



The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.

Vol XLVI
No. 3

ISSN 0019-5014

JULY-
SEPTEMBER
1991

INDIAN JOURNAL OF AGRICULTURAL ECONOMICS



INDIAN SOCIETY OF
AGRICULTURAL ECONOMICS,
BOMBAY

Informal Leasing in Kerala: A Study of Kuttanad

S. Hari Kumar*

The land reforms of the sixties have brought changes in the agrarian structure of Kerala, and the trends that emerge in recent years show a different picture. Increasing cost of cultivation, declining profitability of paddy cultivation and land management problems have forced the farmers of Kuttanad to enter into new land relations. The special agro-climatic conditions prevailing in Kuttanad helped this trend. In this situation it is possible to point out two alternatives for the farmers. One is less intensive cultivation of land or leave more land fallow. Constraints like capital intensity and strong protest from agricultural labourers against conversion stand against this. In this situation farmers are forced to find out other ways of land cultivation. Unemployment of agricultural labourers forced them to find possible alternatives. This resulted in the emergence of informal leasing. This new land relations is a phenomenon of the eighties. This needs special investigation because any form of leasing is illegal in post-land reform period. Moreover, it is significant that this new development is occurring in a state like Kerala where the implementation of land reforms has been more successful than in any other state. It becomes all the more important when we realise that it happens in a place where peasant and agricultural labour have been powerful.

In many parts of India tenancy in various forms is reported to exist even after its abolition. Tenancy in the form of crop sharing is widely prevalent in North East India, Uttar Pradesh and Andhra Pradesh (Shankar, 1980; Parthasarathy and Prasad, 1974; Bardhan, 1976). It seems that in areas other than Kerala the existing tenancy arrangements are largely a continuation of the earlier system. In Kerala, after the implementation of land reforms, land leasing is virtually extinct. The present trend in Kuttanad is a clear departure from the hitherto existing one. The predominance of cash rent is also a new development. In the case of other regions in India, cost sharing and fixed rent tenancies are considered an advancement over the existing share-cropping arrangement (Rudra, 1979).

This paper attempts to analyse some of the dimensions of this new kind of leasing, based on a study conducted in Kuttanad (Kumar, 1986). It is argued that the trend signifies the inadequacies and shortfalls of land reform implementation. It also suggests that while land reforms have brought fundamental changes in the earlier agrarian structure of the state, they have not been successful in bringing about radical redistribution of land in favour of landless agricultural workers. Instead, the beneficiaries of land reforms have been largely the intermediary tenants who are no more pure agricultural households.

Before taking up a detailed analysis of the emerging trend of land-leasing in Kuttanad, it may be useful to give a brief account of the changes that have taken place in land relations in the region before and after the implementation of land reform measures.

The traditional agrarian structure in Kuttanad was the one which evolved over a long time and established by the 19th century. A complex division of labour based on caste system and differential rights and duties in relation to labour (Tharamangalam, 1981) developed very early. This enabled the privileged strata in the society to extract the surplus produced

* Lecturer, Department of Economics, Pondicherry University, Mahe.

The author is grateful to Jose T. Payyappilly, K.C. Sankaranarayanan and M.K. Sukumaran Nair for valuable suggestions.

by the actual cultivators. The important features of the system (Varghese, 1970) were the following.

It was a caste-based hierarchical society wherein the superior ownership of land called *janmom* rights were held by the temple authorities (*devasom*), the Brahmin families (*brahmasom*) or the Nair chieftains (Tharamangalam, 1981). They were non-cultivating landlords. Land used to be leased out to the tenants in large parcels by the janmies. The tenants mostly belonged to the Nair or Syrian Christian community in Kuttanad.

Under the traditional system there was a protected land market. The privilege of leasing land was not extended to the members of the scheduled castes and scheduled tribes. This discriminatory rule restricted their entry to the land market as potential tenants.

Land ownership was associated with high status. Labour in the field is negatively valued and is associated with low status and castes. Pillai and Panikkar (1965) noted that in Kuttanad the divorce between proprietorship of land and work in the fields was as complete as it would be. The actual operations in land thus leased out was not necessarily by tenants but by the labourers belonging to the backward communities. The scheduled caste members who were socially relegated to carrying out the agricultural operations, were treated as slaves tied to the land and transacted along with it by the janmies.

The effect of tenancy reforms, initiated in the Travancore region in the 19th century, became visible in Kuttanad region from the beginning of the present century. The rising class of capitalist farmers initiated the extension of cultivation to the adjoining kayal zones. Extensive areas in the backwaters of Kuttanad were reclaimed for rice cultivation through operations which required substantially large investments (Pillai and Panikkar, 1965). These operations, though initiated as early as in 1866, gathered momentum in the first two decades of the 20th century. The advent of pumping machine in 1912 made this scheme more operational. The rapid rise in the price of paddy during the first world war made this scheme more profitable. Increase in the cultivation of land under individual ownership has repercussions on the agrarian relations in Kuttanad. There were two major changes: firstly, the extensive use of casual labour for agricultural operations and secondly, the breakdown in traditional labour relations.

The system of land relations described above had been altered by land reform measures. The land reforms provided conferment of ownership rights in leased-in land on tenants and gave the landless hutment dwellers not only fixity of tenure but the right to purchase ten cents of land at a nominal price. The legislation also put a ceiling on land holdings with some exemptions.

The provisions relating to the abolition of tenancy and conferment of ownership rights on landless hutment dwellers had been successfully implemented by a coincidence of bureaucratic action and with some additional political pressure. But the Act has not been very successful in identifying, taking over and distributing surplus land above the ceiling limit to the landless (Eswaran, 1990).

As in other parts of Kerala, in Kuttanad also a new class of tenants turned owners came into existence by obtaining ownership rights on leased-in lands. The largest number of hutment dwellers in the state was in Alleppey district (most of the Kuttanad region falls in this district) and all of them got rights over their homestead land. There has been considerable change in the land holding pattern in Kuttanad after the land reforms.

As pointed earlier, side by side with tenancy and peasant proprietorship in Kuttanad, there was also owner cultivation on capitalist lines. These large scale owner cultivators were affected by the land reforms only to the extent that a ceiling was imposed on their holdings

(Eswaran, 1990). The peasant proprietors were also not affected, but the rentier land owning class was completely eliminated. The tenants who were mostly upper caste Hindus and Syrian Christians became owners of their leased-in lands (Eswaran, 1990). This offered ample scope to convert farming into a profitable enterprise.

The actual cultivators, mostly people belonging to the *pulaya* and other depressed communities, were by and large kept off the benefits of land reforms except for the fact that they were given ownership rights over their homesteads (Herring, 1983). This is not to deny that a few of the agricultural labourers of Kuttanad had benefited from the distribution of surplus lands (Eswaran, 1990).

Paddy cultivation in Kuttanad shows signs of stagnation in terms of production, productivity and area under cultivation. A comparison of prices of inputs and output shows that the terms of trade have been unfavourable to the farmers, especially to paddy farmers particularly after the mid-seventies (George, 1979; George, 1982).

A rising trend of paddy price continued upto 1974-75, but was reversed from 1975-76 onwards. On the other hand, the cost of production showed a steady increase (Eswaran, 1990). The index numbers of parity between the prices received and paid by the farmers available with the government sources indicate that prices paid by the farmers were higher than the prices received by them during the period 1971-83 (data from State Planning Board, Government of Kerala). The incidence of the adverse terms of trade appears to be greater in the case of Kuttanad farmers. The large farmers may have been able to withstand the adverse situation because of their large income. On the contrary, the middle and small peasants are severely affected by this.

The agricultural labourers form the largest among the total workforce. Employment opportunity within agriculture is much limited and alternative avenues of employment are almost absent. Therefore, the incidence of unemployment and under-employment is very much high in the region. Various studies on the agricultural labourers of Kuttanad have shown that the life of this class of people is characterised by very low levels of employment and consequent poverty and starvation (Panikkar, 1978; Mencher, 1980).

Hence, the agrarian reform in Kuttanad is characterised by significant changes in the agrarian and social structure. In the post-land reforms period, former tenants became a new class of owner cultivators, but it did not bring any major change in the land ownership pattern of agricultural labourers. Paddy farming in the region is becoming less attractive in the face of increasing cost of farming and unfavourable price conditions. The level of employment and income of agricultural labourers is low even while there has been a steady increase in wage rates. With this background, we proceed to analyse the emerging land-lease market in paddy cultivation of Kuttanad. The required data for the analysis were obtained from four agrarian villages of Kuttanad, namely, Kavalam, Veliyanad, Kozhimukku and Thalavady (Kumar, 1986).

Our study reveals that the households reporting land ownership mostly belong to the small peasants (Table I). Nearly 60 per cent of them are small farmers and possess nearly 23 per cent of the land. Further, larger farmers (21 per cent) have 56 per cent of the land. Of the 400 sample households, nearly 10 per cent leased out the land. Of the total holdings, nearly 41 per cent, i.e., 979 acres are leased out. Of this, 42 per cent is leased out by the medium farmers and the remaining by the large farmers. None of the small farmers leased out the land. The pattern of land market revealed that nearly 26 per cent of the households entering into the land-lease market leased in land (Table II) and 87 per cent of them were

small farmers and the remaining were medium farmers and that too farmers with land holdings less than 7.5 acres. Further, our discussion with farmers revealed that a large number of landless agricultural labourers also leased in land.

TABLE I. OWNERSHIP HOLDINGS SIZE IN KUTTANAD TALUK

Classification	No. of house-holds	Area (acres)		Percentage	
		Total	Leased	Total	Leased
(1)	(2)	(3)	(4)	(5)	(6)
Small farmers	233	522	-	23	-
Medium Farmers	84	537	226	22	42
Large farmers	83	1,299	753	55	58
All farmers	400	2,358	979	100	100

Source: Sample Survey.

TABLE II. LAND HOLDING HOUSEHOLDS IN TERMS OF THEIR ASSOCIATION WITH LAND-LEASE MARKET IN KUTTANAD

Classification	No. of households entering into the tenancy market through		No. of households not entering into the tenancy market but identified as			Total
	Letting out land	Leasing in land	Pure owners	Owner-cum-labourers	Owner-cum-other activities	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Small farmers	-	91	53	60	29	233
Medium Farmers	10	13	49	-	12	84
Large farmers	28	-	55	-	-	83
All farmers	38	104	157	60	41	400

Source: Sample Survey.

The occupational classification of leasing out households indicates that a sizeable number of them have other sources of income, *i.e.*, other than from paddy. On the other hand, the leasing in households have lower holdings and low incomes. A majority of the tenants lease in land because of their lower earnings and high degree of unemployment and under-employment. Thus the unemployment and under-employment provide a favourable ground for the emergence of tenancy. As Bardhan (1984) points out, the larger the extent of unemployment in wage labour market, the higher is the extent of tenancy.

The present land-leasing arrangement in Kuttanad is entirely different from that of the pre-land reform period. Unlike in the earlier days, land is leased out for a strictly short term. After one crop is raised the land is taken back by the landowner and allotted to a new tenant. Even when the same tenant is given the land for a second time the lease contract will be a fresh one. This is the same throughout the region. The rotation of tenants is mainly owing to the landowner's fear of any future protective legislations in favour of tenants.

Regarding the terms of renting, there is only fixed rent tenancy in the region. The rent payment is done in kind rent and the system of cash rent makes our case different from those of other areas in India. The reason for the predominance of cash rent may be that the rent can be collected even before the farming operations start. It eliminates the risk factor in the event of crop failure.

Unlike in many parts of India, the terms and conditions of tenancy in Kuttanad show that the relation between the landlord and tenants is not one of dominance and dependence

The freedom of the tenant to enter the lease market is in no way restricted. However, his ability to raise funds for cultivation is a constraint. Once the land is leased in, the tenant is at liberty to take decisions regarding cultivation, marketing of the produce and such other matters. The tenant can lease in land from more than one landowner at a time. No tenant is liable to provide unpaid labour services or any obligatory payment to the landlord.

A comparison between pre-land reform and post-land reform tenancy reveals that the participation of tenants in the pre-land reform period in manual farm operations was relatively high. But the family labour contribution of the present tenants is relatively high. There was extra economic coercion exercised by the landlords over tenants and agricultural labourers. Tenants were also exercising such control and authority over agricultural labourers. Regarding the security of tenure, the position of the tenants seems to be much worse. Now the landlords frequently rotate the tenants and the lease contract is only for one crop. But in both the situations the land-lease market is controlled by the landowners. Similarly, the ratio of rent to total produce is very high in both the situations.

The most significant trend in paddy cultivation in Kuttanad is that tenancy is reappearing in a concealed form. This may be seen as a reversal of an earlier institutional arrangement of farming. This had occurred in the context of incomplete implementation of land reforms, which did not bring about considerable change in the land ownership pattern of agricultural labourers. The major beneficiaries of land reforms were intermediary tenants who have been cultivating land with hired labour. The existing situation of unemployment and land hunger of landless agricultural labourers provide a fertile growth for the emergence of informal tenancy. This arrangement is a strategy of the landowners to keep their farm income at reasonable level. The landless and the unemployed find it as a survival strategy. The economic features of tenant cultivation sufficiently indicate that this is subsistence farming, signifying a stagnation in agriculture. Another implication of this subsistence nature of cultivation is that the present tenancy system cannot last long. It may at best be transitional. Given the nature of production and uncertainty, the marginal income of the tenant may be sufficient to allow him to stay on the field.

REFERENCES

- Bardhan, Pranab (1976). "Variation in Extent and Form of Agricultural Tenancy: Analysis of Indian Data Across Regions and Over Time", *Economic and Political Weekly*, Vol. 11, No. 37, September 11.
- Bardhan, Pranab (1984). *Land, Labour and Rural Poverty*, Oxford University Press, New Delhi.
- Eswaran, K.K. (1990). "Re-emergence of Land Leasing in Kerala: The Case of Kuttanad", *Social Scientist*, No. 210-211.
- George, M.V. (1979). "Recent Trends in Production and Productivity in Kerala Agriculture", in M.A. Oommen (Ed.) (1979). *Kerala Economy Since Independence*, Oxford & IBH Publishing Co. Pvt. Ltd., New Delhi.
- George, P.S. (1982). "Agricultural Price Movements in Kerala", in P.P. Pillai (Ed.) (1982). *Agricultural Development in Kerala*, Agricole Publishing Academy, New Delhi.
- Herring, Ronald J. (1983). *Land to the Tiller*, Oxford University Press, Delhi.
- Kumar, S. Hari (1986). *Impact of Agricultural Credit in the Agricultural Development of Kuttanad*, Ph.D. Thesis, Department of Applied Economics, Cochin University of Science and Technology, Cochin (Unpublished).
- Mencher, John P. (1980). "The Lessons and Non-lessons of Kerala Agricultural Labourers and Poverty", *Economic and Political Weekly*, Vol. 15, Nos. 41, 42 and 43, Special Number, October.
- Parthasarathy, G. and D.S. Prasad (1974). "Responses to Impact of HYV Rice according to Land Size and Tenure in a Deltaic Village, Andhra Pradesh", *The Developing Economies*, Vol. 12, No. 2, June.
- Panikkar, P.G.K. (1978). "Employment, Income and Food Intake among Selected Agricultural Labour Households", *Economic and Political Weekly*, Vol. 12, Nos. 31, 32 and 33, Special Number, August.
- Pillai, V.R. and P.G.K. Panikkar (1965). *Land Reclamation in Kerala*, Asia Publishing House, Bombay.
- Rudra, Ashok (1979). "Organisation of Agriculture for Rural Development: The Indian Case", in Dharam Ghai *et al.* (Eds.) (1979). *Agrarian System and Rural Development*, Macmillan Press, London.
- Shankar, Kripa (1980). *Concealed Tenancy and Its Implications for Equity and Economic Growth*, Concept Publishing Company, New Delhi.
- Tharamangalam, Joseph (1981). *Agrarian Class Conflict: The Political Mobilisation of Agricultural Labourers in Kuttanad, South India*, The University of British Columbia, Vancouver, Canada.
- Varghese, T.C. (1970). *Agrarian Change and Economic Consequences*, Allied Publishers Pvt. Ltd., Calcutta.