

## The Dialectics of Economic Change in a Non-Farm Kerala Village

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### Abstract

*The rural Indian economy witnessed profound growth and diversification in the post-independent period. Though the change process was subjected to intense academic scrutiny, most of them are premised on the general assumption that rural economies are agrarian. In reality in many villages the traditional industries dominated and provided sustenance to majority of households in the past. A holistic approach in understanding the nature of development of such economies is missing and this paper is an attempt in this direction. The Edakkad village of Kannur district was selected for the study as the economic structure of the village was dominated by traditional industries in the past. On reviewing development of the village stretching over five decades starting from 1960 it was found that though the economy of the village made profound growth the traditional economic activities languished and in its place a variety of new activities emerged. In the course of development, the organic development witnessed by the village in the past was lost.*

### Introduction

The Indian villages have been witnessing economic change for centuries. After the country's independence, the pro-active policies gave much-needed momentum to village development. Thus the village economies have been diversifying leading to the growing dependence on non-farm employment. The number of households that depend on rural non-farm employment as their primary source of income has increased from nearly 32 per cent in 1993-94 to over 42 per cent in 2009-10 (IDFC, 2013). What drives the changes have been subjected to intense academic scrutiny. Mellor (1976) first outlined the logistics of farm non-farm interaction at the regional level in the Indian context. It was observed that development would occur through multiple linkages of agriculture with non-farm through both consumption and production linkages.

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Followed by this, several studies concluded that agriculture acts as stimulant to growth and non-farm employment generation (Hazell and Haggblade, 1991; Bhalla, 1993; Dev, 1990; Papola, 1992; Shukla, 1992; Unni, 1994). However, given the diversities of Indian villages further exploratory studies have identified a host of other factors as decisive for non-farm development and some of them run on the lines of rural infrastructure (Hebbale, 1991), literacy and education (Eapen, (1994, Jayaraj, 1994, Samal, 1997 Basant, 1993), role of administration and development of social services (Eapen, 1995), migration (Sharma, 2019), proximity to urban centres (Bhalla, 1997) etc.

One of India's most important village-level diversities is the presence of traditional industries, which even now account for a large share of employment. In fact, they dominated the economic activities of many villages in a good number of villages in the past. A holistic approach in studying the dimension of change of such villages like the agrarian based economies is by and large missing. Such a study assumes importance as it has also been found that rural diversification has a dampening effect on traditional industries (Samal, 1997). Further, if growth in rural non-farm employment is distress-induced as evidenced by Vaidyanathan (1986); Shah and Pattnaik (2021) in the traditional industries-dominated economies the hypothesis becomes equally valid. In this context, this paper after portraying the economic structure of a non-farm village economy in the nineteen sixties attempts to depict the nature of economic change over five decades and the driving forces of change.

### **The Study Village and the Data**

The study is based on primary data collected from the Edakkad village of Kannur district. There were a few reasons for the selection of the village. The economic activity of the village was characterised by the dominance of traditional industries in the past and a good account of the economic structure and socio-economic conditions of the village in the early 1960 was available from the Village Monograph of the Census organisation. Over the years the economy made profound diversification. Also, the researcher, a native of the village, has been witnessing the change for more than half a century, thus better placed to portray the developments and gather more reliable data. We attempt to depict the development stretching for about six decades starting from 1960. For the study primary and secondary data of the village was collected. For collecting primary data in 2017, out of 21 wards, six representative wards were selected, and the list of households of the selected wards was collected from the Panchayat office<sup>1</sup>. From the household list of the six selected wards 65 households each were randomly selected. A questionnaire was prepared, and by personal interview method, data pertaining to socio-economic conditions were collected from the sampled households. The primary data is with reference to 361 households as some households were eliminated due to doubtful nature of data. On visits to all village areas, all the non-farm activities were listed. For a considerable part of two years, 2017 and 2018, the researcher stayed in the field, visited all the village areas, and held discussions with different sections of the village community. The visual observations of the researcher

over the years supplemented this. Structural changes were assessed with reference to the major economic activities, the nature of non-farm activities and employment patterns.

### **The Edakkad Village Setting**

The village belonged to the Kannur district, the northern part of Malabar which was under Madras Presidency before independence. The village is equidistant (about 6 kilometers) from the two towns of Kannur and Tellichery, the important settlements of Europeans in the past. The sea coast of the village extends to about seven kilometers. On entering the village from the southern town of Tellicherry by rail or road, one first passes through the low-lying areas of the village, most of which were paddy fields or coconut gardens. The terrain then gently ascends towards the north, particularly on the western side, and presents an undulating surface similar to the middle land region of Kerala. On the sea coast the land slopes are steep over the northern half of the village and the beach is narrow and rocky. On the eastern side of the road and railway line again the land slopes down and once more the lush green paddy fields and coconut gardens appear. Further north the landscape gently slopes and merges into flat paddy fields except over a narrow belt along the coast and the valleys of paddy fields on either side of the railway line. The elevation of the land varies from 10 to 50 feet. There are pools and marshy places amidst the waste land here and there and a number of artificial canals cut the village particularly in the southern half into different segments. A stream called 'Brinnikalpuzha' flows from northeast to south west in the southern portion of the village and divides that portion into two parts. The stream was navigable for country boats throughout the year and its banks were used for retting coconut husks, since the water is brackish. The abrupt change in physical features from flat coconut gardens and paddy fields to ups and downs to denuded rocks is an interesting feature as one travels from the south to the north of the village. As per the 1961 census the population of the village was 18676 living in 2599 households. The density of population was 2442 persons per sq.mile. The population consisted of predominantly Hindus and Muslims. Hindu households belonged to a variety castes dominated by Ezhava community (Other backward caste). By 2011 the population increased to 40818 living in 8776 households. While population increase was 118.56 percent households increase almost doubled to 237.67 per cent. The population composition got diversified by 2011 as the religious classification was 69.10 per cent Hindus, 29.42 per cent Muslims, 1.06 per cent Christians and 0.02 belonged to other religions. In the case of 0.39 per cent the religion was not stated (<https://census2011.co.in/data/town/627245-thottadaa-kerala>).

### **The Economic Activities in the 1960's and their Development Course**

The main economic activities of the village in the 1960's were industry followed by the primary activities. First we examine the developments in the primary sector of the village economy.

## Primary Sector

The main primary activities were agriculture, fishing, animal husbandry and poultry. Given the village's landscape, there was diversified cropping pattern and somewhat developed agricultural practices in the nineteen sixties. Paddy and coconut were the most important crops. In wetlands, except small plots here and there two paddy crops were raised. In garden land the most important crop was coconut. Areca-nut and pepper were grown as mixed crops. In most plots pepper vine was grown. In little elevated lands there were a naturally grown wide variety of mango trees, jack fruit trees, a few other edible fruit plants, and a variety of wild trees of commercial value. They had a direct or indirect bearing on the consumption of the people. Tapioca was cultivated in the laterite soil over the eastern part of the village. Occasionally tapioca and banana were grown in the elevated paddy fields. Cashew was another crop suited to the soil conditions of the village. Cashew trees fully covered the high land with hard laterite soil as natural growth except for a few pockets. The yield was comparatively less. In most household compounds, the trees were grown and yield was heavy. During the summer season, extensively sweet watermelon was cultivated as a commercial crop in paddy fields, known as 'Edakkadan bathaca'.

To some extent, most households were self-sufficient in vegetables in the summer months. There was an extensive and well-developed system for vegetable cultivation. In the summer months, all low lying paddy fields were open for vegetable cultivation without any kind of rent charges. Most of the households used to engage in the cultivation. Except in land preparation for all other works, family labour was employed. A variety of items such as chilli, ladies finger, bitter gourd, ash gourd, ridge gourd, snake gourd, pumpkin, yard long beans, red amaranthus, cucumber and watermelon were grown. Attack of pests and insects was absent and was purely an organic cultivation system. The yield was heavy and provided near self-sufficiency in vegetables to participating households in the season and limited self-sufficiency throughout the year as cucumber, ash gourd and pumpkin used to be preserved for one year. Thus in the summer months, particularly in the evening, the paddy fields were very live as men/women (high caste and well-to-do household women an exception) and children used to engage actively tending the crops. The paddy fields throughout also appear very colourful. The cropping pattern spread over 2276.65 acres in 1961 revealed that coconut cultivation claimed more than three-fourths of the area followed by paddy in 13.78 per cent of total area. Other crops claimed less than 5 per cent of the total area (Superintendents of Census Operations, 1966). Except in highland in other areas, groundwater availability was good throughout the year.

Fishing, although it does not account for a significant share of income to the village economy, 148 Muslim households of the coastal area were depended entirely upon it for livelihood. The workers jointly owned the boats and nets. The best catching season starts in October and lasts for four months.

The animal husbandry and livestock wealth in the village comprised of 1047 cattle (1 per 2.48 households), two buffalos, 250 goats (one per 10.40 households) and poultry numbering 2077 (one per 1.25 household) in 1961.

From the main primary activities depicted it is seen that even in the nineteen sixties the village had a fairly developed agricultural system and this resulted from land reform measures initiated during the British rule. For the first time, the Malabar Tenancy Act 1929 conferred certain rights to the tenants and gave them assurance regarding the fixity of tenure. It provided that the lease should be renewed every 12 years, subject to certain conditions. Although the lease renewal took place at the end of the specified period, by 1950 the renewal became rare, Thus the tenant cultivators continued to enjoy the land without any threat of eviction from the landlords. The rent that the tenants had to pay also came to be defaulted by many. On the formation of the state, the Kerala Agrarian Relations Act, 1960 conferring more privileges for tenants and provision for the purchase of the ownership title of the land subject to specific provisions/restrictions was enacted. Though the Court suspended the Act, the tenants were not disturbed by the landlords (Jammies). Given the security of tenancy rights, the outlook of tenants changed and they took an interest in the improvement of the land. Thus, the slopes were terraced to prevent soil erosion, and marshy areas were converted into coconut and areca-nut gardens. Apart from land improvement, all available land was brought under cultivation of one or the other crops by 1961 as except 3.41 per cent consisting of the *puramboke* (government land) and the unassessed wasteland of the village all other lands were brought under cultivation.

Given the limited scope for extensive farming, the following few decades witnessed intensification of agriculture. A more enabling environment also emerged. First was the repealing of the Kerala Agrarian Relations Act, 1960 and all the other earlier tenancy acts and enactment of a single statute known as the Kerala Land Reform Act, 1963, governing the relationship between landlords and tenants throughout the state. The Act considered as radical and exemplary came into effective force in early 1970. This helped the tenants to become owners of tenancy lands. Many hutment dwellers could purchase their homesteads and the excess land above the ceiling area was also distributed. There was thus a reduction in the number of landless agricultural households and the abolition of absentee landlordism. More or less coinciding with this came the construction of two check dams along the main stream and the agricultural promotion schemes. Under the Intensive Paddy Development Programme, few farmers in the village were identified and trained to develop demonstration farms. Thus by the early nineteen seventies, improved paddy cultivation practices were extended to other areas. In garden land, the only change was the widespread application of chemical fertilizers. This was popularized with no less significant provision of subsidies by the Block Development Office. In cashew cultivation, not much change occurred as it was left to natural growth as land development practices were absent. In the case of a variety of other inter-crops, the farmers made every effort to raise yield level and on the whole agricultural sector of the village with important crops such as coconut

and paddy witnessed much more prosperity for about two decades. But this was not sustained as later years witnessed sustained weakening of the primary sector and the extinction of paddy cultivation.

Even in the nineteen sixties, the tendency to shift to garden crops was noticed as marshy areas were raised with the dumping of the earth to facilitate plantation crops. On an accelerated scale the trend was continued, and apart from that, there was a tendency to abandon the paddy cultivation. Hence the area under paddy, which was 288.2 acres (Superintendents of Census Operations 1966:133), declined to 61.75 acres in 1996 (Edakkad Panchayat 1996:6) and in 2015 further dropped to 12.35 acres (Edakkad Panchayat, 2016). Our extensive visit to the former paddy growing areas in the village in 2017 revealed that in a few scattered fields, paddy is cultivated and at best, the area may not exceed three acres. On a marginal scale, some households cultivated either banana or tapioca in the raised paddy fields, exclusively employing family labour either on their own or leased in-land. The rest of the paddy fields running to a significant area are invaded by shrubs and creepers, including acacia trees being uncultivated for years. Here it is worth mentioning that this decline in area under paddy is a state-wide phenomenon as it has been cited that area under paddy, which was 21.7 lakh acres in 1970-71, declined to 4.7 lakh acres by 2016 (Malayala Manorama, 2000a).

The other significant development in the former paddy fields is the disappearance of summer season cultivation of vegetables and sweet watermelon.

In the case of garden land where coconut and areca-nut are cultivated, the emerging picture is not rosy. Though as noted, the area under cultivation of coconut increased to 2484 acres by 2016 (Edakkad Panchayat 2016:16) as against 1756.3 acres in 1961 (Superintendents of Census Operations, 1966), productivity declined perceptibly. As emerged in the field discussions in garden land in well-maintained coconut gardens, the productivity per tree was 110-130 nuts annually in the past. It is around 35 coconuts per tree (Edakkad grama Panchayat 2006:16). An exception is the trees grown in house compounds for self-consumption, which yields better crops being well nurtured and maintained. This low productivity syndrome is a state-wide phenomenon as recently it is reported that the coconut yield per hectare in Kerala is only 8500 nuts compared to the yield of 14251 nuts of Tamil Nadu (Malayala Manorama, 2020b).

Pepper as an intercrop grown by most households is now for self-consumption except few households. In highland, where cashew trees are grown, the area declined drastically. The crop is totally neglected to the extent of not gathering the nuts. Due to neglect now acacia trees have invaded the high land also.

In the case of fruits with extensive road developments throughout the village, large-scale tree felling took place, mainly mango, jackfruit and other trees of commercial value with the entry of timber lobbies. Thus all indigenous varieties of mangoes became extinct. In its place, modern varieties are grown in the house compound by

many households. Jack fruits availability considerably reduced. Even the available fruit is wasted now as it is considered inferior food.

Coming to animal husbandry, the activity too perceptibly declined over the years. In accordance with the Block Development Office survey report, 2008 the livestock resources, when related to the total households of 2001 Census it was found that in the village every 8.50 households possessed one livestock against every 2.46 household in 1961. The poultry ownership was one poultry for every 14.41 households, which was 1.25 households in 1961. Our primary survey revealed one livestock for every nine households and one poultry per 1.48 households. The higher poultry ownership compared to the Block Office survey was on account of a poultry farm owned by one household. The activity, too witnessed a drastic decline.

The fishing activity too declined perceptibly. Even in the nineteen sixties, the tendency to give up the activity was reported and the trend continued in the latter decades. Now very few, at the most 15 households, are engaged in fishing in the village. Thus the role of the primary sector fell perceptibly and as noted, none of the sample households of the village reported the primary sector as an important income source.

### **Industrial Structure**

Industrial development too run parallel to this as the dominant activities though landed in crisis later made profound growth and started languishing. In the nineteen sixties in the village's economic structure, the handloom industry was most dominant. There were 52 handloom units in the village spread throughout the village, ranging from large factory units with production facilities from dyeing to calendaring of cloths to home-based tiny units owning one or two looms operating with family labour. The chief products of the village were coloured lungis, shirting, fine varieties of bedspreads, towels and furnishing cloths. The products were able to withstand the competition of mill products. The coarse variety enjoyed great demand among the plantation labourers of Bengal and Assam. In the industrial sector, nearly three fourth of the industrial income of the village was generated by the handloom industry. In different capacities, the handloom also employed about 50 per cent of the total workers of the village (Superintendents of Census Operations, 1966).

The other important industry was beedi as the four branded beedi factories based in Kannur and Mangalore established factories in the Kannur town. Besides factory-based production, sizable production was organised by sub-contracting work to an intermediary called Mestry (Supervisor). Several such beedi rolling centres run by the Supervisors functioned in the village, some with more than 35 labourers. Apart from branded units, a few non-branded beedi units catering to the local market employed directly a number of labourers of the village. These workers were scattered as the job was done either at home or occupying a small portion of country shops. Besides these two main industries there were a few other industrial units in the village. The

overall industrial profile of the village is presented in Table 1. Observably handloom industry accounted for 40.85 per cent of total units, followed by tobacco products 36.62 per cent and cotton spinning 6.34 per cent. Altogether, textile and tobacco-related industrial activities dominated, accounting for 76.47 per cent of total units. Evidently manufacturing activity thrived in the village in the nineteen sixties.

**Table 1: Industrial Profile of Edakkad Village in 1961**

Nature of industry	Nos	%
Food processing	3	2.11
Edible fats and oils	4	2.82
Tobacco products	52	36.62
Cotton spinning	9	6.34
Handlooms	58	40.85
Textile garments	3	2.11
Hardware, engg. Products	5	3.52
Jewellery	5	3.52
Others	3	2.11
<b>Total</b>	<b>142</b>	<b>100</b>

*Source: Superintendent of Census Operations (1965:87)*

Both the major industries were in crisis in the later nineteen sixties as minimum wage legislation and Factories Act, which were made applicable much earlier, was strictly enforced. In the handloom sector, the factory units dismantled production activities rendering sizable labour unemployed. In this context, the Kerala State Handloom Development Corporation was set up in Kannur in 1968 to rehabilitate the unemployed handloom workers. The private sector evolved a three-tier sub-contract system. A number of small units sprang up to execute works, many set up by former factory labourers. They were offered redundant looms and accessories either at nominal cost or free by former factory owners. In suitable form work orders were provided to them. Even in this fluid state, the industry witnessed a major boom in the nineteen seventies, and that was with the introduction of a new variety of cloth known as crepe (fabric with a crimp appearance). The product enjoyed flourishing markets in European markets, USA, Italy and Japan. A number of small units expanded to cater to the rising demand. The wage rate rose sharply and labour scarcity was felt. This attracted labour of other sectors to handloom weaving. The industry was at the zenith of glory in its history of development. Thus the Kannur handloom industry, dominated by the private sector<sup>2</sup> in the 1970 decade, came to occupy a much more pivotal role as it was estimated that accounting for hardly 2 percent of total handlooms of the country (Estimate's Committee, 1977-78), Kerala rolled out nearly one-tenth of the total handloom output of the country (Indian Institute of Foreign Trade, 1975). The estimated export was roughly one third of the total handloom exports of the country (Nair, 1977). Kannur is estimated to have contributed 98 percent of total handloom



exports of Kerala (<http://filmingindi.com/blog-post/Kannur-the-handloom-city-of-Kerala-India/>).

More disastrous was the impact of regulations on the beedi industry. The Mangalore-based companies fully wound up their operation in the district rendering a large number of workers unemployed and threatening the day-to-day life of the dependent families. The Kannur-based company also substantially reduced the scale of operation. To cope with the unemployment situation, while some capable workers shifted to other occupations like handloom, construction, and agriculture, many migrated to Mangalore for beedi rolling work. Given the numerical strength of workers, pressure was mounted on the government, and this resulted in the formation of an apex co-operative society known as the Kerala Dinesh Beedi Central Co-operative Society in Kannur in 1969. A number of primary cooperative societies were formed under the apex society. Few primary societies were organized in the village, thus bringing most of the beedi workers under its fold. This brought comparatively better fortune to the workers being under an organization fold; they enjoyed the security of employment and most of the employment benefits. The society made exemplary performance in terms of growth and financial viability for a few decades. In its development history, it is recorded that there were 22 primary societies employing 42000 workers (Malayala Manorama, 2019) under the apex society. The organisational change attracted many new entrants to work, mainly female workers.

In this background, if we look at the later developments of the industry, the evidence indicates that the decline of handloom industry in the village was very accelerated. In its place few power loom units came up. By 1996 beedi rolling emerged as dominant in employment, accounting for nearly three-fifth of total employment, followed by power loom units and a steel mill (Table 2). The handloom industry turned out to be of peripheral importance employing 4.29 percent of total workers. In 2017 we did an extensive search for handloom units. It was found that the handloom activities have become almost extinct as we could identify only two units, one each in the private and cooperative sector. The private sector unit operated five looms, and the same was working for the Khadi Board. In the surviving industrial type handloom cooperative unit, only five looms were working against 127 looms in 1954 when it was started. Thus in effect, in the entire village, only five handlooms were producing cloth. None of the workers of our sample households belonged to the handloom industry. Manifestly handloom industry that provided sustenance to most village workers in the nineteen sixties is almost extinct.

The fate of the beedi industry was not different. In the village, we found three primary societies as active and all put together employed around 120 workers. In the study, it was observed that out of the 555 workers of sample households, 19 (3.42 per cent) constituted the beedi workers. The total members of the apex

**Table 2: Distribution of total workers by nature of industry in Edakkad village in 1996**

Type of industry	No. of workers	Percentage
Flower mills	14	0.90
Powerlooms	161	10.31
Handlooms (Private)	5	0.32
Handloom (Cooperatives)	62	3.97
Hosiery	20	1.28
Welding	30	1.92
Workshops	98	6.27
Leather	40	2.56
Steel company	85	5.44
Beedi rolling	925	59.22
Others	122	7.81
<b>Total</b>	<b>1562</b>	<b>100.00</b>

*Source: Edakkad Grama Panchayat (1996:21)*

society steeply declined from the peak level of 42000 to 5800 (Malayala Manorama, 2019). Evidently, the activity, too, is on the verge of extinction. Manifestly the development course of the village economy was characterised by the near-death of main traditional livelihood activities.

### **The Contemporary Economic Structure**

Notwithstanding this decline of agriculture and industry, the village economy was on the growth path propelled by the emergence of new industries and a variety of other economic activities. To highlight the structural change first, we consider the industrial scenario based on the listing of industries of the village in 2017. It was found that there were 81 industrial units. There was even absolute decline in the number of industries from 94 of 1961 to 81 in 2017. The distribution by nature of the industry is given in Table 3. Out of 81 industrial units, two were handloom units. Largest segment was the small engineering workshops including aluminium fabrication units, 62.96 per cent followed by 7.41 per cent each tyre re-threading and food processing industries and 6.17 per cent each power looms and garment making units. All other industries together constituted the balance of 9.88 percent. We noted that all the old industries vanished. Even the steel mill, an important industry started in the late nineteen sixties employing significant number of workers winded up the activity. In its place a villa project is now coming up. While industrial activity decelerated the new economy can be observed as dominated by the non-agricultural and non-industrial activities. Such activities classified by a few categories is shown in Table 4. Dominant are provision stores, hotels and restaurants, cloth shops, fish/chicken stalls etc. Except transport, building products dealers and others covering a variety of activities constituting less

than one third of total units all other activities are of units catering to household level demand. The major activities that account for income and employment in the village as classified as others are two national Malayalam dailies, a garment unit, a theme park, sales service centres of major automobile companies and automobile repair shops. All other units are tiny either employing family labour or combining family labour and few hired labour.

**Table 3: Industrial Profile of Edakkad Village in 2017**

Nature of industry	Number	%
Plastics	2	2.46
Paper bags	1	1.23
Garments	5	6.17
Power looms	5	6.17
Handlooms	2	2.47
Tyre rethreading	6	7.41
Building materials	3	3.70
Food processing	6	7.41
Engg. Workshops	51	62.96
<b>Total</b>	<b>81</b>	<b>100.00</b>

**Table 4: Non-Farm Non-Industrial Activities of Edakkad Village in 2018**

Nature of activity	Number	%
Provision stores	93	18.56
Hotels and restaurants	84	16.77
Transport	58	11.58
Cloth shops/ tailoring shops	37	7.39
Cool drinks and milk booths	28	5.59
Fish and chicken stalls	24	4.79
Stationary, fancy, chappal stores	35	6.98
Hairdress/beauty parlous/wellness	13	2.59
Bakery	29	5.79
Building products dealers	19	4.39
Others	88	15.57
<b>Total</b>	<b>501</b>	<b>100</b>

The decades of development scenario depicted above raises the question what is the nature of growth of the economy? Clearly an organic growth which was witnessed by the village for more than two decades slipped to an inorganic growth. The economy

in the past made optimum use of local available resources. Thus cultivable land was deployed for crops ideally suited. The marine resources were optimally exploited. All the economic activities more or less employed local labour. Most of the industrial units were owned by natives as family business by and large employing available own capital and marginal borrowings from local or other sources. This basic character of the economy though further got strengthened for few decades was later lost and in its place emerged a development pattern by and large alienated from the village resources. In all the major activities the players are non-locals now. Important enterprises are all owned non-locals, by and large organised on the modern enterprise model.

**Table 5: Nature of Employment of Workers of Sample Households**

Nature of employment	Number	%
Daily wage	136	24.50
Self employment	101	18.20
Trade/business	66	11.89
Beedi rolling	19	3.42
Migrants	77	13.87
Regular employment	91	16.40
Others	65	11.71
<b>Total</b>	<b>555</b>	<b>100.00</b>

In the enterprise development the opportunities open to the locals are of residual in nature like petty shops, restaurants including way side *thattu kadas* (dhabas), small engineering units, carpentry units, road transportation of goods and passengers, small building material producing units, flex printing, construction contract unitsetc. Land resources are no longer a productive and income yielding asset but a high value commercial commodity given the demand for housing and commercial purposes. On the labour front the traditional industrial skills met natural death as very thin minority of workers are engaged in them. The opportunities in the modern leading sectors are hardly open to the locals as on the one hand there was only a shift in job place and on the other hand the job skill requirement does not match what is endowed with the local labour. We have noticed that the share of locals in the new important employment avenues within the village are not only limited but is confined to lower category jobs. A number of others are employed as shops/restaurant assistants, construction labour, beedi rolling, electrician, plumbing, carpentry, welding, stitching, repair of household equipment and mobiles etc. within and outside the village. The growth process also opened up a variety of new odd employment to locals. They run on the lines of soil brokers, construction material brokers, land and real estate brokers, lottery agents, vehicle brokers, mobile repairers, electronic equipment repairers, household appliances repairers, flex printing units, etc. Many workers also migrated to other places, including Gulf, and either works as labour or own petty trading units. The nature of employment of the workforce of the sample households bear further testimony to this emerging

pattern of development (Table 5). Nearly a quarter of the workforce are casual daily wage earners in various occupations followed by 18.40 per cent self-employed in a variety of activities. Workers with a regular employment status comes to 16.43 per cent, followed by 13.87 per cent migrants. The traditional industry of beedi rolling accounted for 3.42 per cent of total labour. The balance 11.71 per cent were other workers. There is no denial that a notable number of workers are well employed in organised economic activities, mainly in teaching, including the government sector. However, to a vast majority the quality of employment cannot be said as decent.

In sum, in the growth and structural transformation process of the economy of the village not only organic growth is lost but the share of benefits accruing to the local households turned out to be marginal. Neither there is any farm non-farm linkage nor rural urban linkage as a variety of unrelated economic activities developed.

### **The Catalysts of Economic Change**

The initial growth of the commodity producing primary and secondary sectors, their later decline, and the emergence of new economic structure was influenced by the developments both within and external to the village economy. Some of the important factors can be outlined.

In the past the village was endowed with an entrepreneurial class and most of them belonged either to the Thiyya (very dominant community belonging to the OBC of the village) and Chaliyas. They to a certain extent succeeded in availing the opportunities open in their field and some of them even diversified their activities. The cultivators too responded positively in utilising the opportunities open under the agricultural development programmes. The role of labour was no less significant. They were skilled in their works, committed and hardworking. In the role of human resource mention may be made of the exemplary voluntary participation of people in development activities. Most outstanding was in the development of road networks within the village as most them were developed by people voluntarily pooling labour and other requisite resources. The participation cut across class, politics and religion/ caste. Most of the roads so constructed were later on taken over by the panchayat or PWD for development and maintenance. Wherever required the people displayed exceptional spirit of co-operation.

Institutional development was another factor. The Edakkad panchayat covering only the Edakkad village was formed in 1955. Out of the nine development blocks of the district one was Edakkad which came to function in 1957 with headquarters in the village. The formation of the Block gave a boost to economic activities of the village. Construction of two check dams, provision of inputs and dissemination of modern cultivation practices, implementation of promotional schemes for industries were some of the initiatives. Presence of co-operative institutions was another factor. There were two cooperative weaver's societies, one an industrial co-operative society with all

production facilities in house, a Cooperative Spinning not very far from the village and three cooperative financing societies. All of them were functional even before 1960. In the post 1960 decades the only notable development was the formation of two more service cooperative banks, the conversion of the old institutions as service cooperative banks and setting up of branch network in several centres within the village. Being the deposit receiving type the scale of operation had grown enormously. A public sector bank branch too functions within the village and with these developments institutional finance availability was well developed. Also an Institute of Handloom Technology was set up in the village.

Coming to the contemporary alienated development several factors can be identified for its emergence. One was the developments on the labour market front. Even historically it is recorded that the village witnessed migration and this was noted as an important reason for sizable sex ratio in favour of women in the village. Migration was sustained in later decades too and peaked with the opening of opportunities in the Gulf region. The remittances especially from Gulf gave a shift to the development pattern. There was construction boom, acute shortage of labour, unprecedented and sustained rate of increase in wages for construction labour. This in general became the reference wage in other sectors and demand for wage rise. There was also the emergence of organised bargaining of labour in every important fields of economic activity. Around this time the state also turned out to be less investment friendly due to labour unrest. In the scenario of sustained wage rise while some of the activities like construction and agriculture has no mobility they were forced to absorb the wage rise. While the cultivators absorbed the shock for some time, a situation emerged where labour intensive paddy cultivation became too uneconomic, forcing farmers to abandon the crop. In garden land development and maintenance works started compromising affecting the crop yield. The traditional industries like handloom and beedi were unable to absorb the wage shock as they have to compete with products of other states where labour cost is low. The wage rate rose with considerable disparity between the construction including other casual labour and labour of traditional industries. In 2017 the daily wage of a male agricultural labour and other casual labour in the village was Rs. 800 with two times reasonable food and for female labour Rs.500. In construction the wage daily rate was above Rs. 1000 with food. In sharp contrast to this the daily earning of beedi worker and handloom weaver was in the region of Rs. 150. Thus for decades no new labour is attracted to the traditional industries and a good number of them moved to other jobs fetching high wage. For some time though the female labour filled the gap the same too drained up. In this scenario the option was to downsize the activities in accordance with the labour availability or quit. This was the development course of the traditional industries. Manifestly in the scenario depicted here the labour of traditional industries were in distress as the wage rate was depressed compared to other sectors. This has forced them to search for other employment opportunities and to that extent the employment diversification of the village can be stated as distress driven. This development trajectory is not village specific, it is felt

throughout Kerala in varying degrees. Another factor on the labour market front is the change in the people's attitude as there was aversion to manual work leading to the acute shortage of labour for most of the traditional activities. Even among the available labour there was attitudinal change. Labour productivity decline is very conspicuous in the time wage rate jobs. This was invariably articulated during the field work by those employing labor on time rate basis. Widespread absenteeism is also observable among the labour. In reality now for construction works and a variety of other casual works large dependence is on migrant workers. Another factor is the shortage of entrepreneurship. The widespread failures of industries killed the entrepreneurial spirit among the young generation. Now most of them prefer less risky business. There was also the development of rent seeking behaviour. The construction of shops and houses for generation of rental income, renting out of pucca factory sheds as go downs, renting out construction and other machineries/equipments by not engaging in any other activities noticed in the field work are manifestations of this phenomenon. On the demographic front the village witnessed substantial in-migration of population for settlement. As found while the population growth in the district during the 1991-2011 period was 12.03 per cent the village witnessed 22.72 per cent increase in population. The well-developed transport facilities, development of educational facilities<sup>3</sup> and proximity to the important two towns of Kannur and Thalassery were other attractions. Parallel to this the village attracted many of the commercial establishments from the congested Kannur town. The process got accelerated with the commissioning of the by-pass road connecting Mangaluru with Cochin. These developments led to the demand for land, unprecedented price rise and speculative land deals in the village. This also impacted the agricultural practices as paddy fields were converted into housing or commercial plots. Besides, the bye pass road construction had detrimental impact as a substantial portion of the road cut the former paddy fields at a height ranging from 3 to 5 feet for about three kilo meters. The problem of water logging too led to the abandonment of paddy cultivation. Thus, while most of the two sides of the roads are now occupied by the village's important economic activities, the rest of paddy fields have been invaded by shrubs and plants. In sum, the transformation resulted from the confluence of several factors. Important among them were the developments on the labour market, migration, development of infrastructure facilities, proximity to the towns and distress experienced by the traditional sector labour.

### **Conclusion**

The rural Indian economy witnessed profound growth and diversification in the post-independent period. The change process was also subjected to intense academic scrutiny. However, most of the studies are premised on the general assumption that rural economies are agrarian. In reality in many villages the traditional industries dominated and provided sustenance to majority of households in the past. A holistic approach in understanding the nature of development of such economies is missing and this paper is an attempt in this direction. Specifically, this paper after portraying the economic structure of a non-farm village economy in the nineteen sixties attempts to depicts

the nature of economic change for over five decades and the driving forces of change.

The Edakkad village of Kannur district was selected for the study as the economic structure of the village was dominated by traditional industries in the past. Some of the other reasons for the selection of the village was that a good account of the economic structure and the socio economic conditions of the population was available from the Village Monograph of the Census organisation. In 2017, we conducted a study on the socio-economic conditions of the population and economic structure of Edakkad village for which 361 sample households were systematically selected and interviewed on personal visits with a questionnaire. An enumeration of all household and non-household enterprises of the village was also conducted. Being a native of the village, the author witnessed the developments in the village stretching for about six decades from the 1960's and better placed to collect reasonably accurate data. Structural changes were assessed with reference to the major economic activities of the village, the nature of enterprises and employment pattern.

In the nineteen sixties the major economic activities of the village comprised of handloom cloth production, beedi rolling, agriculture, fishing, animal husbandry and livestock. The industrial and agricultural activities made profound development for about two decades. There was also an enabling environment. In agriculture land reform and agricultural development initiatives led to intensification of agricultural sector. Though the two main industries were in crisis later they emerged as much more dominant. In handloom it was the result of the introduction of a new variety of cloth which enjoyed flourishing market abroad. The district emerged as one of the most important centre for handloom production and export in India. Organisation of beedi rolling workers under cooperative fold was milestone in the development of beedi industry. A number of factors accounted for this prosperity of commodity producing activities important among them being the presence of entrepreneurial class, availability of skilled hard working workers, institutional development and governmental developmental initiatives. However, the growth tempo any of these activities was able to sustain and later decades witnessed their decay and more less extinction. It was found that the traditional livelihood system has turned out to be of peripheral importance in the emerging economy.

Still the economy of the village was on the growth path propelled by many other economic activities. The major activities are of services type important among them being, retail trade, hotels and restaurants, transport, health infrastructure, entertainment activities, printing and publishing. In the transformation process not only the organic growth witnessed in the past was lost as the development pushed the locals to the periphery. The factors identified for this trajectory of growth was the developments in the labour market, migration and remittance induced development pattern, development of good social and physical infrastructure, aversion to manual work and loss of entrepreneurial spirit among the new generations.



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### **Notes**

1. The Edakkad village and the Edakkad Panchayat areas correspond.
2. In the total looms of the state under cooperative fold in 1984 the share of Kannur district where concentration of looms was highest was only 9.18 per cent(See Director of Handloom 1986:8).
3. In terms of number of institutions and diversified courses the village is found as the most important educational hub of the district.

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