding during the period 1992-93 to 2002-03. But, between the cultivators and non-cultivators, cultivators had a higher range of assets than the non-cultivators. The agricultural area, production and productivity are

moving in the direction of cash crops. This may lead to constraints in the production of food grains. Secondly, during the study period, rural people have slightly increased their expenditure on food items compared to non-food items, but within the items, there is an increase in the expenditure for cereals and decline in the expenditure for other nutritional food items such as vegetables and meat. This shows that even though income and asset holding have improved in the rural areas, consumption seems to have shrunk as the expenditure on nutritional foods has gone down. Also expenditure on fuel and lights has almost doubled during the study period. So, it is clear that asset creation has not helped the rural people to improve their health. Hence, in the process of rural transformation during this period the outcome had not any remarkable positive impact on agricultural production and health of the rural people.

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