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X PROCEEDINGS

of the

THIRTEENTH CONFERENCE

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.

NOTE ON LAND REFORMS AND ZAMINDARI ABOLITION

IN BIHAR

by

Revenue Department, Government of Bihar.

The problem of land reforms in Bihar has been engaging the attention of Government since 1946. In 1946 the State Assembly passed a resolution for the abolition of landlordism and in pursuance of this, a Bill, known as the State Acquisition of Zamindaris Bill, 1947, was introduced in the State legislature. The name of the Bill was subsequently changed into the Bihar Abolition of Zamindaris Bill, 1947, and on being passed by both the Houses of the State legislature it was reserved for the assent of the Governor-General. After discussions between the representatives of the Central Government and the State Government, the Bill was referred back to the State legislature with the recommendation that it might be reconsidered in the light of the amendments agreed to between the Central and the State Governments. The amendments having been adopted by both the Houses, the bill was signified his assent thereto on the 6th July, 1949, and it was published as an Act called the Bihar Abolition of Zamindaris Act, 1948. The validity of the Act was challenged by certain landlords and the Courts issued injunctions restraining the State Government from implementing the scheme. Subsequently, it was felt that the Act did not make provision for land reforms and it was, therefore, decided to repeal it and to bring forward a more comprehensive legislation in its place. The Bihar Abolition of Zamindaris Act was accordingly repealed and a new legislation, called the Bihar Land Reforms Bill, 1949, was introduced in the State legislature. The Bill received the assent of the President of India in pursuance of the provisions under Article 31(4) and 254 of the Constitution of India, on the 11th September, 1950, and was published as Bihar Land Reforms Act, 1950.

The landlords challenged the validity of the Act and the Patna High Court declared it to be unconstitutional and void on the ground that it contravened Article 14 of the Constitution of India. The matter was then considered afresh in consultation with the Government of India and it was decided to amend the Constitution of India, in order to tide over the difficulty as it was felt that the implementation of the scheme of land reforms which was a measure of great social importance could not be delayed any further. The Constitution was accordingly amended by the enactment of the Constitution (First) Amendment Act, 1951 which inter-alia, provided for the validation of the Bihar Land Reforms Act, 1950, notwithstanding any judgment, decree or order of any Court or Tribunal to the contrary. The landlords thereafter questioned the validity of the Constitution (First) Amendment Act, 1951, in the Supreme Court which restrained the State Government from proceeding with the scheme of taking over of this legislation had been decided. The Supreme Court ultimately decided that the Constitution (First) Amendment Act, 1951, was a valid law. Immediately after the judgment of the Supreme Court, the State Government decided to give effect to the scheme and, to start with, all estates and tenures with gross annual income exceeding Rs. 50,000/- were decided to be taken over in the first place. The landlords, however, again succeeded in delaying the implementation of

the scheme by preferring an appeal against the decision of the Patna High Court in so far as it had decided that the Act was not defective on the ground of (a) lack of legislative competence and (b) lack of a public purpose and the Supreme Court issued injunction against taking possession of estates till the disposal of the appeal. The Court finally pronounced judgment in which it held the Act to be valid legislation barring a part of section 4(b) and Section 23(1)(f) but they decided that these two sub-sections were severable from the rest of the Act. The salient features of the Act are mentioned below:—

- (i) The purpose of the Act is to secure transference to the State of the interests of proprietors and tenure-holders in land, and of the mortgagees and lessees of such interests, including interests in trees, forests, fisheries, jalkars, ferries, hats, bazars, mines and minerals.
- (ii) Section 3 provides that the Government may, from time to time, by notification declare the estates or tenures mentioned therein to have passed to and become vested in the State.
- (iii) Section 4 mentions the consequence of such vesting.
- (iv) Section 5 permits the proprietors and tenure-holders to retain their home-steads, but only in the capacity of tenants, free from the obligation to pay rent. Section 6 allows them to retain possession of lessees under them, on payment of rent as raiyats to the State in the status of occupancy tenants.

Section 7 provides that buildings, together with lands on which such buildings stand, which are in the possession of proprietors and tenure-holders and which are used as golas, factories, or mills shall be retained by them on payment of rent.

- (v) In Section 9, it is provided that all mines comprised in the estate or tenure, as were in operation at the commencement of this Act and were being worked directly by the proprietor or tenure-holder, shall be deemed to have been leased by the State Government to them.

Section 10 provides that the State will recognise the subsisting leases of mines and minerals, the lessees being deemed to be lessees under the Government.

Buildings and lands appurtenant to a mine outside the leased areas stand transferred to the State under the provisions of Section 11 and they are to be deemed to be leased by the State to the lessee with effect from the date of vesting.

Section 12 lays down the constitution of a Mines Tribunal to which disputes arising out of the implementation of sections 9 and 10 will be referred.

- (vi) Section 13 lays down that the management of the estates will be done in accordance with the existing rules in force for the management of Government Estates. It also provides that the State Government may, on such terms and conditions as they may fix, entrust the management of the acquired zamindaris to

the Executive Committees of the duly constituted Gram Panchayats under Section 3 of the Bihar Panchayat Raj Act, 1947.

- (vii) Sections 14, 15, 16, 17 and 18 make provisions relating to the investigation of debts of proprietors and tenure-holders and lay down the procedure for payment of these debts.
- (viii) Section 24 provides the manner of determination of compensation payable to the proprietor or tenure-holder. It lays down a sliding scale for the assessment of compensation. Where the net income does not exceed Rs. 500, the compensation payable is twenty times the net income, and where the net income computed exceeds Rs. 1,00,000 it is payable at three times the amount. This section further provides that to the amount thus payable shall be added the amount of compensation payable in respect of mines and minerals as determined under section 25. Each member of a Joint Hindu Family is treated separately, as if there was a partition, for the purpose of assessment of compensation. In the case of trusts created for religious and charitable purposes, the net income, calculated in the manner prescribed in the Act is handed over to the trustees for the maintenance of the trust institutions.

The method of assessment of compensation for mines and minerals is laid down in section 25. It has either to be fixed by agreement or by a Tribunal appointed for the purpose.

- (ix) Section 32 lays down the method and manner of payment of compensation. Sub-Section (2) of this section provides that the amount of compensation shall be paid in cash or in bonds or partly in cash and partly in bonds. The bonds shall be either negotiable or non-negotiable and non-transferable, and be payable in forty equal instalments and shall carry interest at two and a half per cent per annum with effect from the date of issue.
- (x) Section 34 provides for the constitution of a Commission, called the Bihar Land Commission, whose duties will be to advise the State Government regarding the agrarian policies to be pursued by them from time to time in administering the system of land tenure in the State.

Financial Implications of the Scheme: The proposal for zamindari abolition in Bihar has been drawn up as a self-liquidating scheme. Bihar, being a permanently settled State, figures of income of each landlord are not available with Government; but, on the basis of the materials collected during survey and settlement operations which in many of the districts took place more than thirty years ago and also on the annual value of estates as determined during cess revaluation proceedings which also took place many years ago in some districts, a working estimate has been made of the gross revenues and the expenditures as a result of taking over all Zamindaris in the State. The gross rental in the State is estimated at about Rs. 16 crores per annum but is likely to increase at the rate of Rs. 5 lacs per year as a result of reclamation of waste lands, their

development, and development of forests and mines. An estimate of the financial position when all Zamindaris are taken over is given below:—

Estimate of compensation payable under different income groups if reductions under section 23(f) of the Land Reforms Act are not made and Agricultural income tax is deducted at the new rate.

(In crores of Rupees)

Income Groups.	Estimated gross income.	Net income after deducting agricultural income tax at new rates and no deductions u/s 23(f) of the Act..	Compensation payable on the basis of net income shown in Column 3.
1	2	3	4
1. Upto Rs. 5,000/-	9.13	6.82	122.76
2. Exceeding Rs. 5,000/- but not exceeding Rs. 20,000/-	2.22	1.46	16.06
3. Exceeding Rs. 20,000/- but not exceeding Rs. 50,000/-	1.32	.85	7.65
4. Exceeding Rs. 50,000/-	3.33	2.03	11.77
			158.24

Statement of annual losses and gains during a period of 40 years on the basis of a total compensation of Rs. 158 crores payable to the proprietors if deductions under section 23(1), (f) are not made and Agricultural Income tax deducted at the new rates.

(In crores of Rupees)

Year.	Revenue Receipt.	Loss of Revenue Cess and cost of Management.	Cost of improvement.	Payment of instalment.	Interest on bonds.	Total debit.	Balance.
1	2	3	4	5	6	7	8
1	16.05	7.77	2.00	3.95	3.95	17.67	—1.62
2	16.10	"	"	"	3.85	17.57	—1.47
3	16.15	"	"	"	3.75	17.47	—1.32
4	16.20	"	"	"	3.65	17.37	—1.17
10	16.50	"	"	"	3.06	16.78	— .28
11	16.55	"	"	"	2.96	16.68	— .13
12	16.60	"	"	"	2.86	16.58	+ .02
40	18.00	"	"	"	.09	13.81	+4.19

It will appear that for the first eleven years the State Government would be faced with a deficit but this will be wiped out during the succeeding years. The figures may, however, be taken to be tentative for the reasons mentioned above.

Implementation of the Scheme: Unlike the areas where the ryotwari system of land revenue prevails or where the settlement of land

revenue was made with Zamindars on a temporary basis, administration in the permanently settled areas was highly centralised and Government did not maintain any revenue staff in the rural areas. The result was that there was no administrative machinery which could be utilised for the management of the estates and collection of rent from cultivators when the Zamindari Abolition Scheme would be put into operation. Government did not even have correct information regarding the extent of interest of the proprietors of estates. It is true that the collector has to maintain a general register of revenue paying and revenue free lands in the district, but in most places these registers were found quite out of date as the landlords failed to get the entries corrected, which they were under a legal obligation to do in cases of succession, inheritance or transfer. One great evil of the permanent settlement was that with the growth of population and increase in cultivation, the margin between the total rent collected by the landlords and the amount paid to Government, as fixed revenue, considerably increased, and this promoted a class of absentee landlords who created in a very large proportion of cases, tenures subordinate to them. These tenure-holders were the persons who collected rent from individual cultivator and after paying the stipulated amount to the superior landlord, appropriated the balance as their profits. In turn many of these tenure-holders created sub-tenures under them on similar lines and the process of sub-infeudation continued. Government did not have any information regarding these tenure-holders and sub-tenure holders except in so far as their interests were recorded in the Record of Rights and very great difficulty has, therefore, been experienced in notifying the interests of tenure-holders.

For the management of the Zamindari Abolition Scheme, it was necessary for the State Government to set up a rural machinery at the first instance and to collect information regarding the interest of proprietors, tenure-holders and sub-tenure holders. As all these processes would take time the Government of Bihar came to a decision that the Zamindari Abolition Scheme should proceed by stages depending upon the administrative machinery available and the information collected regarding estates and tenures. It was accordingly decided that during the first phase of Zamindari Abolition only the estates and tenures with gross annual income exceeding Rs. 50,000/- should be taken over. There were 146 such estates in Bihar (apart from Two Court of Wards Estates) and the financial position of taking over these estates is noted below:—
Estimate of compensation payable if deductions under section 23(f) of the Land Reforms Act are not made and agricultural income tax is deducted at the new rate.

(In crores of Rupees)

Sl. No.	Income Groups.	Estimated gross income.	Net Income after deducting agricultural income tax at new rates and no deductions under section 23(f) of the Act.	Compensation payable on the basis of net income shown in Column 4.
1	2	3	4	5
1.	Exceeding Rs. 50,000/-	3.33	2.03	11.17

These estates have been notified and have been taken possession of except in a few cases in which the landlords concerned have gone to courts, for restraining the State Government from taking over their zamindaris and these will be taken over when the matter is finally disposed of by the courts.

It has further been decided that for the sake of efficiency and economy in administration it is necessary to have compact administrative blocks. The State Government have, therefore, further decided to take over as soon as possible all estates and tenures in the four districts of Darbhanga, Hazaribagh, Monghyr and Gaya. Steps are being taken to implement this decision.

The administrative machinery, which is being set up for the implementation of the Zamindari Abolition Scheme is as follows. On an average ten to twelve villages will be grouped together with a *Halka* under a Revenue subordinate official called the *Karamchhari*. He will be in charge of rent collection, maintenance of the village records, compilation of agricultural statistics, management of Government waste lands and will also look after minor irrigation works and other improvement works to be undertaken within the *Halka*. Wherever suitable Gram Panchayats are available, they will be entrusted with the duties of rent collection, management of village waste lands and forests and looking after small improvement works. It was previously decided that the whole State should be divided into two hundred circles each in charge of a gazetted officer called the "Circle Officer" who will be assisted by a non-gazetted official called the "Circle Inspector". It has, however, been subsequently found that for the sake of proper revenue administration and with a view to having an integrated rural staff throughout the State who will not only look after the revenue work but will also supervise the working of gram panchayats and carry out the agricultural extension work and other development duties, it is necessary that there should be further decentralisation. The State Government have, therefore, under contemplation a scheme for dividing the whole State into four hundred circles, each circle consisting of 175 to 200 villages in charge of a gazetted officer. Under this scheme there will correspondingly be four hundred circle inspectors instead of two hundred as originally contemplated. As stated above, the revenue staff is in the process of being set up. For the time being, one *Karamchhari* is being placed in charge of two *Halkas* and wherever the collectable revenue within a Tehsil that exceeds Rs. 25,000/-, an Assistant *Karamchhari* is being posted. For the administration of the estates which have been taken over during the first phase, it has been found that 113 circle officers will be necessary.

Two hundred circle inspectors had previously been appointed for supervising the collection of agricultural statistics and execution of minor irrigation works but wherever it is found that the collectable revenue of a circle is more than what can be managed by one circle inspector, an additional circle inspector is being posted. The scale of salary of a *Karamchhari* is Rs. 35-2-45-EB-1-55 per month, that of a circle inspector is Rs. 75-120 per month and that of a gazetted circle officer is Rs. 200-450 per month. Over the circle officers, there will be an additional sub-divisional officer in charge of the revenue work within the sub-division but in certain areas where the work can be managed by the Civil S.D.O., no additional sub-divisional officer will be posted. It is con-

templated that there will altogether be thirty-eight additional sub-divisional officers throughout the State but at present only thirty are being posted. There will be one additional collector in each district who will assist the collector in the general revenue administration and other duties.

The above staff are being set up in connection with the implementation of the Zamindari Abolition Scheme but, as has been stated before, they will ultimately serve as an integrated staff for all departments of Government and will perform not only revenue duties but also duties in connection with the supervision of gram panchayats, agricultural extension services, collection of agricultural statistics and execution of the development plan of Government.

X LAND REFORM LEGISLATION IN SAURASHTRA X

by

B. R. Patel,

Chief Secretary to the Government of Saurashtra.

The State of Saurashtra came into being on the February 15, 1948. Before that date the peninsula of Kathiawar was made up of more than 200 different administrations and was broken up into 860 different areas, because various administrations were themselves made up of small bits here and there. The very first problem that faced the new Government of Saurashtra was that of land revenue system. The different states and estates had different forms of assessment systems, but by and large assessment was collected in the form of crop-share. There were, however, certain areas where the cultivators used to pay crop-share direct to the states and certain other areas where there were intermediaries. Out of 4,415 villages in Saurashtra, 2,689 villages became khalsa, that is to say were villages where cultivator was in direct relationship with Government, while 1,726 villages forming about one-third of the State remained non-khalsa or alienated and were held by different categories of land-holders.

In the khalsa portion, the cultivators had in law the character of tenants-at-will whose land could be resumed by the state at its will. Assessment was taken, in a greater portion of the area, in the form of *bhagbatai* (crop-share) and apart from the crop-share there were various cesses and there was also the system of forced labour. As a first step Government declared that all tenants of khalsa land would become occupants straight away without any payment of occupancy price, and that assessment would thereafter be recovered in the form of cash and not in kind. These were considered the immediate steps that were necessary to go over gradually from the old feudal economy to a modern system of land assessment. As it was obviously impossible to undertake immediately regular survey and settlement, *ad hoc* cash assessment was fixed village-wise based on the revenues of previous years. All other cesses and indirect taxes were abolished in toto.