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perceptible change is noticed in the distribution in 1970-71 over 1960-61 when there was a fall of about 3 per cent of large holders with a decrease of 10 per cent in area which was distributed mostly to the marginal and small holders.<sup>6</sup> This indicates that the inequality in the distribution has been reduced to some extent. However, if the extent of tenancy is analysed from the estimates presented in Table III it can be observed that the area rented in by the holders

TABLE III—PERCENTAGE OF OPERATIONAL HOLDINGS BY TYPE OF HOLDING AND EXTENT OF AREA LEASED IN : BIHAR (RURAL)\*

NSS Rounds	Percentage of holdings reporting			Percentage of operated area	
	Entirely owned area	Entirely leased-in area	Partly owned and partly leased-in	Owned	Leased-in
(1)	(2)	(3)	(4)	(5)	(6)
1. Eighth, † 1953-54 ‡ .. .. .	—	—	—	87.61	12.39
2. Sixteenth, 1959-60 ‡ .. .. .	66.12	7.08	26.80	86.73	13.27
3. Seventeenth, 1960-61 ‡ .. .. .	74.41	3.10	22.49	89.75	10.25
4. Twenty-sixth, 1971 ‡ .. .. .	60.22	0.73	39.05	85.50	14.50

\* Source : NSS Report Nos. 66, 113, 144 and 215.3.

† In the NSS 8th Round, information on tenure was available for the total operational holdings and not for the agricultural holdings. However, since the area under agricultural holdings was more than 99 per cent of the area under total holdings, the area leased in by total holdings has been shown.

‡ Years shown against each round indicate the reference year for collection of data on operational holdings.

has increased slightly in 1970-71 over the years 1953-54 and 1959-60 and to a large extent over 1960-61. Thus in the period in which the Bihar Land Reforms Act of 1961 came into force, there had been a sharp decline in the extent of leasing-in as well as leasing-out of land. As far as the composition of operational holdings is concerned the only encouraging feature is that the entirely leased-in holdings are almost in the process of extinction.

## CHANGES IN THE STRUCTURE OF LAND OWNERSHIP AND USE IN KERALA AND THEIR ECONOMIC IMPLICATIONS

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An attempt is made in this paper to analyse the structural changes of land holdings in terms of their number, size, concentration, tenancy and resource endowments and their economic implications. Since land is the most important asset held in the primary sector, changes in the distribution of land holdings or in rental or wage income accruing from such holdings have significant effects on productive efficiency, income distribution and consumption.

6. Refer to National Sample Survey Report Nos. 66, 144 and 215.3.

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The changes in the distribution of land have special significance in Kerala because of the imbalance in the factor endowments at the macro as well as micro level. Traditionally most of the land in Kerala was in the hands of a numerically small class of landlords called *janmies* who were customarily not regarded as possessing rights of absolute ownership over land but only superior ownership rights in a relative sense. This meant in practice that those who secured land directly from the *janmies* were in effect tenants with rights of permanent occupancy as long as they paid the customary dues to the *janmies*. With the introduction of the Kerala Land Reforms Act, 1963 (as amended in 1969) which came into force in 1970 landlordism in the State is deemed to have been abolished duly conferring ownership rights of tenancy lands to the cultivating tenants.

But the changes in the distribution pattern of land since 1970 is likely to be substantial for which comparable data are not available. It has been estimated that by 1975-76 with the conferring of ownership rights, 1.56 lakh hutment dwellers have been elevated to the status of owner operators of individual holdings extending from 0.01 to 0.10 acre. So also 11,947 families were given surplus land (3,503 hectares) and government land extending to 1,33,375 hectares were distributed to 3,43,281 families. The net result of all these developments is a phenomenal increase in the number of operational holdings which has important economic and social implications. The present paper seeks to examine these aspects in detail.

#### DISTRIBUTION OF OPERATIONAL HOLDINGS : 1960-61 AND 1970-71

The inequity in the distribution of operational holdings is evident from Table I given below. In 1960-61 while about two-thirds of the total holdings covered about one-ninth of the total area, the top one per cent accounted for about one-fourth of the total area. The situation has slightly improved in 1970-71 although the distribution has remained essentially skewed in nature. While two-thirds of the number of holdings had only an area of 14.5 per cent of the total, the top 0.15 per cent commanded one-eighth of the total area. However, there has been a significant increase in the total number of holdings (41 per cent) over the ten-year period 1960-61 to 1970-71. The increase is spectacular in the lower size-groups with 45 per cent for holdings below 0.4 hectare, 46 per cent for the next higher class and so on. But the increase in the area of these holdings was proportionately less—the rate of increase in area being 31 per cent for the lowest class and 44 per cent for the next higher one. This phenomenon could be attributed to the growing population pressure resulting in further sub-division and fragmentation and the initiation of land reform measures as early as 1963. As is normally expected, the number of holdings in the top two classes registered a decline to the tune of 44 per cent and 71 per cent respectively. The decline in the area of these two size-groups was to the extent of 47 per cent for the size class 4.0-10.0 hectares and 45 per cent for the highest size-group. But a disquieting feature is the pheno-

TABLE I—NUMBER OF OPERATIONAL HOLDINGS AND AREA OPERATED BY SIZE CLASS OF OPERATIONAL HOLDINGS, THEIR PERCENTAGE AND VARIATION IN KERALA

Sr. No.	Size class (hectares)	1960-61				1970-71			
		No.	Per cent	Area (hectares)	Per cent	No.	Per cent	Area (hectares)	Per cent
1.	Below 0.4	12,85,000	64.3	1,77,600	11.4	18,57,481	65.8	2,32,877	14.5
						(+45)		(+13)	
2.	0.4 — 1.0	3,70,000	18.5	2,22,400	14.2	5,40,540	19.1	3,19,343	19.9
						(+46)		(+44)	
3.	1.0 — 2.0	1,84,000	9.2	2,51,200	16.1	2,67,833	9.5	3,65,199	22.7
						(+46)		(+45)	
4.	2.0 — 4.0	94,000	4.7	2,62,000	16.7	1,25,781	4.5	3,38,742	21.1
						(+34)		(+29)	
5.	4.0 — 10.0	48,000	2.5	2,84,000	18.2	26,880	1.0	1,49,506	9.3
						(-44)		(-47)	
6.	10.0 and above	15,000	0.8	3,67,600	23.4	4,266	0.1(5)	2,00,676	12.5
						(-71)		(-45)	
All	..	19,96,000	100.0	15,64,800	100.0	28,22,781	100.0	16,06,343	100.0
						(+41)		(+3)	

Source: 1. 16th Round NSS Report for the period 1960-61.

2. World Agricultural Census, 1970-71, Report for Kerala State, Bureau of Economics and Statistics, Government of Kerala.

Figures given in brackets indicate the percentage variation in 1970-71 over 1960-61.

menal increase in the average size of operational holdings in the size-group ten hectares and above from 25 hectares to 47 hectares even though their share in the total area is halved. This could be explained only by the entry of most of the big and affluent farmers into the plantation sector especially rubber, owing to the various incentives offered and the immunity of registered plantations (rubber, coffee, tea and cardamom) from the Kerala Land Reforms Act. Except for this peculiar phenomenon, the general trend in the distribution of land holdings during 1960-70 shows a slight shift in favour of the lower strata as indicated by the flattening of the Lorenz curve. But it may be noted that the implementation of the land reforms in the State gathered momentum only after 1970 and its impact on the structure of land holdings could not be known in the absence of a comprehensive survey of land holdings since then. However, the data on the distribution of operational holdings of wet lands supplied by the Civil Supplies Department provides some clue as to the change in the more recent periods (Table II). It is noted that only the holdings in the lowest size-group increased while the number as well as area in all the other size-groups registered a significant decline—the number of holdings above ten acres declined by 88 per cent. For this change, apart from the normal process of sub-division of family holdings, Kerala Rice and Procurement Order, 1966 and Kerala Land Reforms Act of 1963 as amended in 1969 were also responsible. In the slab system adopted for paddy procurement, the levy rate increases at a progressive rate and this has expedited the process of sub-division in the case of wet lands. This shows that if the structural change in the distribution of paddy lands is any indication of the general trend in recent years, there has been a definite shift in the distribution of holdings in favour of the lower strata.

TABLE II—DISTRIBUTION OF WET LAND (PADDY AREA) HOLDINGS IN KERALA

Year/ Size-group	1967-68				1975-76			
	No.	Per cent	Area	Per cent	No.	Per cent	Area	Per cent
Below 2 acres ..	5,23,431	89.0	4,18,278	61.2	7,24,335	93.74	5,44,033	77.6
2 - 5 ..	52,772	8.9	1,62,297	23.8	43,953	5.69	1,27,172	18.1
5 - 10 ..	10,270	1.7	69,013	10.1	4,120	0.53	26,345	3.8
Above 10 ..	2,375	0.4	33,274	4.9	287	0.04	3,562	0.5
Total ..	5,88,848	100.0	6,82,862	100.0	7,72,695	100.00	7,01,112	100.0

Source : Civil Supplies Wing of the Revenue Department, Government of Kerala.

## INCIDENCE OF TENANCY

As already mentioned, various forms of tenancy existed in Kerala ranging from virtual ownership to tenancy at will.<sup>1</sup> It has been estimated that in 1966-67 tenancy accounted for 42.6 per cent of the total area, the percentage being higher for wet land at 63.7 and 36.1 for dry land.<sup>2</sup> As against this, in 1970-71 it was estimated that rented land accounted for only about 13 per cent of the total area. Although this could be attributed mainly to the Kerala Land Reforms Act of 1963, and subsequent enactments, the change is more apparent than real. For there have been numerous instances of *benami* transfers of land in order to circumvent land reform legislation and levy procurement orders in respect of paddy. Our field investigations have revealed instances where fictitious transfers of land have taken place in the name of friends, relatives or dependents. This is evident from a scrutiny of the number of registrations in Kerala involving sale, gift and other transfers of landed property over the last few years. It shows a remarkable increase immediately after the introduction of the Land Legislation in 1964-65, and again a flare up in 1973-74 after the invalidation of certain provisions of the Kerala Land Reforms Act (Table III).

TABLE III—NUMBER OF REGISTRATIONS INVOLVING TRANSFER OF LAND IN KERALA

(number in lakh)

Year	Mortgage	Sale	Leases, gifts, settlements, etc.
1963-64 .. .. .	1.72	1.99	2.73
1964-65 .. .. .	1.86	2.01	2.95
1965-66 .. .. .	1.88	2.09	3.29
1966-67 .. .. .	1.73	2.13	3.45
1967-68 .. .. .	1.82	2.26	3.39
1968-69 .. .. .	1.77	2.06	2.93
1969-70 .. .. .	1.48	2.07	2.85
1970-71 .. .. .	1.41	2.17	2.72
1971-72 .. .. .	1.26	2.15	2.58
1972-73 .. .. .	1.19	2.22	2.66
1973-74 .. .. .	1.26	2.86	2.97
1974-75 .. .. .	1.77	3.21	3.08

Source : Department of Registration, Government of Kerala.

1. For a description of the different forms of tenancy, see Land Reforms in Kerala, Bureau of Economics and Statistics, Government of Kerala, 1968.

2. *ibid.*, pp. 55-56.

## RELATIONSHIP BETWEEN OWNERSHIP AND TENANCY

Economic theory suggests that leasing of land is conducive to a more rational use of land especially in labour surplus economies with skewed distribution of land holdings.<sup>3</sup> However, it has been found that ownership holdings in the higher strata have proportionately larger share of leased-in land excepting for the top size-group. Similarly, other factor endowments like irrigation, capital assets and credit are found to be highly correlated with the size of operational holdings. This is evident from the World Census of Agriculture which shows that in Kerala<sup>4</sup> the percentage of irrigated cropped area to the total cropped area is 12 in the lowest size class, 18.3 in the size-group 1.0-2.0 hectares and 21.5 in the size class 2.0-4.0 hectares. So also the capital market is influenced by the size of operational holdings.<sup>5</sup> This close relationship between the structure of land ownership and accessibility to factor markets have important policy implications for agricultural development. No wonder that the vast number of small holdings that have emerged subsequent to land reforms tend to remain outside the main stream of development.

## SMALL FARMS AND ECONOMIC EFFICIENCY

Studies on the Economics of Farm Management in Kerala and elsewhere have shown an inverse relationship between farm size and gross value productivity per acre. This may suggest that there is no contradiction between considerations of equity and economic efficiency. But this is not the whole truth. From these studies we cannot conclude that diseconomies of scale have come into operation in our agriculture as we know that the business of agriculture is operating at a much lower level of efficiency than its capacity. Further, these studies relate to a point of time and take into account static situations, whereas policy measures such as land reforms have to be cast in a more dynamic framework. Today there may not be a positive relationship between the size of farms and agricultural productivity (per acre) because of a high man-land ratio resulting in labour intensive techniques of production. It is also argued that the small farms use more family labour and use it more efficiently when they become owner operators. This situation, however, would change with changing technology and input patterns. As a consequence of the nature of factor substitution permitted by the new technology, the higher level of productivity per hectare on the small farms under the labour intensive traditional technology, seems to be gradually disappearing. In other words, the disadvantage of a smaller land base has to be compensated by the provision of non-land production inputs or injection of more capital into farming.

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3. See K. N. Raj, "Ownership and Distribution of Land," *Indian Economic Review*, Vol. V (New Series), No.1, April, 1970.

4. World Census of Agriculture, 1970-71, Report for Kerala State, Bureau of Economics and Statistics, Government of Kerala.

5. All-India Debt and Investment Survey, 1971-72, Vol. I : All-India and States, Reserve Bank of India, Bombay, 1975, Table 4, p. 188.