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## Land System and Its Reforms in India

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Even with a dismal if not pathetic record of performance, land reforms programme in India enjoys such a high respectability and popular support, that an adverse criticism of it is viewed almost as a sacrilege. This love and faith on the programme, however, was shaken by the economic crisis that surfaced in 1991. Several scholars are now acknowledging the futility of its further continuation, and urging the governments to make changes in land policy (Dandekar, 1994; Vyas, 1994; Rao and Gulati, 1994; Appu, 1995). Persons passionately involved with the programme too agree that it needs a more dispassionate re-examination.

To appreciate the context in which the need to recast the land policy is now felt, this study makes an attempt to review the land system and its reforms in India. A summary account of the origin and development of land system in pre-independent India that necessitated reforms is presented first. This is followed by presenting an appraisal of the last four and a half decades experience of implementing land reforms programme. It is against this background the emerging perspectives and policy issues are discussed in the last section. To provide a flavour of the comments and criticisms made on the subject, the study borrows liberally from the writings of some keen observers of Indian rural scene.

### I

#### THE ORIGIN AND DEVELOPMENT OF LAND SYSTEM IN PRE-INDEPENDENT INDIA

The aim of modern land policy in India as in other countries is two-fold: (i) to increase agricultural production, and (ii) to recognise different interests in land in order to provide security to cultivators while ensuring equality of opportunity. This means creating relatively uniform national norms of land occupancy which is a knotty problem. For, India before Independence had never been governed by a single ruler. In the later part of Hindu period (Ashoka and Gupta periods) and throughout the Moghal period a large part of North India was under central rule, and it is in that part that some uniformity in land tenure system is found. The rest of India was made up of several States, separately governed. Moreover, India is a nation of people with a variety of diverse racial and cultural backgrounds. Historically, land was the mainstay of all Indian life, yet wide differences in the system of land tenure are associated with different cultural patterns.

In the absence of uniformity and under diverse conditions, the nomenclature of land tenure and to some extent of land occupancy rights which evolved in different parts of the country varies a great deal. "The texture of relationships concerning land, conditions of economic life, social composition of rural community and the patterns of occupational distribution differ widely, so that no generalization can have more than a limited value" (Government of India, 1963, p. 215).

#### *The Ancient System*

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The land system in India upto Independence was a mixture of occupancy rights and

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revenue obligations which varied from State to State. Some of these rights and obligations originated in the Moghal period, others in pre-Moghal period and still others in the British period.

When the only form of social organisation was tribal and the institution of States did not exist, the tenure of land was communal. A quasi-physiocratic view prevailed. "Land was considered as a free gift of nature and the concepts of capital and rental value had not yet arisen" (Government of India, 1953 a, p. i). Anyone who wanted land, cleared and developed it. He also obtained the right to usufruct it. The right to usufructuary mortgage was the first step toward recognition of property in land. "In some communities, land was the common possession of all, in others, it was owned by individual families; but the institution of the village bound the people together into a fraternal organization for purpose of government and the regulation of their social and economic conduct" (Government of India, 1953 a, p. ii). Since land was conceived as a free gift of nature, its produce was shared in accordance with the functions that each individual in the community performed to help the cultivator produce the crop. The caste system had already prescribed the functions and duties of each individual in the village and the distribution of produce appears to have been related to canons of caste.

The ancient Indian society was probably organised primarily around family, village and caste or religion. The state functioned through a value system given to it by the society. Maine called it a 'status society' by which he meant that the Hindu society, unlike the society of ancient Rome, was not organised around a system of contracts (Maine, 1876). He emphasised that prices, rents and the sale of land did not exist at least not as they do in modern times. Society was regulated by custom. The Roman ideal of ownership, an absolute right in property, never prevailed in India where rights were family rights through joint succession (Baden-Powell, 1892).

An intermediary known by numerous names around the country was a representative of the ruler who exercised revenue collecting authority over the village. Despite varying definitions of role, intermediaries did not have absolute rights in land. Thus an intermediary could not be considered as a proprietor or owner of land in modern sense. The only absolute right he could be said to have in the land was to collect revenue representing a part of the harvest. The rights of intermediaries differed in accordance with function, the purpose for which the revenue was to be used, customs and traditions prevailing in a region.

It cannot be said with any accuracy whether the king was actually the owner of the land or whether the share of the king in the produce - called land revenue by the British - was a tax or a rent (Neale, 1962). In a sense, the state was a proprietor and the intermediary was its agent but, "the state never let land competitively or interfered in its management" (Baden-Powell, 1892, pp. 232-233). The share of the king in the produce depended mainly on the kind of crop and the way it was produced, not in the values of the crop obtained by the peasant.

According to Neale, communities exercised a veto over transfer of land so that a man could not alienate his land without his neighbour's permission. Since popular feeling prevented alienation of land, there arose a kind of usufructuary mortgage redeemable upon repayment. Thus land could not, in fact, be sold and was transferred only to a limited extent by mortgage (Neale, 1962). Campbell observed: "the seizure and sale of land for private debt was wholly and utterly unknown - such an idea never entered into the native imagination" (Campbell, 1870, pp. 165-166).

### *The Medieval System*

During the Moghal era (1200-1700) and up until 1856, sales of land with title deeds were transacted only by intermediaries but, in fact, these transfers were merely designed to formalise a *de facto* shift of power or a grant of court favour. In the later stages of development, the prevailing system of government together with social and cultural values greatly influenced the pattern of land occupancy rights, and in turn, this influenced the legal foundations of government. Official recognition of the relationship between landlord and tenant gave rise to a land market. Land became a marketable commodity and the title to it could be sold. The process of development and change brought about a new set of opportunities and encumbrances. After some adjustment, a new set of rights and duties between landlord and tenant within the boundaries of customs and traditions established workable economic relationship between land and man. There arose a new set of occupancy rights also subject to transfer in the land market (Bauer and Yamey, 1957).

The tenurial system in the Moghal period was essentially a ryotwari system (a system of land tenure in which land was held directly by a tenant) which "went straight to the cultivator" (Baden-Powell, 1896, p. 208). The Moghal Emperor Akbar (1556-1609) tried to better the system of assessment and collection of land revenue. Attempts were directed toward increasing the amount of land revenue accruing to the then government and improving the ease and efficiency of revenue collection. Todar Mal, the Finance Minister of Akbar, substituted "money payment for the share of grain and one-third of this (average) yield was valued at the average of ten years' price in order to arrive at revenue rates. These rates were then used in assessing each cultivator's liability for revenue on the acreage of each crop grown" (Neale, 1962, p. 31).

After the death of the Moghal Emperor Aurangzeb (1707), the Central Authority in Delhi began to wane. With the declining power of the Moghal rulers, a number of local chieftains, revenue farmers, assignees and grantees began to assert their rights to independence. This internal turmoil prevented direct assessment and collection of revenue. In the midst of this turmoil a class of intermediaries emerged. This class entrenched itself between the king and the cultivators, and began to collect revenue from farmers giving nine-tenth to the king and keeping one-tenth. With further decline in the powers of the central authority, these intermediaries began to claim hereditary rights in land. In India, therefore, some semblance of feudal organisation began to emerge only in the beginning of the 18th century under conditions of political and administrative disorder. But, even during this time, the new intermediary class could not assert an absolute right to land, and the old occupant remained in cultivating possession of the land.

### *British Period*

"When the British came to India it never occurred to them that cultivated land could belong to no one, or, if one prefers, to a large number of people, each owning in a different way" (Neale, 1962, p. 51). The British conception of land tenure was coloured by their own experience and political philosophies. Baden-Powell wrote:

"Even if the zamindars had been less like landlords than they actually were, it was almost inevitable that a system should have shaped itself in the minds of our legislators, by which some one person would be recognised as landlord. So strong was the effect of prevalent ideas, that years afterwards, when the tenures of village bodies in the North-West Provinces, and their peculiar constitution, were discovered, our public officers could with difficulty realize this state of things; and they kept on writing as if some one person in the village must be the proprietor" (Baden-Powell, 1892, p. 87).

In effect, the British insisted that there must be a system of fee for land ownership when previously there had been none. The British sought a system which could ensure them a steady source of income. They first tried to collect revenue through professional tax collectors and later by auction to the highest bidder. These efforts failed. Between 1770 and 1793, the devise of permanent settlement of revenue with zamindars as having proprietary rights in land was introduced. Apparently, the possibility of rack-renting by the zamindars did not occur to British.

A permanent settlement system for assessing land revenue was first installed by the British in Banaras in 1773. In 1793 Bengal and the North-Western Provinces too were permanently settled (Neale, 1962, p. 34). The settlement officers had little knowledge of the communities with which they dealt. Local records of the *kanungo* (the chief record keeper of a district) were often false and settlement officers could not rely on them for information. This created corruption on both sides; the settlement officer at times insisted on collecting more revenue than was due, while at other times the cultivator, with the help of the *kanungo*, attempted to pay less than his correct assessment. The system was inflexible and there was no consideration of changing conditions.

"The decision to make permanent settlement with the zamindars was dictated mainly by consideration of political expediency.... The *zamindars* were no doubt declared proprietors of the soil, but they were given only such rights which could not be proved to be an encroachment on the prescriptive or customary rights of the tenants. It is apparent, therefore, that the conferment of rights on the *zamindars* was not made with a view to creating any system of tenure resembling the feudal system of tenure in Europe. The subsequent degeneration of the rights of the cultivators must be ascribed not so much to political action as to rapid worsening of the economic situation" (Government of India, 1953 a, p. iv).

The French Revolution with its ideas of equality did not have any appreciable effect on India, nor did the industrial revolution have its counterpart in India. A new capitalist class, therefore, did not emerge as in Europe, and did not accelerate the process of concentration of land in fewer hands. Concentration of the control over land in India came about in different ways. The inundation of the internal market by machine-made goods created massive unemployment in India. This increased the pressure of population on land; large number of cultivators degenerated into petty tenants and landless labourers.

"Under such conditions, the land system of the country suffered a two-fold degeneration. The first was caused by the increase in the pressure of population on land. The number of people, who had to be supported by agricultural occupation, considerably increased. There was thus a scramble for land, and in the process, several layers of interest began to accumulate between the landlord and the actual tiller. The second was caused by the gradual movement of agricultural classes down the ladder until a

large mass of petty tenant-cultivators, holding land at the will of superior classes, and an increasing volume of landless men accumulated at the base" (Government of India, 1953 a, p. iv).

In Europe during the 18th century the feudal system had disintegrated and the relationship between tenants and landlords had begun to be regulated by a free contract. But in India during this time although peasants lost their rights to land, they continued to cultivate it. This prevented an exodus of people from the land.

In Europe the land monopoly was broken in the interest of technical efficiency and social justice. But in India since the East India Company had to finance war and consolidate its position, it was keen on finding an efficient method for revenue collection. So it created a class with vested interests in land revenue. It was conceived that such a new class having a vested interest in the new government would be more devoted and loyal; it was easier and more expedient to deal with fewer and more important people than to deal with the whole mass of Indian peasantry.

Attempts at introducing the *zamindari* system were resisted in a number of places. In parts of Madras Presidency, eventually a *Ryotwari* system (land held directly by a tenant) had to be introduced. In Oudh and Agra (now part of Uttar Pradesh), joint and communal ownership had to be recognised. This system of joint settlement later came to be called *Mahalwari* system in Regulation IX of 1883. Later, this system was also introduced in the Punjab and Madhya Pradesh.

The main defect in permanent settlement system in Bengal was that it failed to visualise the possibility of arbitrary rent increases by the *zamindars*. A number of attempts had been made earlier to remove this defect; the *Patta* (contract of tenancy) Regulation of 1775 had required that customary rates of rent could be secured for the *khudkast ryot* (tenant in cultivating possession). The Regulation also required each *zamindar* to issue *pattas* to each ryot for a period of 10 years, explaining the customary rates of rent payable. The *zamindars* found it difficult to determine the customary rates of rent; confusion ensued, and as a result many tenants left their holdings. Consequently, the *Haptam* Regulation of 1779 was passed and the *zamindars* were given arbitrary powers of distraint. This created further discontent among cultivators. There were also difficulties in regard to fixing fair rents. Subsequently, two Select Committees were appointed in 1812 by the House of Commons. The 1813 Committee observed: "in the permanently settled district nothing is settled and little is known but the Government assessment" (Government of India, 1953 a, p. v). As a result, a tenancy act, the Bengal Rent Act of 1859 was passed and for the first time an attempt was made to define occupancy tenancy. The Act defined as occupancy tenants all those who were continuously in cultivating possession of the land for 12 years. The Act also stated that if a cultivator had been paying the same rent since 1793, this sum could never be increased under any circumstances. In the majority of cases, rents could not be increased on those tenants who continuously held land for a period of 12 years. So the *zamindars* began to prevent people from completing 12 uninterrupted years of cultivating possession. Litigation and discontent increased. As a consequence, the Tenancy Act of 1885 was passed. Under that Act, all settled tenants became occupancy-right holders. Some protection was also given to non-occupancy tenants. The Act permitted an occupancy tenant to mortgage or sublet his holding for a period of not more than nine years. Later, according to an Act of 1928, the occupancy tenant acquired the right to transfer his land holdings in whole or in part. He was

also given the right to mortgage his holding for a period of not more than 15 years. The right of resumption which was accorded to the occupancy tenant in 1928 was abolished in 1938 (Government of India, 1953 a, p. vi).

Similar measures for the protection of tenants were also adopted in other areas. However, changes in all the acts were aimed at regulating only the relations between the *zamindars* and the tenants at various stages down the ladder; no attempt was made to disturb the main pattern. The Bengal Land Revenue Commission, appointed in 1940 (known as Floud Commission) reported that the *zamindari* system was detrimental to agricultural efficiency and should be abolished. It suggested that the State should acquire all lands of rent receivers. The findings of the Famine Enquiry Commission 1945 was also identical to the Floud Commission with respect to the *zamindari* system.

In effect the land market failed to function in India as the British desired it should. The inhibition to a smooth functioning of the land market was because land and capital were scarce in relation to population. Productivity is a function, in technical terms, of the capital intensity of production. For the proper functioning of the market, there should be alternative use of factors of production. But farm labour had nowhere to go even if it wanted to. Capital was not a substitute for land, partly because high social prestige attached to acquisition of land and partly because there was a dearth of agricultural capital. Land was, therefore, bought for land's sake.

Post-Independence agricultural legislation was intended to change India's tenurial system which had resulted from subjecting an ancient Indian rural culture to the operations of British Raj with its concept of market capitalism and economic efficiency. Western ideas of economic rationality and market organisation had a great effect "upon an indigenous system which did not organise its productive and distributive activities around buying and selling the concept of economic efficiency" (Neale, 1962, p. 6). The industrial revolution and the enclosure movement which swept through Great Britain, greatly affected the thinking and value system of the British. In terms of the new emerging *laissez-faire* doctrine it was not status or custom, religion or family, locality or birth which determined a man's occupation and the means of livelihood or his place in British society. Rather it was the market value of his working life estimated on the basis of marginal productivity of his labour which determined his place in the society. This new system of thought recognised the individuality of a man but at the same time threatened his traditional position in society through birth, religion and appurtenant social privileges.

The rationality of the new system to the extent it was accepted depended on (i) the means-end relationship, (ii) the market environment, and (iii) the utilitarian value scale (Neale, 1962, p. 7).

In an industrial society, the input-output relationship is a means-end problem governed strictly by economic considerations and therefore the industrial society is rational. Markets for factors and products have to be established in such a society. Means and ends (input and output) have to be related in accordance with contracts made in these markets and the environment provided by them. Utility of a commodity to the individual buyer is sole determinant in selecting an end.

At the other end of the scale in a 'status society' like India it was the desire to satisfy needs of a joint family which motivated men to act and largely determined ends for them. The cultivator provided food for the village and the village provided services to enable him

to produce food. Hence village sufficiency was the goal to be achieved. Within the broader object of village sufficiency the satisfaction of the needs of a joint family was sought. Caste provided the code of behaviour for all people within a village and between individuals of different villages. The first loyalty went to the caste; next came the village and the family.

Since there was no commodity production and the market was not developed along those lines due partly to the idea of village sufficiency, no system of regional economic integration existed. Such an integration came about from the political side. Rulers shared the produce from the fields and used this share to maintain their administrative officials, armies, servants and places.

In brief, as Neale observed: "India was organised socially around the family, the village, the caste, and the temple, and politically around the village and the state - the source of values was religion. This was as true of the villagers' personal lives, reflected in the tribal laws of equal inheritance and the desire for sons to perform rites after death and carry the family's debts, as it was the spiritual strivings of saints and seers" (Neale, 1962, p. 6).

Thus a traditional self-contained economy was, under British rule, thrown open to a rational world where human behaviour was guided by hard economic calculation for material gain rather than the achievements of spiritual strivings of saints and seers.

Post-Independence agricultural legislation, therefore beside rendering social justice and tenurial security to the tiller of the soil had a distinct bias toward achieving this economic rationality in the decision-making of the farmer in his production plan.

## II

### REFORMS IN LAND SYSTEM IN POST-INDEPENDENT INDIA

At the time of Independence, India inherited a semi-feudal agrarian structure with onerous tenure arrangements over substantial areas. The ownership and control of land was highly concentrated in a relatively few landlords and intermediaries. The principal interest of this controlling group in agriculture was to extract maximum rental from tenants, either in cash or in kind. Often tenants of land under intermediary and landlord control sublet their lands in smaller plots to working cultivators, thus smaller holdings increased. Under this arrangement, economic motivation to develop farm land for increased production or to improve the economic conditions of cultivators was lacking. At the same time, working cultivators after paying high rent had no surplus to invest in farm improvement. They had neither resources nor knowledge for increasing agricultural production. Thus the agricultural land resource of India, along with its operators was gradually impoverished because economic motivation tended toward exploitation rather than toward investment and improvement.

With increasing pressure on land the operating land base of many working cultivators was further reduced. Land occupancy rights became increasingly insecure. Often cultivators were continuously shifted from one plot to another according to the whims of superior holders. Land was divided into small fragments, each owned or leased by cultivators whose objective was subsistence. Together then, the size and distribution of land holding, cultivation practices and product sharing, operated concertedly to hold down farm income. Over time, a large number of farms became disincentive-ridden due to size disability. A substantial portion of such cultivators sought to supplement their farm income by working as hired

labourers competitive with even poorer landless workers. Independent India thus emerged with serious imbalances in man-land relationship among the three principal groups in the agricultural sector, viz., proprietors, working cultivators and labourers.

### *Policy Objectives for Structural Reorganisation*

Following Independence, land reform as well as the abolition of intermediaries was considered an essential prerequisite for increasing agricultural production and for establishing an egalitarian society. Each of India's Five Year Plans since 1951 had set forth a policy for land reform. The land reform programmes were built around three major types of land reform measures: abolition of intermediary tenures, regulation of size of holding and, settlement and regulation of tenancy. As a result of these programmes, it was hoped that a different set of rights and duties would emerge in which the freedom of each interest would be regulated and some interests considered harmful for progress in agriculture would be eliminated.

Land policy as laid down in the First Five Year Plan can be viewed from two angles: (i) conception of different interests in land, and (ii) the effect of man-land relationship on agricultural production. It was conceived that the freedom with which intermediaries transacted their business had an adverse effect on agricultural production. The First Plan, therefore, set out to regulate the interests of intermediaries, large owners, small and middle owners, tenants-at-will, and landless workers. The Plan recognised the pattern of land occupancy and cultivation as a fundamental issue of national development.

The Second Five Year Plan stated: "The abolition of intermediaries and the protection given to tenants are intended to give the tiller of the soil his rightful place in the agrarian system and by reducing or eliminating the burden he has borne in the past, to provide him with fuller incentives for increasing agricultural production. Similarly, to bring the tenant into direct relation with the State and to put an end to the tenant-landlord nexus are essential steps in the establishment of a stable rural economy" (Government of India, 1956, p. 178). Complementary to these objectives were the policies of land ceilings, consolidation of holdings and encouragement of co-operative joint farming.

The central thesis behind the abolition of intermediaries was that ownership of land be clearly identified with management and operation of land. The owner himself should operate and manage the farm business.

Ceiling on land holdings were designed to offset the extremely uneven distribution of agricultural land. The policy implications of this measure were (i) to meet the land hunger of working cultivators, (ii) to reduce disparity in agricultural incomes, in ownership and in the use of land, and (iii) to increase employment opportunity in the rural sector. At the same time, consolidation of holdings was advocated to consolidate the scattered holdings of individual cultivators to form a single tract susceptible to more efficient management.

While ceiling on holdings and consolidation of plots were planned to increase the land base of the working cultivators, it was argued that reforms through structural changes could be secured only when the actual tillers of the soil were given a fair share of the fruits of their labour. This called for an overall change in the tenurial conditions of cultivators. Tenancy reforms were launched to confirm the rights of occupancy of tenants, secure their possession of tenanted land and also regulate rents on leased land.

But there existed a very large number of very small holdings. This group of minuscule holdings constituted one of the most difficult problems in agricultural reorganisation. The possibility of co-operative farming as a means of overcoming the difficulties presented by tiny holdings was discussed. It was pointed out that if these smaller holdings were grouped into larger units and farmed co-operatively then the advantage of large-scale organisation would become available. Larger financial resources for agricultural development could be provided and the volume of employment increased.

The rationale for co-operative farming grew out of an examination of the man-land ratio and the supposed economies of scale achievable on large-size units, even though there is little evidence to support the contention that greater per capita production will be forthcoming if holdings are pooled and cultivated jointly. Studies of farm management have indicated that the size of the holding and the yield under traditional agriculture are inversely correlated. The statistical basis of this generalisation has been challenged and it is now accepted that it is difficult to generalise from aggregate data that have not been subjected to careful scrutiny. However, it appears that if adjustment is made for differences in soil fertility, and proper yield and income variables are chosen, then there will be a strong general tendency towards constant returns to scale in Indian agriculture. This, along with the natural reluctance of cultivators to give up their newly won rights to land, seriously hindered co-operative farming. The failure of co-operative farming as a policy was tacitly admitted in the Fourth Five Year Plan when no additional programmes were proposed.

The net effect of all these reforms was presumed to loosen the rigidly stratified rural society so that each cultivator in accordance with his capability could find an opportunity to advance. The owner was envisaged to become the manager as well as the operator of his holdings.

### *The Reform Controversy*

From the very beginning, legislative measures for overall agrarian reorganisation faced resistance from several quarters. The subject was widely discussed and debated. Many argued that ceiling and tenancy legislation would in effect infringe upon constitutional guarantees. Others opined that the proposed legislation was an 'eye wash' and did not go far enough.

The adequacy of the underlying economic analysis on which the programmes were based was challenged by several economists.<sup>1</sup> They expressed fear that agricultural production of the country would be seriously affected if larger holdings were reduced to smaller size by the imposition of ceilings. They argued that the smaller the size of holding, the lower the standards of efficiency and manoeuvrability in management. Distribution of land to a large number of cultivators in small holdings would increase the number of small holders and reduce agricultural production. The economic use of machinery and the adoption of modern methods of agriculture would not be easy to obtain for smaller farms; ceilings on holdings could not bring out enough land to meet the land hunger of the working cultivators and agricultural labourers. Further, it was argued that land is property; imposition of a capital levy in the form of ceiling on agricultural holding would be an injustice when similar measures were not simultaneously adopted for other sectors.

For several years both the Union and State Governments remained prisoners of indecision on this issue. Hesitancy on the ceiling issue was reflected in the original draft outline of the First Five Year Plan.

"On the larger farms, production will fall and, for a period at any rate, on the other farms also, and it may well be that the decline in production may have a serious effect on the well-being and stability of rural society as whole" (quoted by Thorner, 1955, pp. 62-63).

The final version of the First Five Year Plan took a firmer position:

"From the social aspect, which is not less important than the economic, a policy for land may be considered adequate in the measure in which, now and in the coming years, it reduces disparities in wealth and income, eliminates exploitation, provides security for tenant and worker and, finally promises equality of status and opportunity to different sections of the rural population (Government of India, 1953 b, p. 184).

In formulating the land policy towards substantial owners of land, the First Five Year Plan remarked:

"If it were the sole object of policy to reduce the holdings of the larger owners with a view to providing for the landless or for increasing the farms of those who now have uneconomic fragments, the facts at present available suggest that these aims are not likely to be achieved in any substantial measure. The question whether some limit should not be placed on the amount of land that an individual may hold has, therefore, to be answered in terms of general principles rather than in relation to the possible use that could be made of land in excess of any limit that may be set.... It appears to us that, in relation to land (as also in other sectors of the economy) individual property in excess of any norm that may be proposed has to be justified in terms of public interest, and not merely on grounds of individual rights or claims. We are, therefore, in favour of the principle that there should be an upper limit to the amount of land that an individual may hold" (Government of India, 1953 b, pp. 187-188).

As a first step towards reorganisation of the land holding system, the Planning Commission suggested a census on land holdings during 1953. The proposal, however, was coldly received by the State Governments. In explaining this, Thorner commented:

"In many cases this was taken to mean that the imposition of ceilings might be deferred until after the census of land-holding had been completed. It became clear both to opponents and proponents of ceiling limits that the information collected could be used to buttress the arguments of one or the other side. It was also appreciated that the data obtained would depend in larger part on the way the questionnaires were framed" (Thorner, 1955, pp. 62-63).

The Planning Commission schedules of January 1954 for the proposed census of land holdings failed to impress the State Governments until it was diluted further and made acceptable to all the states in November 1954. But even this weakened form of the proposed census of land holdings did not materialise. Only Hyderabad conducted a well designed survey. Uttar Pradesh refused to conduct a census while Kashmir did not participate on the ground that the question of redistribution of land had already been settled. Some states copied the patwari records, some confined the census for holdings of size ten acres and above and some conducted a nominal sample survey only (see Thorner, 1955, pp. 62-63). In his review of the entire episode, Thorner wrote:

"Based upon the faulty village records and the seriously defective January, 1954, schedules, they may well prove inaccurate and misleading. In retrospect the tussle over the census can be seen as yet another phase in the broader controversy over limitations.

While the officials wrangled over schedules and categories, the landlords hastened their steps to forestall the possible effects of ceilings.... the past few years have witnessed a nation-wide wave of displacement of tenants by landlords. There have also been innumerable partitions of family properties, with the aim of making units of ownership appear smaller than they really are so that the landlords will be able to slip under the proposed ceilings. For the same purpose there have been many transfers to relatives outside the immediate family, to caste fellows, and to 'friends' (e.g., the Benami transactions reported, for example, from Travancore). In view of the special consideration urged for efficiently managed farms (the breaking up of which would presumably lead to a fall in output), some large owners have thought it wise to purchase tractors. Since the land reforms typically place the holdings of co-operatives and joint-stock companies outside their purview, more than a few families have transformed themselves into co-operatives; some affluent landlords have organised themselves into corporations for the production and refining sugarcane" (Thorner, 1955, pp. 68-69).

#### *Impact of Structural Reorganisation*

Land policy in the First Five Year Plan was thus formulated without sufficient knowledge about the size and distribution of land holdings in the rural sector. A considerable volume of data was collected for the first time in the Eighth Round (1954) of the National Sample Survey (NSS) for size and distribution of land holdings. However, the draft report of the NSS Eighth Round was only submitted to the Union Government in January 1960, nearly six years later. It, therefore, did not serve the purpose of planners to assess the magnitude of the problem involved in structural reorganisation.

Defects in policy planning became conspicuous in the implementation stage of the land reform programme. Legal, administrative and other factors became principal bottlenecks. In the process, the error of doing the right things too slowly became increasingly costly. Policy makers failed to take into account the importance of the time dimension for the success of these reforms. A go-slow programme of implementation failed to make effective impact upon many working cultivators.

Under the Indian Constitution, land reform is a State subject. Apart from the broad principles directly bearing on the distribution of land resources, tenancy relations are under the control of the several states. Consequently, while the main features of the reform legislation in different states are practically identical, there is a wide difference in the scope of the work actually undertaken. The result is that tenancy problems are concentrated in certain states and are not as important in other states.

As a result of a series of investigations and personal observations, it is generally conceded that the reforms are not complete. For example, while rents may be limited by law to one-fourth of the crop in a given state, this law is not enforced in many cases. Furthermore, land ownership can be divided among the members of a joint family so that each member

can own his legal share of the land with the result that the total family holding is several times above the legal limit. The large number of evictions, many justified on the grounds of a 'reform' provision which encouraged the right of land resumption for self-cultivation, and the so-called 'voluntary' surrender of land which were especially prevalent during the 1950s give visible evidence that security of tenure is not an accepted fact of life in India.

Under the conditions prevailing before the introduction of the seed-fertiliser technology, some observers have argued that the weaknesses in tenancy, rent control, etc., have not been important constraints on production. However, the problems of land tenancy and ownership have acquired special significance with the technological advances in agriculture. Land cultivated on tenancy or rented arrangements can enable the cultivator to enlarge the scale of his operations to economically justify mechanisation and his own water supply. However, the increased productivity of the high-yielding varieties (HYVs) has also led to a trend of rising rents, or in the absence of income from this source, the reclaiming of land for owner cultivation. As a result, both the returns from, and the security of, rented and leased lands are apparently decreasing.

A cultivator who does not have security of tenure or who must pay a high proportion of output in rents is less likely to invest in land improvements, adopt HYVs or use inputs up to the optimal economic amounts. Therefore, tenants are likely to suffer a relative decline in income compared to owners, as the modern technology becomes more widely spread.

In order to safeguard the interests of the tenants, the Chief Ministers' Conference in July 1967 recommended the following measures:

1. Tenants in cultivating possession of land should not be disturbed and should be given complete security of tenancy by: (i) staying all evictions, (ii) suspending the right of resumption where such right has been given to landowners, and (iii) regulating voluntary surrenders in such a way that landowners do not get an advantage by persuading tenants to surrender their tenancy.
2. The rate of rent should be reduced to the level of one-fourth or one-fifth of the gross produce so that the tenant is in a position to improve his land.
3. Record of tenancy should be prepared as a special operation and maintained up-to-date.
4. Special attention should be given to ensure credit and other facilities to tenants and small holders for increasing agricultural production.

Since the 1967 Chief Ministers' Conference, many more meetings have followed, each pledging faithful implementation of reform measures. But, as the 1978-83 Draft Five Year Plan (Government of India, 1978) observed, the will to implement the policy has been sadly lacking all along.

In a recently completed study, Appu has made a critical appraisal of policy, legislation and implementation of land reforms in India since Independence. He observed that "the significant features of all those laws were the slow pace of legislation, inadequacies in the content of the legislation, the time-consuming procedures laid down and the role of the judiciary in frustrating the implementation of the enacted laws" (Appu, 1995, p. 210). Notwithstanding these serious limitations, Appu was of the opinion that "the implementation of the laws for the Abolition of Intermediary Interests was far more satisfactory than the implementation of the laws enacted in later years for the Reform of Tenancy and the imposition of Ceilings on Agricultural Holdings (Appu, 1995, p. 210). He wrote:

"The most important beneficial result of the reform was that it put an end to the system of parasitic intermediaries and brought some 25 million erstwhile tenants into direct relationship with the state.... With the abolition of intermediary interests the principal tenants became owners of the land.... The erstwhile principal tenants acquired a higher social and political status leading to a shift in the rural power structure. The most visible demonstration of this shift is the emergence of persons belonging to the upper layers of the so-called backward castes in the leadership of political parties...." (Appu, 1995, pp. 210-211).

On tenancy reform, Appu found that it "...has not put an end to absentee ownership of land nor has it led to the disappearance of tenancies. It has only resulted in tenancies being pushed underground...." (Appu, 1995, p. 214). Summing up the performance on this front, he wrote:

"....Taking country as a whole, by 1992 ownership rights had been conferred on (or tenancy rights had been protected of) some 11 million tenants on 14.4 million acres of land. That constituted no more than 4% of the operated area. It is interesting to note that the seven states of Assam, Gujarat, Himachal Pradesh, Karnataka, Kerala, Maharashtra and West Bengal account for 97% of the beneficiaries. Practically no benefits accrued to the tenants in the other states. Even in these seven states tenancy reform led to the large scale eviction of tenants. Except in West Bengal, share-croppers by and large remained beyond the pale of tenancy reform everywhere. Only in West Bengal and Kerala did those in the lowest rungs of the peasant society receive solid benefits on the implementation of tenancy reform. The rights of some 14 lakh share-croppers were protected in West Bengal and in Kerala some 2.84 lakh rural poor, mostly agricultural labourers, became owners of tiny homesteads. As a result of tenancy reform there has been a sharp fall in the area of land under tenancy. From over one-half of the operated area on the eve of the reform, the area under tenancy has come down to about 15% of the operated area now. The tenants acquired ownership rights or were made secure in only about 4% of the operated area. Thus the reform led to the rural poor losing access to some 30% of the operated area" (Appu, 1995, pp. 213-214).

The performance regarding the implementation of ceiling on agricultural holdings has turned out to be more disappointing. Appu observed:

"....As a result of the implementation of the old and the new laws, by 1992 only about 2 million hectares of surplus land could be distributed to some 4.76 million beneficiaries. Thus the efforts spread over a period of three and a half decades to enforce ceilings and take over surplus land led to the redistribution of less than 2% of the operated area. If we look into the performance of individual states, we find that the area distributed as a percentage of the total area operated is 17.4 for Jammu and Kashmir, 6.36 in West Bengal and 5 in Assam. In all the other states only less than one per cent of the operated area could be distributed. Obviously, the imposition of ceilings and the redistribution of surplus land made no impact on the agrarian structure in most states" (Appu, 1995, p. 216).

On balance, there seems to be some reasons to conclude that agrarian reorganisation in India has failed to make any considerable impact on the socio-economic conditions of the

working cultivators. Indeed, the record so far is so depressing and frustrating that even an able administrator like Appu, who championed and spent a considerable part of his career in administering land reform programmes noted:

"Thus the programmes of land reform implemented since Independence did not lead to any significant re-distribution of land, or, the removal of all the obstacles to increasing agricultural production. Of the three programmes considered in this study, the laws for the abolition of intermediary interests were implemented fairly well. But in the case of tenancy reform and ceilings on holdings, the policies adopted were ambivalent and there were large gaps between policy and legislation and between legislation and implementation. We have seen that as result of the implementation of the tenancy laws, tenants became owners of or acquired rights in only about 4% of the operated area. The enforcement of ceilings led to the redistribution of less than 2% of the operated area. Thus these two measures taken together led to the redistribution of only about 6% of the operated area" (Appu, 1995, p. 217).

### III

#### EMERGING PERSPECTIVES AND POLICY ISSUES

It is against the background of the last four decades experience that the need to reformulate the land policy of India should be considered. Even persons emotionally attached with land reform programmes agree that the scope for improving implementation through legislative measures is now very limited. They point out, the socio-economic and political environment in which these programmes were introduced have changed so dramatically, that it would be almost impossible to carry out the reforms. Appu described the changed environment as follows:

"....If the political will in favour of meaningful land reform was weak at independence and weaker still later on, it is non-existent today. Land reform has practically disappeared from the agenda of most political parties. This, in my view, is the inevitable consequence of the great changes that have taken place in the social and economic fields. With the abolition of intermediary interests the erstwhile superior tenants belonging mostly to upper and middle castes acquired a higher social status. Rise in agricultural productivity, rising land values and higher incomes from cultivation have added to their economic strength. Substantial landowners who wield great authority in rural India are bitterly opposed to ceilings on agricultural holdings. They are able to have their way because no serious efforts have been made to organise the landless and the land poor and enlist their support in favour of reforms. As for tenancy reform is concerned, there is a certain commonality of interest between all landowners - large, medium, small and even marginal. They are all passionately attached to their land and all of them are opposed to conferring benefits on insecure tenants. In the first round of land reform only the intermediaries were adversely affected. They were few in number and were weak politically. They had also made themselves obnoxious by aligning themselves with the colonial power. So it was easy enough to abolish intermediary interests. And it was done without hurting them much. But injuring the interests of the present class of landowners is an entirely different proposition. No political party that wishes to win elections and come to power can afford to do that. At the time of independence this class of landowners did not wield much political and

economic power, and with a modicum of political will the reforms could have been implemented. But now it has become almost impossible to carry out the reforms" (Appu, 1995, pp. 232-233).

Dramatic changes have also taken place in agriculture. A fundamental and dynamic process of change with far-reaching consequences was introduced in Indian agriculture in 1965. This significant development was the introduction of modern scientific inputs of high-yielding seed varieties, controlled irrigation, chemical fertilisers, plant protection and mechanised power in tested management 'packages'.

The deeper significance of a technologically dynamic agriculture is that it provides opportunity to move from subsistence to viable economic farming and creates new potential for accelerated economic growth well beyond the agricultural sector. To exploit fully the potential created by this new environment in Indian agriculture, Dandekar argued that the structure of production should be changed (Dandekar, 1994). He observed with concern:

"....that the policy-makers did not see that a concomitant change in the relations of production was needed was deplorable. In fact, they thought that the new technology had made even a small farmer viable so that the ceilings on landholdings could be further lowered. They missed two points. First, even with improved productivity, there is a limit to the population a given land can support at a minimum subsistence, the expectation about which itself changes over time, as it should, and leave behind a surplus for investment. Second, a new technology by itself does not change a static agriculture into a dynamic agriculture. It requires that the dynamism be passed on to the farmer, the essence of which is an opportunity to grow as a farmer. A ceiling on his landholding denies him such an opportunity. The same is true of the present tenancy laws which have practically abolished lease market in land" (Dandekar, 1994, p. 372).

Dandekar was forthright in making the policy prescription: "Hence, the *first* (emphasis added) item on the agenda of future agricultural policy should be the existing ceilings on landholdings and tenancy laws; they should be removed altogether or should be relaxed in stages" (Dandekar, 1994, p. 373). Dandekar was aware of the criticisms which his policy recommendations might invite but, he dismissed them as ideological hangover bordering on hypocrisy. He wrote:

"If this is done, enterprising farmers will enlarge their holdings by buying or leasing in lands of small and marginal farmers, for whom it is not worth staying in agriculture. Consequently, landlessness will increase, as will employment of hired labour in agriculture. There is a strong aversion to this development and it is argued that it be avoided at all cost; that the population presently subsisting on agriculture should be held in agriculture and, as far as possible, kept self-employed even if on small and marginal farms. The view is held on two different ideological grounds. One is that self-employment is a value in itself and, whatever be the level of subsistence it may provide, it should be preferred to wage employment whatever be the wage. One would respect this, as one should respect all moral values, were it not for the fact that the exponents of it are almost all salaried and not self-employed persons.

The other ideological ground is that this will lead to 'capitalist' farming, and to inevitable exploitation of labour. The prerequisite condition of capitalist agriculture is that it brings in capital into agriculture which is essential for adoption and exploitation of new technology. If the capital is generated within agriculture, that is, 'surplus value'

in Marxian terminology which is at the bottom of what Marx called 'exploitation' of hired labour. But, if the workers would not leave any 'surplus value' behind for ploughing back into production, the economy would stagnate...." (Dandekar, 1994, pp. 373-374).

The strength of Dandekar's argument also contains its weakness. It fails to recognise fully the ground realities of the environment in which the proposed policy changes have to seek acceptance and a fair chance for implementation. True, the crisis that surfaced at the beginning of this decade from the acute domestic and international economic pressure and threatened to destroy the credibility of the country in international financial markets now provides a necessary environment for initiating economic reforms. But, economic compulsion alone is not enough. Social and political compulsions are also important conditioning factors in making the policy environment receptive for change. Unfortunately, those have not yet become conducive to make Dandekar's policy prescription the *first* item on the agenda of future agricultural policy.

Modern technology, be it for agriculture or for industry, is in general labour saving and capital intensive. Indeed, available empirical evidence shows that the employment elasticity of output in agriculture has fallen sharply in the post-new technology period (Bhalla, 1987; Bhalla *et al.*, 1991; Ray, 1992). Consequently, any unrestrained opportunity to grow through modernisation of agriculture can only be at the cost of aggravating further the problem of unemployment. Dandekar's policy prescription is a deliberate attempt to create this situation for promoting growth in agriculture. He was in favour of building up pressure so that those who are not in a position to leave behind any surplus value for ploughing back in agriculture are forced to leave agriculture. But, where would they go? Obviously, not to industry, as it is also supposed to grow with labour saving modern technology. To resolve the dilemma, Dandekar made two suggestions: (i) to implement a minimum support price for labour, that is, "a minimum wage which, if the capitalist farmer would not pay, the government shall pay and employ the labour on worthwhile work"; and (ii) to the extent possible, employ the unemployed "in the creation of the social and physical infrastructure necessary for agricultural development rather in the operation of cultivation" (Dandekar, 1994, p. 374). These are laudable suggestions but, since the governments in India are presently going through acute financial difficulties, it is very difficult to implement them unless efforts are made to open up new avenues for mobilisation of resources.

It would be of interest to visualise the situation if the existing ceiling and tenancy laws were repealed. As agricultural income is not taxed, there would virtually be a beeline to make investments in land. Not only enterprising farmers would start enlarging their holdings by buying or leasing in land; businessmen and moneyed people from other walks of life would also enter agriculture to make smashing profits. A convenient route to convert black money into white would thus be firmly established. Luxury farm houses would come up to which rich people would retreat to spend holidays and breathe fresh air. Land prices would soar and speculators would have a field day. The problem of uneconomic holdings would no longer remain. Millions of small and marginal farmers would be squeezed out from their small and tiny plots. However, in the absence of employment opportunities elsewhere, they would remain in agriculture and work in the estates of big landowners as tenants or wage labourers. In short, rural India would acquire a modern look closely resembling the U.S.

and other developed countries, though it would continue to carry a huge labour force desperately struggling to eke out living directly or indirectly from agriculture.

The social and political costs of giving rural India such a modern look at this juncture need to be examined, especially when the incidence of poverty has still remained very high. Repealing the existing ceiling and tenancy laws would no doubt provide opportunities to enterprising farmers and moneyed people to grow; modernisation of agriculture might progress rapidly; the trickle down effect too might provide a minimum level of subsistence to all to survive. But the distribution of income would become more skewed, the gap between the rich and the poor would further widen, and the social friction would sharply intensify. The tardy progress of policy reforms initiated under economic compulsion has already started sending warning signals. Newspaper reports of the Planning Commission's mid-term appraisal of the Eighth Five Year Plan do not provide an encouraging picture. Social tension arising from the rich becoming richer and the poor poorer has become a matter of serious concern.

Moreover, the intense love of the intellectuals to study the poverty in India has not only emboldened them to speak with moral overtones but it has also in the process encouraged the politicians to make increasingly tall promises. The politics of competitive populism has now spread its tentacles to all political parties. It has made hypocrisy an accepted way of political life in India. Therefore, if the lack of political will has made implementation of land reforms legislation difficult, the politics of competitive populism, at least for some time to come, would also not allow withdrawal of these legislations.

It thus appears that the present policy environment is unlikely to permit drastic changes in the existing land reform legislations. Several measures need to be taken before considering such changes. An appropriate first step in this direction would be the imposition of agricultural income tax and agricultural holding tax. These measures fit well in the newly advocated philosophy for market-friendly approach. They can also help to mobilise the much needed resources for employing the unemployed in the creation of social and physical infrastructure for agricultural development. Moreover, a progressive agricultural holding tax may act as a deterrent against formation of large holdings in the future - while at the same time, it may encourage greater efficiency of farmers who insist on retaining their large holdings.

At the same time, several measures should be taken to discourage farming on uneconomic holdings. Innovative schemes, such as the free boring of wells provided in eastern Uttar Pradesh, should be used to encourage small and marginal farmers to consolidate their holdings. However, consolidation of holdings cannot considerably improve the areal extent of uneconomic holdings. Therefore, a floor limit should be imposed on the size of holding. Simultaneously, small and marginal farmers should be allowed to lease in or lease out land with adequate safeguards, so that they could adjust the sizes of their holdings and maintain them above the floor levels.

A plea is being made to relax the ceiling laws in order to encourage corporate sector to enter agriculture for commercial production of high-value and processed agricultural products, and earn thereby valuable foreign exchange for the country. Rather than relaxing the existing ceiling laws, it would be better to consider the command area approach followed by the sugar industry and the area-based contract farming approach adopted by the Pepsi. Both provide an opportunity to earn foreign exchange without any direct involvement of

the corporate sector in the production of required agricultural raw materials. The corporate sector should be welcomed as partners in the task for social and economic upliftment of rural India. They should set up agro-processing units in the rural areas and help in diversifying agriculture, encourage contract farming especially among small and marginal farmers by extending extension and marketing facilities, and also develop the required physical infrastructure support in their areas of operation. But their direct involvement in agricultural production should be firmly resisted till the workforce dependent on agriculture declines significantly to a low level.

The nitty-gritty of future agricultural policy should be worked out only after fully recognising the social, political and cultural milieu in which it has to operate. Increasingly sophisticated technologies are now available which can dramatically push up the growth rate of agriculture. However, not all of them are acceptable and desirable in the present Indian situation.

## NOTE

1. For an excellent commentary on the debate and discussion on the subject that followed, see (Dandekar, 1994, pp. 41-88).

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