CHAPTER-3

NATURE OF CONTRACTUAL LAND AGREEMENTS

This chapter deals with the issues related to the nature of contractual land agreements. It has been divided into eight sections. The objective of each section is as follows:

- 3.1 Intensity of leasing in.
- 3.2 Mode of contractual land agreements.
- 3.3 Tenure of contractual land agreements.
- 3.4 Sources for payment of rent
- 3.5 Time of payment of rent.
- 3.6 The issue of reverse tenancy.
- 3.7 Average area leased-in and leased-out
- 3.8 Excess rent paid by lessee.

As explained in the previous chapter, so as to make the study more comprehensive, the state has been divided in three agro-climatic zones. A comparative study between these three zones as well as a collective approach has been followed throughout the next chapters.
SECTION-3.1

Intensity of leasing in

The intensity of leasing-in is measured by the following formula:

\[
\text{Intensity of leasing-in} = \frac{\text{Leased-in land}}{\text{Total operated land}} \times 100
\]

It reflects the level of depth of the phenomenon of need of contractual land on the part of lessee. It is also an indicator of starvation for additional agricultural land in the concerned farmer. A farmer leases-in land in order to utilize the unused human and physical resources with him. The findings of the present study have been shown in Table 3.1 and Figure 3.1. They are as follows:

Rice zone: In the rice zone, the intensity of leasing-in is 100 per cent in the landless followed by the marginal farmers (80.63 per cent), the small farmers (69.44 per cent), the medium farmers (60.11 per cent) and the large farmers (41.11 per cent).

Cotton zone: In the cotton zone, the intensity of leasing-in is 100 per cent in the landless followed by the marginal farmers (65.89 per cent), the small farmers (60.65 per cent), the large farmers (60.11 per cent) and the medium farmers (41.11 per cent).

Bajra zone: In the bajra zone, the intensity of leasing-in is 100 per cent in the landless followed by the marginal farmers (84.42 per cent), the small farmers (75.73 per cent), the medium farmers (55.85 per cent) and the large farmers (48.82 per cent).
## Intensity of leasing-in in Haryana

### Table: 3.1 Percentage Intensity of leasing-in in Haryana

<table>
<thead>
<tr>
<th>Size of farm (in acres)</th>
<th>Rice zone</th>
<th>Cotton zone</th>
<th>Bajra zone</th>
<th>Over all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landless</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>0 - 2.5</td>
<td>80.63</td>
<td>65.89</td>
<td>84.42</td>
<td>76.98</td>
</tr>
<tr>
<td>2.51 – 5</td>
<td>69.44</td>
<td>60.65</td>
<td>75.73</td>
<td>68.61</td>
</tr>
<tr>
<td>5.01 – 10</td>
<td>60.11</td>
<td>40.26</td>
<td>55.85</td>
<td>52.07</td>
</tr>
<tr>
<td>Above 10</td>
<td>41.11</td>
<td>60</td>
<td>48.82</td>
<td>49.97</td>
</tr>
</tbody>
</table>

### Figure: 3.1 Percentage Intensity of leasing in (in rice belt)
(A=Landless, B=0.01-2.5, C=2.51-5.00, D=5-10, E= Above 10)
Overall: The intensity of leasing-in in Haryana is 100 per cent in the landless followed by the marginal farmers (76.68 per cent), small farmers (68.61 per cent), medium farmers (52.07 per cent) and the large farmers (49.97 per cent).

Such high figures of intensity of leasing-in is an indication of the fact that the farmers leasing-in are highly land starved so as to utilize the excess labour and capital with them. In other words the problem of contractual land agreements has much depth in it as far as the state of Haryana is concerned.

This study is in confirmation with the earlier studies. Sharma (1995) in a study of four villages of Orissa revealed that intensity of leasing is greater in small tenants.

SECTION-3.2

Mode of contractual land agreements

The mode of contractual land agreement is a reflection of the level of development of agriculture of any area. There are three prominent modes of contractual land agreements prevailing in India. They are as follows: i) Fixed cash rent. ii) Fixed kind rent. iii) Sharing of crop produce. Of these three, the fixed cash rent reflects the growth of capitalistic relations in agriculture. It is supported on the following grounds:
a. Whole of the surplus created by the tenant by his own labour, remains with him.

b. The tenant gets full freedom in decision making; as a result the tenant gets full opportunity to use better production practices in order to get higher income.

c. No tenant is liable to provide unpaid labour services or any obligatory service to the landlord. This saves the tenant from unwanted exploitation.

d. The lessor also prefers this mode of leasing as he gets insurance against any crop failure.

e. More over the rent can be collected even before the farming operation starts.

f. It avoids disputes due to mistrust on both the sides as is prevalent in crop sharing.

The sharing of crop produce mode lacks all the above quoted benefits. It is argued that this mode is an outcome of the compulsion of poverty and under-developed agriculture. Due to poverty the tenant contributes labour to the production process while the capital inputs are contributed by the lessor. The areas which do not have assured irrigation facilities (and they depend on the uncertain monsoons), there the tenant favours this mode as it involves risk sharing. The problem with this mode is that it is an outcome of poverty and uncertainty and it in
The findings of the present study are as follows:

**Rice zone:**

The data of rice zone of present study shows that 98 per cent of the leasing is on fixed cash basis as is shown in Table 3.2 and Figure 3.2. Though land is available in this mode, only 67 percent of the lessees prefer this mode, the rest 33 per cent prefer the mode of crop sharing as is shown in Table 3.3 and Figure 3.3.

Category wise distribution of the farmers, who prefer crop sharing in cotton zone, is as follows: 67 per cent of the landless, 39 percent marginal farmers, 24 per cent small farmers 26 per cent medium farmers and 37.5 per cent large farmers prefer crop sharing mode of leasing. Reasons for this phenomenon are as follows:

a. Less cash is needed (More than 90 per cent of farmers are debt ridden in rice zone.).

b. Interest is saved which eats up all the savings in rice zone.

c. Risk sharing (Comparatively less important than other zones because of more tube wells, which are more perennial source of water as compared to monsoons.).

d. Tube wells are looked after well.

**Cotton zone:**

The data of cotton zone of present study shows that 81 per cent of the leasing is on fixed cash basis as is shown in Table 3.2 and Figure 3.2. Though it is the
Mode of contractual land agreements in Haryana

Table: 3.2 Mode of contractual land agreements in Haryana.

<table>
<thead>
<tr>
<th>Mode of contractual land agreements</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In rice zone</td>
</tr>
<tr>
<td>Fixed cash rent</td>
<td>98</td>
</tr>
<tr>
<td>Crop sharing (on half)</td>
<td>2</td>
</tr>
</tbody>
</table>

Figure: 3.2 Mode of contractual land agreements in Haryana

Table: 3.3 Lease’s preference for mode of leasing in Haryana.

<table>
<thead>
<tr>
<th>Lease’s preference for mode of contractual land agreements</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rice zone</td>
</tr>
<tr>
<td>Fixed cash rent</td>
<td>67</td>
</tr>
<tr>
<td>Crop sharing</td>
<td>33</td>
</tr>
</tbody>
</table>

Figure: 3.3 Lease’s preference for mode of contractual land agreements in rice belt
Compulsion of the lessees to lease-in on the fixed cash basis, only 76 percent of the farmers prefer this mode on the leasing in side, the rest 24 per cent prefer the mode of crop sharing as is shown in Table 3.3 and Figure 3.3.

Category wise distribution of the farmers, who prefer crop sharing in cotton zone, is as follows: 60 per cent of the landless, 22 percent marginal farmers, 20 per cent small farmers 40 per cent medium farmers and 33 per cent large farmers prefer crop sharing mode of leasing. Reasons for this phenomenon are as follows:

a. Risk sharing as there are uncertainties of
   - Monsoons (Tube wells are not feasible in this area due to saline nature of the sub-soil water and water from canals is available after certain intervals only).
   - Occurrence of disease in cotton (cotton is frequently attacked by a worm which damages the entire crop).

b. Lack of capital for fixed cash mode of leasing.

Bajra zone:

The data of bajra zone of present study shows that 31 per cent of the leasing is on fixed cash basis as is shown in Table 3.2 and Figure 3.2. Though land is available in this mode, only 23 percent of the farmers prefer this mode on the leasing in side, the rest 77 per cent prefer the mode of crop sharing as is shown in Table and Figure 3.3.

Category wise distribution of the farmers, who prefer crop sharing in bajra zone, is as follows: 100 per cent of the landless, 83 percent marginal farmers, 83
per cent small farmers 59 per cent medium farmers and 70 per cent large farmers prefer crop sharing mode of leasing. Reasons for this phenomenon are as follows:

a. Risk sharing as there are uncertainties of monsoons (though canal and tube well water is available in some parts of this zone, most of the area depends on the uncertain monsoons).

b. Lack of capital for fixed cash mode of leasing.

**Over all:**

70 per cent of the leasing is in Haryana is on fixed cash basis as is shown in Table and Figure 3.2. This is the reflection of the lessors will, as he dominates the decision regarding the mode of leasing. As far as the preference of the lessee is concerned, the fixed cash mode of contractual land agreement is preferred by only 55 percent of them farmers, the rest 45 per cent preferring the mode of crop sharing as is shown in Table and Figure 3.3.

Category wise distribution of the farmers, who prefer crop sharing in Haryana, is as follows: 67 per cent of the landless, 42 percent marginal farmers, 31 per cent small farmers 40 per cent medium farmers and 48 per cent large farmers prefer crop sharing mode of leasing.

The findings of the present study are in resonance with the studies of Rai *et al* (1981) Kumar (1998) and Pandey *et al* (2000) to the extent that the fixed cash renting was the dominant form of leasing in the tube well irrigated areas i.e. the rice zone of Haryana. The study is in disagreement with the study of Kumar (1998) fixed cash rent was prominent in the least irrigated zone except the
marginal farmers and sharecropping was the prominent mode in canal irrigated zone. According to the present study 81 per cent of the lease agreements in the canal irrigated i.e. the cotton zone were under fixed cash rent mode of leasing while only 31 per cent of the lease agreements in the least irrigated zone i.e. the bajra zone were under the fixed cash mode of leasing. The present study is only in partial agreement with the study of Singh (1995) which revealed that the large medium farmers (the better off) opted cash renting while many marginal and small farmers went for crop sharing mode of leasing. The present study reveals that 67 per cent of the landless, 42 percent marginal farmers, 31 per cent small farmers 40 per cent medium farmers and 48 per cent large farmers prefer crop sharing mode of leasing.

SECTION-3.3

Tenure of leasing-in in Haryana

It seems that shortening of tenure of leasing out has evolved as a defence mechanism on the part of the lessors against the fear of losing land due to tenancy laws. This fear was more in left ruled states where the governments were more upright in enforcing these laws, resulting in seasonal tenure of leasing out there. In other parts of the country annual tenure of contractual land agreements is followed. The study of Tilekar (2000) which reveals that land is leased out for a period of 7-10 years to the relatives adds strength to this logic.

The findings of the present study are as follows:
Rice zone:

The present study reveals that 99 per cent of the farmers lease out land on annual basis in rice zone while only 1 per cent leases out on seasonal basis as shown in table number 3.4.

While on the leasing-in side only 46 per cent of the farmers preferred annual tenure of leasing-in as shown in table 3.5 and figure 3.4. The further division of this 46 per cent is as follows:

a. Rate can be adjusted every year (41 per cent).
b. Less K is needed (33 per cent).
c. The land may be given up in case of loss (15 per cent).
d. Tube well may fail at any time (5 per cent).
e. If behaviour of owner not proper than it can be changed (3 per cent).
f. Profit is checked at the end of the year (3 per cent).

On the other hand 53 per cent of the farmers preferred to lease in land for more than one year. The division of this 53 per cent is as follows:

a. Long term planning {e.g. growing sugar cane which is a long term cash crop, development of soil (such as leveling, use of animal manure etc.), knowledge of soil; growing three crops per year}. This accounts for 90 per cent.
b. Loss can be made up (7.5 per cent).
c. Rent remains constant (2.5 per cent).
This shows that majority of the farmers leasing-in, feel that they can be better off if they lease in for more than one year. But they can not do so because they are on the receiving end, demand for leasable land being much greater than the supply of leasable land. It is important to mention here that the roots of this problem lie in the tenancy laws as mentioned at the beginning of this topic. Hence this issue would be taken up later on while discussing policy implications of contractual land agreements.

**Cotton zone:**

The figures for tenure of leasing-in for the cotton zone as shown in table 3.4 are that all the farmers followed annual terms of tenure. But this was not their natural choice as is reflected by the figure 3.4 of table 3.5. 98 per cent of the Lessee’s preferred to lease-in for a period of more than one year. Reasons were the same as that of rice zone.

**Bajra zone:**

Though all the farmers leased-in land on annual basis, none preferred this system. All of them preferred to lease-in land for more than one year but the lessors leased-out land on annual basis only. The reasons for preference of leasing-in for more than one year were found to be same as that of rice zone.

**Over all:**

The present study revealed that 99.67 of the land was leased–in on annual basis, 0.33 per cent on seasonal basis and no farmer leased-in land for more than one year.
TENURE OF LEASING-IN

Table: 3.4 Tenure of leasing-in in Haryana

<table>
<thead>
<tr>
<th>Mode of tenure of contractual land agreements</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rice zone</td>
</tr>
<tr>
<td>Annual</td>
<td>99</td>
</tr>
<tr>
<td>Crop specific</td>
<td>1</td>
</tr>
<tr>
<td>More than one year</td>
<td>0</td>
</tr>
</tbody>
</table>

Table: 3.5 Preference for mode of tenure leasing in

<table>
<thead>
<tr>
<th>Lease's preference for mode of tenure of contractual land agreements</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rice zone</td>
</tr>
<tr>
<td>More than one year</td>
<td>53</td>
</tr>
<tr>
<td>Annual</td>
<td>46</td>
</tr>
<tr>
<td>Crop specific</td>
<td>1</td>
</tr>
</tbody>
</table>

Figure: 3.4 Preference for mode of tenure leasing-in
This fact was in confirmation with the studies of Tomar et al (2000) and Shiyani et al (2000). It is in contrast with the studies of Ghosh (1981) and Kumar (1991) which revealed that the tenure of leasing in West Bengal and Kerala was seasonal and the study of Tilekar (2000) which revealed that land is leased out to relatives for a period of 7-10 years.

The more interesting fact which was revealed in this study was that 83.67 per cent of the lessee’s were not satisfied with the present tenure of leasing, instead they preferred to lease-in land for more than one year. This issue would be taken up in the chapter on policy implications of contractual land agreements.

SECTION-3.4

Sources for payment of rent

At present, the factors of agricultural production are dominated by purchased inputs unlike owned human or animal labour in the earlier periods. The semi-feudal forms of tenancy prevalent earlier have undergone important changes with the penetration of the new farm technology (Kumar and Chamola, 2000). These changes in factors of production and terms of tenancy are bound to have profound effects on the demand for production credit from the tenants. The problem of bank credit to tenant farmers has attracted the attention of many academicians since the mid-fifties (Raj 1971). The tenant farmers require funds
not only for usual production expenditure like all cultivators but also for fixed cash rent of leased-in land which is to be paid in advance. The landless, marginal and small farmers have even to borrow for their consumption requirements. This problem has not been addressed so far by the formal credit agencies (Sangwan 2000). The present study has tried to find out the amount of borrowings made in order to pay the rent in case of fixed cash tenancies. The findings of the present studies have been shown in tables 3.6 & 3.7 and figures 3.5 & 3.6. The details are as follows:

**Rice zone:**

82 per cent of the farmers leasing in land in rice zone borrow money for paying rent and only 18 per cent of the farmers pay the rent from their pocket. Instance of borrowing is maximum in marginal farmers (92.7 per cent) followed by the medium farmers (90 per cent), small farmers (82.6 per cent) and the large farmers (56.3 per cent) as shown in table 3.7 and figure number 3.6. All of them borrow it from the Arhatiya (the local money lender), who lends rent at 24-30 per cent per annum. Besides the higher rate of interest, the money lender uses other mal practices also, which adds to the exploitation of the farmers. Paying the rent at the beginning of the tenure period by borrowing at such a high rate of interest, increases the cost of actual rent by 25-40 per cent. It eats up a major portion of the saving of the tenant or in other words it is a major source of exploitation. Reduced saving not only effects the agriculture adversely but the economy as a whole. This
Sources for payment of rent in Haryana

Table: 3.6 Sources for payment of rent (in percentage)

<table>
<thead>
<tr>
<th>Source</th>
<th>Rice zone</th>
<th>Cotton zone</th>
<th>Bajra zone</th>
<th>Over all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowed</td>
<td>82</td>
<td>74</td>
<td>50</td>
<td>69</td>
</tr>
<tr>
<td>Self-financed</td>
<td>18</td>
<td>26</td>
<td>50</td>
<td>31</td>
</tr>
</tbody>
</table>

Figure: 3.5 Sources for payment of rent

Table: 3.7 Farm category wise sources for payment of rent (in percentage)

<table>
<thead>
<tr>
<th>Size of farm</th>
<th>Rice zone</th>
<th>Cotton zone</th>
<th>Bajra zone</th>
<th>Over all</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Borrowing</td>
<td>Self-financing</td>
<td>Borrowing</td>
<td>Self-financing</td>
</tr>
<tr>
<td>0 – 2.5</td>
<td>92.7</td>
<td>8.3</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>2.51 – 5</td>
<td>82.6</td>
<td>17.4</td>
<td>71.4</td>
<td>28.6</td>
</tr>
<tr>
<td>5.01 – 10</td>
<td>90</td>
<td>10</td>
<td>71.4</td>
<td>28.6</td>
</tr>
<tr>
<td>Above 10</td>
<td>56.3</td>
<td>43.7</td>
<td>70</td>
<td>30</td>
</tr>
</tbody>
</table>

Figure: 3.6 Farm category wise sources for payment of rent
is a negative aspect of contractual land agreements and would be taken up later in the section on policy implications.

**Cotton zone:**

Cotton zone is not far behind the rice zone in borrowing money for paying the rent of the leased in land. 74 per cent of the farmers entering in to fixed cash mode of tenancy borrow money in cotton zone. All the marginal farmers in the given sample borrowed money while borrowing was almost equal in the small, medium and the large farmers. The figures for them were found to be 71.4, 71.4 and 70 per cent respectively. The reasons for such high figures of borrowing in the cotton zone may be the failure of cotton crop in the last 3-4 years due to attack of ball worms. The farmers witnessed a good crop in the continuing agricultural year i.e. 2002-2003.

**Bajra zone:**

The figures for borrowing money in order to pay the rent were least for the farmers of the bajra zone. (*These figures are only those lessees who enter in to fixed cash mode of leasing). 50 per cent of the farmers borrowed money to pay the rent. Both the farmers of the marginal farmer category involved in the fixed cash leasing borrow money while both the farmers in the small farmer category paid the rent from their own sources. The number of farmers borrowing and self financing in the medium and large farmer category are evenly divided at 50 percent each.
**Over all:**

The figure for borrowing to pay the rent is very high to the level of 69 per cent in Haryana. The incidence of borrowing was found to be maximum in the marginal farmers and it went on decreasing with the increase in the size category of the farmer leasing-in. The figures for various categories of farmers were 92.9, 74.4, 74.5 and 60 per cent respectively. All the borrowing was from the private sources at very high rate of interest which ate most of the saving of the lessee. This is a serious issue hence would be taken up in the chapter on policy implications later on.

**SECTION-3.5**

**Time of payment of rent**

The findings of the present studies have been shown in table 3.8 and figure 3.7. They have been explained as below:

**Rice zone:**

The present study shows that 95 percent of the farmers pay the rent before getting the occupancy rights of the leased-in land in rice zone.

**Cotton zone:**

The figure of paying the rent at the beginning of the agricultural year is 96 per cent for the cotton zone.
Time of payment of rent

Table: 3.8 Time of payment of rent (Number of farmers in terms of percentage)

<table>
<thead>
<tr>
<th>Time of payment of rent</th>
<th>Rice zone</th>
<th>Cotton zone</th>
<th>Bajra zone</th>
<th>Over all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before lease period</td>
<td>95</td>
<td>96</td>
<td>99</td>
<td>97</td>
</tr>
<tr>
<td>After lease period</td>
<td>5</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

Figure: 3.7 Time of payment of rent
**Bajra zone:**

The figure of paying the rent at the beginning of the agricultural year is 99 per cent for the bajra zone.

**Over all:**

The figure of paying the rent at the beginning of the agricultural year is 97 per cent for the Haryana.

Increased fragmentation and shortening of size of agricultural holdings due to increasing population pressure and limited shifting of agricultural labour to secondary and tertiary sectors, the demand for land for leasing is very high as against low supply. This creates a fierce competition among the debt ridden and highly under-employed farmers to acquire land. As a result they make advance payments, at times six months before getting the cultivating right on the land. This puts extra financial burden on the tenant as he pays rent by borrowing the money from the money lender. This again is a negative aspect of contractual land agreements hence would be taken up in the section on policy implications.

**SECTION-3.6**

**The issue of reverse tenancy**

The British evolved a system of collecting land revenue based on intermediaries in most parts of the country. These intermediaries further leased out
land to smaller farmers and collected revenue in return from them. The system of leasing out of land by the large farmers to the small farmers seems to hold sway in most parts of the country even today except the pockets of green revolution such as Punjab and Haryana.

Findings of the present study are given in tables 3.9, 3.10, 3.11 & 3.12 and figures 3.8, 3.9, 3.10 & 3.11 respectively. The details are as follows:

**Rice zone:**

The data of the rice zone reveals the following facts:

- The landless and the marginal farmers account for 28 per cent of leasing-in by number of farms and 18 per cent by area leased-in while the corresponding figures on the leasing-out side are 17 and 5 per cent.
- The small farmers account for 25 per cent of leasing-in by number of farms and 15 per cent by area leased-in while the corresponding figures on the leasing-out side are 13 and 4 per cent.
- The medium farmers account for 28 per cent of leasing-in by number of farms and 39 per cent by area leased-in while the corresponding figures on the leasing-out side are 30 and 20 per cent.
- The large farmers account for 19 per cent of leasing-in by number of farms and 28 per cent by area leased-in while the corresponding figures on the leasing-out side are 53 and 75 per cent.
The results in the rice zone show that the land is shifting from the large farmers to other category of farmers due to the process of leasing.

**Cotton zone:**

The data of the cotton zone reveals the following facts:

- The landless and the marginal farmers account for 33 per cent of leasing-in by number of farms and 36 per cent by area leased-in while the corresponding figures on the leasing-out side are 0 and 0 per cent.
- The small farmers account for 36 per cent of leasing-in by number of farms and 27 per cent by area leased-in while the corresponding figures on the leasing-out side are 29 and 10 per cent.
- The medium farmers account for 24 per cent of leasing-in by number of farms and 16 per cent by area leased-in while the corresponding figures on the leasing-out side are 29 and 21 per cent.
- The large farmers account for 7 per cent of leasing-in by number of farms and 21 per cent by area leased-in while the corresponding figures on the leasing-out side are 42 and 69 per cent.

The results in the cotton zone show that the land is shifting from the large and medium farmers to other category of farmers due to the process of leasing.

**Bajra zone:**

The data of the bajra zone reveals the following facts:
The landless and the marginal farmers account for 16 per cent of leasing-in by number of farms and 18 per cent by area leased-in while the corresponding figures on the leasing-out side are 0 and 0 per cent.

The small farmers account for 14 per cent of leasing-in by number of farms and 15 per cent by area leased-in while the corresponding figures on the leasing-out side are 25 and 3 per cent.

The medium farmers account for 44 per cent of leasing-in by number of farms and 39 per cent by area leased-in while the corresponding figures on the leasing-out side are 25 and 11 per cent.

The large farmers account for 26 per cent of leasing-in by number of farms and 28 per cent by area leased-in while the corresponding figures on the leasing-out side are 64 and 86 per cent.

The results in the bajra zone show that the land is shifting from the large farmers to other category of farmers due to the process of leasing.

Over all:

The landless and the marginal farmers account for 25.67 per cent of leasing-in by number of farms and 24 per cent by area leased-in while the corresponding figures on the leasing-out side are 1 and 0.33 per cent.
### Category wise share of leasing-in in Haryana

#### Table: 3.9 Leasing-in in Haryana by number of farms (In percentage).

<table>
<thead>
<tr>
<th>Size of farm (In acres)</th>
<th>Rice zone</th>
<th>Cotton zone</th>
<th>Bajra zone</th>
<th>Over all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landless</td>
<td>7</td>
<td>12</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>0 – 2.5</td>
<td>21</td>
<td>21</td>
<td>14</td>
<td>18.67</td>
</tr>
<tr>
<td>2.51 – 5</td>
<td>25</td>
<td>36</td>
<td>14</td>
<td>25</td>
</tr>
<tr>
<td>5.01 – 10</td>
<td>28</td>
<td>24</td>
<td>44</td>
<td>32</td>
</tr>
<tr>
<td>Above 10</td>
<td>19</td>
<td>7</td>
<td>26</td>
<td>17.33</td>
</tr>
</tbody>
</table>

#### Figure: 3.8 Category wise pattern of leasing-in in Haryana (By number of farms)

#### Table: 3.10 Leasing-in in Haryana in terms of area (In percentage).

<table>
<thead>
<tr>
<th>Size of farm (In acres)</th>
<th>Rice zone</th>
<th>Cotton zone</th>
<th>Bajra zone</th>
<th>Over all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landless</td>
<td>5</td>
<td>25</td>
<td>5</td>
<td>11.67</td>
</tr>
<tr>
<td>0 – 2.5</td>
<td>13</td>
<td>11</td>
<td>13</td>
<td>12.33</td>
</tr>
<tr>
<td>2.51 – 5</td>
<td>15</td>
<td>27</td>
<td>15</td>
<td>19</td>
</tr>
<tr>
<td>5.01 – 10</td>
<td>39</td>
<td>16</td>
<td>39</td>
<td>31.33</td>
</tr>
<tr>
<td>Above 10</td>
<td>28</td>
<td>21</td>
<td>28</td>
<td>25.67</td>
</tr>
</tbody>
</table>

#### Figure: 3.9 Category wise pattern of leasing-in in Haryana (In terms of area)
Category wise share of leasing-out in Haryana

Table: 3.1 Leasing-out in Haryana by number of farms (In percentage).

<table>
<thead>
<tr>
<th>Size of farm (In acres)</th>
<th>Rice zone</th>
<th>Cotton zone</th>
<th>Bajra zone</th>
<th>Over all</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 2.5</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>2.51 – 5</td>
<td>13</td>
<td>29</td>
<td>11</td>
<td>18</td>
</tr>
<tr>
<td>5.01 – 10</td>
<td>30</td>
<td>29</td>
<td>25</td>
<td>28</td>
</tr>
<tr>
<td>Above 10</td>
<td>53</td>
<td>42</td>
<td>64</td>
<td>53</td>
</tr>
</tbody>
</table>

Figure: 3.10 Category wise pattern of leasing out. (By number of farms)

Table: 3.12 Leasing-out in Haryana in terms of area (In percentage).

<table>
<thead>
<tr>
<th>Size of farm (In acres)</th>
<th>Rice zone</th>
<th>Cotton zone</th>
<th>Bajra zone</th>
<th>Over all</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 2.5</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0.33</td>
</tr>
<tr>
<td>2.51 – 5</td>
<td>4</td>
<td>10</td>
<td>3</td>
<td>5.67</td>
</tr>
<tr>
<td>5.01 – 10</td>
<td>20</td>
<td>21</td>
<td>11</td>
<td>17.33</td>
</tr>
<tr>
<td>Above 10</td>
<td>75</td>
<td>69</td>
<td>86</td>
<td>76.67</td>
</tr>
</tbody>
</table>

Figure: 3.11 Category wise pattern of leasing out. (In terms of area)
The small farmers account for 25 per cent of leasing-in by number of farms and 19 per cent by area leased-in while the corresponding figures on the leasing-out side are 18 and 5.67 per cent.

The medium farmers account for 32 per cent of leasing-in by number of farms and 31.33 per cent by area leased-in while the corresponding figures on the leasing-out side are 28 and 17.33 per cent.

The large farmers account for 17.33 per cent of leasing-in by number of farms and 26.67 per cent by area leased-in while the corresponding figures on the leasing-out side are 53 and 76.67 per cent.

The results in Haryana show that the land is shifting from the large and medium farmers to other category of farmers due to the process of leasing.


The reasons for this may be
a. The gradual shifting of large farmers to the non-farm activities such as business and services in the private & govt. sector as they are economically and politically stronger than the other categories of farmers.

b. Besides the rates of rent are very high due to excess demand for land caused due to fragmentation and increasing population pressure on land. This has made leasing out of land a profitable phenomenon.

The marginal and small farmers are politically and economically weak, which makes their movement to non-farm sector a difficult and slow process.

SECTION-3.7

**Average area leased-in and leased-out**

The figures for the average area leased-in and leased-out have been shown in table 3.13 and figure 3.12. Detailed discussion is as below:

**Rice zone:**

The figures for the average area leased-in are greater than the figures for the area leased-out in all the farm size categories of the lessees. This is due to the fact that the total number of operational farms decreased from 162 to 136 i.e. there was a decrease of 36 operational farms due to the leasing activity. The additional land of these farmers who have shifted to non-agricultural activities gets divided in the remaining farmers of the sample. The figures for the average area leased-in were
Average area leased-in and leased-out

Table: 3.13 Category wise average area leased-in and leased-out in Haryana
(In acres)

<table>
<thead>
<tr>
<th>Size of farm</th>
<th>Rice zone</th>
<th>Cotton zone</th>
<th>Bajra zone</th>
<th>Over all</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 2.5</td>
<td>8.73</td>
<td>1.8</td>
<td>8.59</td>
<td>13</td>
</tr>
<tr>
<td>2.51 – 5</td>
<td>9.5</td>
<td>3.3</td>
<td>5.88</td>
<td>13</td>
</tr>
<tr>
<td>5.01 – 10</td>
<td>9.57</td>
<td>6.4</td>
<td>5.43</td>
<td>11.82</td>
</tr>
<tr>
<td>Above 10</td>
<td>31.83</td>
<td>13.6</td>
<td>23.67</td>
<td>14.7</td>
</tr>
</tbody>
</table>

Figure: 3.12 Average area leased-in and leased-out in Haryana

*The area leased-in is greater in all the categories because number of farms leasing-in is greater than the farms leasing-out
found to be 8.73, 9.5, 9.57 and 31.83 acres for the marginal, small, medium and large farmers respectively. The corresponding figures for average area leased-out were 1.8, 3.3, 6.4 and 13.6 acres respectively.

**Cotton zone:**

The figures for the average area leased-in are greater than the figures for the area leased-out in all the farm size categories of the lessees except the medium farmers. This is due to the fact that the total number of operational farms decreased from 158 to 116 i.e. there was a decrease of 42 operational farms due to the leasing activity. The additional land of these farmers who have shifted to non-agricultural activities gets divided in the remaining farmers of the sample. The figures for the average area leased-in were found to be 8.59, 5.88, 5.43 and 23.67 acres for the marginal, small, medium and large farmers respectively. The corresponding figures for average area leased-out were 0, 3.58, 7.25 and 16.11 acres respectively.

**Bajra zone:**

The figures for the average area leased-in are greater than the figures for the area leased-out in all the farm size categories of the lessees except the large farmers. This is due to the fact that the total number of operational farms decreased from 166 to 133 i.e. there was a decrease of 33 operational farms due to the leasing activity. The additional land of these farmers who have shifted to non-agricultural activities gets divided in the remaining farmers of the sample. The figures for the average area leased-in were found to be 13, 13, 11.82 and 14.7
acres for the marginal, small, medium and large farmers respectively. The corresponding figures for average area leased-out were 0, 4.57, 6.5 and 18.73 acres respectively.

**Over all:**

The figures for the average area leased-in are greater than the figures for the area leased-out in all the farm size categories of the lessees. This is due to the fact that the total number of operational farms decreased from 486 to 375 i.e. there was a decrease of 111 operational farms due to the leasing activity. The additional land of these farmers who have shifted to non-agricultural activities gets divided in the remaining farmers of the sample. The figures for the average area leased-in were found to be 10.11, 9.46, 8.94 and 23.4 acres for the marginal, small, medium and large farmers respectively. The corresponding figures for average area leased-out were 0.6, 3.82, 6.72 and 16.14 acres respectively.

**SECTION-3.8**

**Higher market rent paid by lessee**

Increased fragmentation and shortening of size of agricultural holdings due to increasing population pressure and limited shifting of agricultural labour to secondary and tertiary sectors has increased the demand for land for agricultural purposes to very high levels, while the supply of land for agricultural purpose has been contracting due to urbanisation. This creates a fierce competition
Higher market rent paid by lessee

Table: 3.14 Higher market rent paid per acre

<table>
<thead>
<tr>
<th>Size of farm</th>
<th>Rice zone</th>
<th>Cotton zone</th>
<th>Bajra zone</th>
<th>Over all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher market rent (in rupees)</td>
<td>2568</td>
<td>0</td>
<td>512</td>
<td>1027</td>
</tr>
</tbody>
</table>

Figure: 3.13 Percent higher rent per acre in Haryana
among highly under-employed farmers to acquire land. As a result the lessee has to pay high level of rent. Section 12 of the Punjab Security of Land Tenures Act prescribes maximum rent payable by a tenant to be not more than one third of the total produce or the customary rent prevailing in that area.

With this background in mind the findings of the present study have been shown in table 3.14 and figure number 3.13. The details are as follows:

**Rice zone:**
The farmers in rice zone have to pay higher rent to the amount of 2568 rupees per acre. Presence of tube wells in the rice zone has added the component of certainty in the agriculture of rice zone. This factor along with high demand for land has increased the rent of land in this zone to very high levels.

**Cotton zone:**
The present study reveals that the farmers of the cotton zone do not pay any excess rent. The reason for it may be that the cotton zone suffers from two types of uncertainties. They are the uncertainties of monsoons and the disease of cotton. It was noticed that the cotton has been invaded by a worm for last 3-4 years. This has brought down the rent considerably. This year the farmers witnessed a bumper crop of cotton as there was no infection in cotton this time. As a result the income of the farmers was high while the rent was below the one third as prescribed in the tenancy laws.
Bajra zone:

The farmers in the bajra zone had to pay higher rent to the level of 512 rupees per acre. The reason for it may be the drought which the farmers had to face in the study year. However, the level of excess rent was found to be lesser than the rice zone. The reason for this may be that the bajra zone is cursed with high level of uncertainty of irrigation. The rent tends to be at lower level to accommodate the factor of uncertainty.

Over all:

The lessee’s in Haryana have to pay higher rent than what is prescribed in the tenancy laws of the state. It amounted to 1027 rupees for the state. This is a negative aspect of contractual land agreements and shall be taken up in the chapter in the policy implications of contractual land agreements.