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held at Trivandrum, December 1952

## SUBJECTS

1. Problems in the Implementation of the Agricultural Plan in the Five Year Plan.
2. Role of Agricultural Economics in the Development of Agriculture.
3. Critical Review of Land Reform Legislation since 1945 in various States.

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## P R E F A C E

This issue of the Journal contains the Proceedings of the Thirteenth Annual Conference of the Society held in December 1952 at Trivandrum. The Conference was attended by nearly 60 members and delegates from the Central and State Governments, Universities and Research Institutions.

A large number of papers were read on 'Land Reforms' and 'Role of Agricultural Economics in the Development of Agriculture'. The mingling of academicians and administrators provided a healthy frame to the discussions. It is our regret that we are not able to record and report these discussions to our readers.

We were happy to welcome in our midst at the Conference Prof. Giuseppe Medici and Prof. Giuseppe Orlando the President and the Secretary respectively of the Italian Institute of Agrarian Economics. Their valuable report on land reforms in Italy provided a new dimension to the discussion on the subject.

As promised in the Preface to the previous Conference Number, a monograph titled 'Problems of Farm Costs in Indian Agriculture' has now been published by the Society.

We take this opportunity of expressing our thanks to the University of Travancore under whose auspices the Conference met. We specially place on record our gratitude to Shri M. Sankara Menon who acted as Local Secretary to the Conference and to the members of the Reception Committee for their generous hospitality.

MANILAL B. NANAVATI

*President.*

15th March, 1953.

# A CRITICAL REVIEW OF LAND REFORMS LEGISLATION SINCE 1945 IN THE STATE OF MADRAS

by

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It is proposed to make a review of the changes, accomplished and contemplated, in land tenure, in the state of Madras since 1945. In recent years, many states in India have undertaken important land reform legislation. The atmosphere is thick with rumours of revolutionary changes in regard to land ownership, land tenure and taxation. Agriculture is faced with the most difficult of problems, which have to be solved satisfactorily. We must remember that land reforms must be judged solely on the criterion of the effect of the reforms on the general welfare of the public at large. Difficult problems are not solved by paying heed to mere slogans. We must find out the system which will yield the best results in terms of social welfare. It is necessary that legislation should not be undertaken on considerations of pure party passions. Land should be entrusted to that person who can put it to the best use, irrespective of the particular name by which he is called. If the objective is the welfare of the community, this fundamental principle must be borne in mind. No useful purpose will be served by uprooting existing systems without formulating new ones satisfactorily to take their place. What is most important is the efficiency of land utilisation. In most of the tenancy systems in Europe, there is a clause governing rules of good husbandry.

The problems of land tenure in India have roots spread through the entire economy and the remedies are to be sought both within and without agriculture. Agriculture in India is a deficit economy and its problems are structural and fundamental. The majority of Indian farmers are low-income or sub-marginal farmers and as such they have little marketable surplus. Moreover, there is widespread underemployment of the agricultural producer and the rural craftsman. There is a maladjustment between population and agricultural production. In recent years, certain favourable circumstances have been present, namely, high prices of products, legislation affording greater security to the cultivating tenant, public investment on a fairly large-scale etc. But, in spite of these favourable circumstances, there has been no marked increase in production. Indian agriculture is backward and static, not progressive and dynamic. It is not able to expand and keep pace with the growing numbers in the country. This is the fundamental structural weakness in the rural economy. Subsistence farming must be replaced by economic farming and farming operations must be made more efficient. Agriculture must be converted into a surplus economy. To the extent to which this is accomplished, the Indian economy as a whole will advance. Recent land reform legislation is not uniform in the various States in India, because the conditions of tenure differ widely. But there are certain common characteristics—abolition of zamindari system and conferment of proprietorship rights upon occupancy tenants, protection of tenants-at-will and fixing a ceiling on holdings held by an individual. The central problem of Indian agriculture

is its low productivity and any scheme of agrarian reform must be intimately related to the urgent task of raising the yield of land.

In the present context of food deficit, the paramount objective of tenurial reform should be to increase productivity. A major reform has been accomplished, namely, the abolition of the zamindari system in the state of Madras. The main objectives of the Zamindari Abolition Act were the abolition of the concentration of land in a few hands and the hierarchy of rights together with the consequent evils of sub-infeudation. The Act has worked a wider distribution of rights in landed property and has worked towards social justice. But the change in the ownership of land and the status of the erstwhile tenants does not appear to have materially altered the level of efficiency in agriculture. With the extension of ryotwari tenure to zamindari areas, the tenancy problem has now assumed a uniform complexion throughout the state. In any attempt at tenurial reform, it must be borne in mind, as Dr. B. Natarajan points out, that "even as there is an agricultural ladder, there is an agricultural triangle of which the landholder, tenant and landless agricultural worker form the three arms. The interests of these three parties act and react upon one another. If the remuneration of one of the three is pitched high, that of either of the other two or both will have to be low. In short, the objective of reconstruction of the tenurial and wage systems should be the attainment of a triangular equipoise in the agricultural sector."<sup>1</sup>

The Madras Estates (Abolition and Conversion into Ryotwari) Act of 1948 provides for the abolition of zamindari tenure, and paying the zamindars compensation. The Act has adopted a national basic rate for the purpose of calculating compensation. The whole estate is to be assessed to ryotwari land revenue rates; then the total land revenue demand will be reduced to one third and after deducting another 13-1/3 per cent. out of this one third to meet the cost of collection and administration, to treat the balance, that is, 20% as the basic rate for the purpose of compensation. The total amount of compensation is determined according to a sliding scale ranging from 12½ to 30 times the basic rate. In the case of whose inams, the basic rate will be half the ryotwari assessment minus certain deductions. The government has not given concrete figures to show what proportion the compensation determined as indicated above, would bear to the net income actually derived by the zamindars. The compensation is determined for the estate as a whole and not separately for each interest therein.

In 1949, the Government of Madras published a bill called the Madras Agricultural Bill, for the improvement of agriculture in Madras, modelled on the British Agriculture Act, 1947. The objects of the Bill were to vest government with power to compel owners of land to raise the crop required by the state, to assure landholders a fair price, and a good market for their produce, to empower government to prescribe and enforce reasonable standards of efficient management and good husbandry and to empower government to take charge of the land and arrange for its efficient cultivation, wherever cultivation fails to reach the prescribed minimum standard of efficiency. The bill failed to receive public support and had to be dropped. This abortive attempt at legislation emphasises the need for and the importance of efficient

1. Natarajan, Dr. B., Food and Agriculture in Madras State, p. 150.

agriculture. If agriculturists do not improve the methods of production, then sooner or later some compulsion will be found necessary to force the march of agriculture. At the same time, the Bill betrayed a naive if well meaning belief that if the externals of British agricultural organisation could be imitated, a new life might be put into our agriculture. The British Agricultural Act, 1947, was fashioned to deal with conditions which have little in common with the conditions of Indian agriculture, whether we regard the matter from the viewpoint of historical development, economic importance or the human factor. In 1950 the Government of Madras issued the Madras Land Utilisation Order which empowered the district collector to call upon the holder of any waste or arable land to cultivate it with food crops. Failure to comply with the notice will involve the sale of the right to cultivate the land for a period of three years. This order may be said to embody the first of the objects of the Madras Agricultural Bill. The problem of land utilisation in India is of great significance now. An overall assessment of land utilisation involving a comprehensive study of all the aspects of national economy has to be made now. Indian economy is now suffering from a triple shortage of food, industrial raw materials and primary products needed to earn foreign exchange. The short term objective of land utilisation should be the elimination of this triple shortage. The long-term objective should be to raise maximum cereal food on minimum land space.

The Government of Madras have published certain proposals for the levy of a surcharge on land revenue. These proposals if adopted, will hit the middle class landholder, far more seriously than even the proposals formulated before on the basis of the Subrahmanyam Committee's recommendations. Under the present bill only those paying Rs. 50/- or less as land revenue will be exempt. The sliding scale for those who pay more will be four annas for Rs. 51/- to Rs. 100/-, eight annas for Rs. 101 to Rs. 500/-, twelve annas for Rs. 501 to Rs. 1000/- and one rupee for all paying more than Rs. 1000/-. The exemption limit is too low and the surcharge rates are far too steep. They will bear harshly on those who live near the margin of subsistence. Mr. Raghavendra Rao, the Special Officer who reported before the Subrahmanyam Committee set to work, held that the exemption limit should be not less than Rs. 250/-. He further held that the maximum surcharge should not exceed three or four annas. The surcharges the Madras Government propose are much higher than the income-tax on the same levels of income. Whereas the income-tax exemption limit is Rs. 3600/-, the exemption from surcharge under the present bill is only for those who pay a land revenue of Rs. 50/- a year—a sum which may roughly be taken as levied on a holding comprising five acres of wet land. The income from such a holding is Rs. 400/- per year to-day. The owner of such a holding will have to pay a large share of his income as land revenue. There are some anomalies in the bill. There is a provision in the bill which says that if a registered holding is split up by a family partition and the divided members' shares are normally liable to pay surcharges at a lower rate than that levied on the property before partition, the government will, for three years ignore the partitions and levy surcharges at the higher rate on the divided shares. On the other hand, if a property that was liable to surcharge at a lower rate is bought by a man who owns other property, he will have to pay on the newly acquired land too the higher rate applicable to his total holding.

The Tanjore Ordinance, promulgated on 23rd of August, 1952, does not confine itself to the prevention of eviction of tenants or restoration of those who have been evicted. It confers what is in effect occupancy right for a term of five years on *varam* and fixed lease tenants. The produce is to be shared between the land-owner and the tenant. The share of the tenant is to be 40 per cent. of the gross produce. It fixes the wages payable to *pannaiyals*, at rates higher than the present rates. Wages shall be paid to the *pannaiyals* and the members of their families for each day of work done according to custom, either in accordance with the terms of the Mayuram agreement dated 28th October, 1948 or at the following rates in kind:

- 2 *marakkals* of paddy for every adult male worker,
- 1 *marakkal* of paddy for every adult woman worker, and
- $\frac{3}{4}$  *marakkal* of paddy for every worker not being an adult.

The Ordinance applies to all lands, except those held by a landowner in any village if the land held by him in such village does not exceed one *veli*, which is 6-2/3 acres. The Ordinance provides for the constitution of revenue courts which will decide disputes arising between landowner and the tenants or *pannaiyals*. No tenant can be evicted except on an application made in that behalf to the revenue court. The Government may appoint any person for any area specified, to be a conciliation officer. When a landowner dismisses a *pannaiyal*, he must make a report within a week to the conciliation officer. He will give his award which will be binding. Civil courts are debarred from jurisdiction over the authorities set up under this Ordinance. Regarding catch crops like black gram and green gram, the whole produce is to be taken by the tenant. No tenant can be evicted until the expiry of a period of five years from the commencement of the agricultural year 1952-53. A tenant can be evicted, during this period, only on the grounds that he has failed to pay rent within one month of due date, that he damaged the crops or land, that he used the land for non-agricultural purposes, that he sublet the land, or that his conduct, in the opinion of the revenue court, was undesirable in the interests of good cultivation. No tenant shall be evicted on any of these grounds, except on application made in that behalf to the revenue court.

The Ordinance bears all the marks of hasty draftsmanship as well as certain other defects arising from certain misconceptions. Difficulties are likely to arise from the proposal to evict all tenants who have been let in since December 1951 and reinstate their predecessors, regardless of the merits or the circumstances that had brought about the change. If a landowner desired to resume *pannai* or self-cultivation of his lands during these five years, he must be allowed to do so. As regards exemptions from the purview of the Ordinance, the limit should be at least two *velis*, or 13-1/3 acres. As regards catch crops, the provision in the Ordinance savours of partiality to the tenant. The cultivation involves no capital or labour. It should be shared between the landowner and the tenant on a half and half basis. As Mr. K. G. Sivawami has pointed out, elsewhere, "it is not clear if the exemption limit of 6-2/3 acres covers single crop or double crop lands. Further, if a cultivating tenant held more than 6-2/3 acres, was he affected by the Ordinance?"



The Ordinance introduces a system of dyarchy in the administration of agriculture. The tenant is made responsible for the seed, ploughing, manuring the land, etc., and the landowner is made responsible for taxes, cesses, etc., and for repairs of irrigation work. Disputes are bound to arise in many matters, such as the variety of seed to be grown, the type of manure to be used, the time when ploughing is to 'be starched etc.' There is no obligation laid on the tenant to inform the landowner of cultivation operations or even the date of harvest. The Ordinance seeks to oust the landowner from his natural place in the agricultural economy. The focus of authority is shifted from that of the landowner. The landlord must be entrusted with the task of directing the process of cultivation. He has the necessary resources and facilities and also experience. The tenant should give notice to the landlord at every stage of cultivation. This must be laid down in the legislative enactment. The landowner is deprived of his initiative and is reduced to the position of a rent receiver, similar to that of a maintenance holder. So long as the capitalistic structure of the economy is retained, the incidents that go with ownership should not be so separated. It is a matter to be considered whether the divesting of the control and the initiative from the landlord is a wise step from the point of view of production.

A distinction must be made and kept, between the *varamdar* and the lessee. Now both are given the same share of the produce. The difference between the *pannaiyal*, the *varamdar* and the fixed lease tenant would have to be kept up. The *pannaiyal* worked for daily wages. The *varamdar* took a joint interest in the cultivation of land. He received his remuneration or *varam* in a consolidated form. The fixed lease tenant took all the responsibility and met all the expenses of cultivation, harvested the crop and paid the rent. The status, the resources and the responsibility of these three types differed. We must not confuse the one with the other. The Ordinance has treated the *varamdar* and fixed lease tenant alike. The *varamdar* should get a lower percentage of the yield than the fixed lease tenant who took a greater responsibility.

The provisions of the Ordinance will hit the small middle class *mirasdars* most. They would be worst affected. The raising of the *varam* rate and the *pannaiyal's* wages must result in all round increase of rural wages. As regards the exemption from the operation of the Ordinance of holdings less than one *veli*, the protection sought to be afforded will prove illusory. Theoretically they may be free to stick to the old *varam* or *pannai* system. But in practice they will find it hard to resist the pressure for a rise in wages or in the tenants share at least to the level that obtains in holdings subject to the Ordinance. Pilot enquiries should have been conducted in select villages in different parts of the district and on the basis of the knowledge gained thereby the apportionment of the share and the fixation of wages should have been made. Even now the situation calls for a thorough investigation into the causes of unrest. A thorough going inquiry by a high power committee of experts should be appointed and charged with the function of submitting a comprehensive report on the question of agricultural reform and of co-ordinating the reports of various committees from the Royal Commission on Agriculture to the Subrahmanyam Committee on land reforms. Our deficiency in reliable statistical material is noticeable in such matters as farm wages, costs of cultivation, average yields and

so on. The productivity of land has to be increased. Besides defects in tenancy systems other factors such as lack of capital for improvement, failure to bring the results of research to the farm, absence of marketing facilities, are responsible for our poor yields from land. These defects must be attended to and remedied in any scheme of rehabilitation of agriculture. We should not ignore the integral relation between agriculture, the rest of the economy and indeed the social order.

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✓ REFORM OF LAND TENURES IN INDIA SINCE 1945

by

K. G. Sivaswamy

The immediate need of a rapid increase in agricultural production should induce us to concentrate on the development of economic holdings and joint-farms through redistribution of lands. This means that we should change over in our agrarian policy from one of granting security of tenure to millions of tenants-at-will, and thus multiplying the evil of uneconomic units of cultivation. We should bring as far as possible tenancy and labour areas under joint-farms. As many inducements as are possible should be provided to attract the tenant-at-will to the joint-farm. Remission in land revenue, supply of water, supply of seeds, manure and implement at a concessional rate, reduction in rents, provision of employment in the off season, all these will naturally attract the tenants to acquiesce in schemes of joint-farming.

*Limitations of Redistribution*

The implication of redistribution of lands should be fully understood. There are some unoccupied waste lands with big landholders, which we may take over and distribute. Some landholders are realising rents from tenants-at-will or are cultivating their own lands with the aid of hired labour. To illustrate, many money-lenders in Berar have become big landowners after the depression, as a result of foreclosure and sale of lands mortgaged to them. They have evicted the tenants and are cultivating these lands themselves owing to their fear of tenancy legislation. The lands of these landholders can be pooled in a village joint-farming co-operative society without at the same time disturbing the labourers or the tenants-at-will from their rights of cultivation. Where these tenants or labourers hold a bigger area, a minimum holding might be given to them. The excess over the minimum may be redistributed for adding to economic holdings which could benefit by such addition. Where however joint cultivation is undertaken, employment should be guaranteed to all the existing occupants in the first instance. The main relief which we can therefore give in these villages lies in the sense of independence and security, and a substantially reduced rent for them. Where tenants and labourers are backward, joint-farming in these big holdings is easier to promote.

In certain other villages where the lands of big holders cannot be brought under a joint-farming society, the excess land may be distributed to the uneconomic holders. Possibly by absorbing labour in the new