CHAPTER-6

POLICY IMPLICATIONS OF CONTRACTUAL LAND AGREEMENTS

This chapter deals with the policy implications of the present study in the background of fast changing economic scenario of the world under the influence of globalization, privatization and liberalization. This chapter has been divided in the following seven sections:

• 6.1 The issue of reviewing the existing tenancy laws.

• 6.2 Response of lessors to entry of private companies in lease market.

• 6.3 Implications of the issue of tenure of contractual land agreements

• 6.4 The issue of the excess rent paid by lessee.

• 6.5 Implications of the issues of sources for payment and time of payment of rent

• 6.6 Implications of the issue of mode of leasing

• 6.7 The issue of permissible area
SECTION 6.1

The issue of reviewing the existing tenancy laws

The practicability of the tenancy laws has been discussed on the basis of the following indicators:

A. Knowledge of tenancy laws

B. Nature of agreements

C. Violation of agreements

The three indicators would be taken up separately one by one.

A. Knowledge of tenancy laws

The findings of the present study have been shown in Table 6.1. They are as follows:

Rice zone: Not a single farmer out of the sample of 168 knew about the tenancy laws

Cotton zone: Same as above

Bajra zone: Same as above

Over all: Not a single farmer out of the sample of 504 knew about the tenancy laws

It is concluded on the basis of the observations that the tenancy laws in Haryana are only on the papers. Neither any body has the knowledge nor is the need felt by the farmers for the same while entering in contractual land agreements.
Knowledge of tenancy laws

Table: 6.1 Knowledge of tenancy laws (Number of farmers in terms of percentage)

<table>
<thead>
<tr>
<th></th>
<th>Rice belt</th>
<th>Cotton belt</th>
<th>Bajra belt</th>
<th>Over all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice belt</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Nature of agreements

Table: 6.2 Nature of agreements (Number of farmers in terms of percentage)

<table>
<thead>
<tr>
<th>Mode of agreement</th>
<th>Rice zone</th>
<th>Cotton zone</th>
<th>Bajra zone</th>
<th>Over all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Verbal</td>
<td>95</td>
<td>98</td>
<td>93</td>
<td>95.33</td>
</tr>
<tr>
<td>Written</td>
<td>5</td>
<td>2</td>
<td>7</td>
<td>4.67</td>
</tr>
</tbody>
</table>

Figure: 6.1 Nature of agreements
The findings of the present study as have been shown in Table 6.2 and Figure 6.1 are explained below:

**Rice zone:** In the rice zone, the present study revealed astonishing facts on this account. It was found that only 5 per cent of the tenants went for written agreements. Amongst these, in case of 3 percent the leasing out party was the local panchayat and only in 2 per cent of the cases there were the private parties. In the cases, where both the parties were private, the reason for written agreement was absence of mutual confidence.

**Cotton zone:** 98 per cent of the leasing was through verbal commitments while only 2 per cent was through written agreements. The written agreements were only in the case of the panchayati lands.

**Bajra zone:** 93 per cent of the leasing was through verbal commitments while only 7 per cent was through written agreements. The written agreements were again in the case of the panchayati lands only.

**Over all:** The lease agreements were found to be verbal in nature as far as the leasing between parties was concerned. The agreements were written only in the cases where one of the parties involved in leasing was the panchayat. It was the compulsion of the panchayat as it was a local government body and therefore has to keep the record of all the financial transactions carried out by it. In rare cases where both the parties were private, the lease arrangements were found to be written owing to the lack of faith in each other.
Thus it is concluded that the contractual land agreements in Haryana do not have any legal sanctity as they do not come on papers, except in a few as cited above.

C. Violation of agreements

The findings of the present study have been shown in Table 6.3 and Figure 6.3. They are as follows:

Rice zone: 87 percent of the farmers entering in to contractual land agreements did not face any problem of violation of agreement. The important thing to be noted in it was that all the 13 per cent violation was by the lessors and the leasing-in party had to suffer a loss. As all the rent is paid in advance, the lessee has no safeguard mechanism for him to compensate or share the loss with the lessor.

Cotton zone: No violation was recorded in cotton zone.

Bajra zone: No violation was recorded in cotton zone.

Over all: Of all the agreements, whether they were verbal or written, only 4.33 per cent of the farmers violated the agreement. Important thing to note was that all the cases of violation were from the rice zone. The reason for this may be that the tube wells are the main source of irrigation in rice zone. All the violations were found to be the cases in which the lessor refused to re-install the tube well once it failed. Conclusively, the lessee has been the looser, invariably, in case of violation of

Violation of agreement
Violation of agreement

Table: 6.3 Violation of agreement (Number of farmers in terms of percentage)

<table>
<thead>
<tr>
<th>Violation of agreement</th>
<th>Rice zone</th>
<th>Cotton zone</th>
<th>Bajra zone</th>
<th>Over all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>13</td>
<td>0</td>
<td>0</td>
<td>4.33</td>
</tr>
<tr>
<td>No</td>
<td>87</td>
<td>100</td>
<td>100</td>
<td>95.67</td>
</tr>
</tbody>
</table>

Figure: 6.2 Violation of agreement
agreements; the present system has no safeguard mechanism against such violations as the agreements are mostly verbal in nature.

This shows the in-affectivity of the laws governing tenancy laws as 95.33 per cent of the farmers entering in to contractual land agreements do not come on record. Can there be a more mockery of law than this. The question arises what is the use of such laws which are not practically applicable. Serious efforts should be made to make these laws more practical and conducive to the changing economic scenario and the present needs of the nation as have been explained in the succeeding sections of this chapter.

On the basis of above discussion it is strongly recommended that the present tenancy laws must be changed to the suitability of both the parties to make the agricultural sector rise to the need of the hour to make effective contribution in the development of this sector. The logic and strength of this conclusion with suitable suggestions will be taken up in the sections discussed below.

SECTION 6.2

Response of lessors to entry of private companies in lease market

The world is speedily approaching towards a global economy. This would have far reaching effects on the investment decisions of the farmers. The farmers will have to produce as per the needs and quality standards of the international market. Such a
Hercules task can not be taken up by the farmers alone as they lack both the financial and the marketing strength. Keeping this in mind, response of the lessors towards entry of private firms in the lease market has been noted down and shown in table 6.4 and figure 6.3. The detailed discussion is as follows:

**Rice zone:** Majority of the lessor farmers (56 per cent) were against the entry of private firms in the contractual lease market. More important than this figure were the reasons given by the farmers in support of their opinion. They are as follows:

- 82.5 per cent lacked confidence in private companies.
- 12.5 per cent could like to resume self-cultivation.
- 10 per cent of lessors wanted to sell their land.
- 2.5 per cent feared that private companies would not maintain the soil properly.

These points reflect the need of incorporating confidence building measures in the existing tenancy laws.

On the other hand even the farmers who gave their opinion in favour of private companies entering in the land lease market laid down some conditions. They are as follows:

- 89.2 percent demanded higher rent
- 37.8 per cent wanted assurance of maintaining fertility of soil.
- 35 per cent demanded all payment in advance.
Response of lessors to entry of private companies in lease market

Table: 6.4
Response of lessors to entry of private companies in lease market in Haryana

<table>
<thead>
<tr>
<th>Response</th>
<th>Rice zone</th>
<th>Cotton zone</th>
<th>Bajra zone</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>44</td>
<td>36</td>
<td>79</td>
<td>53</td>
</tr>
<tr>
<td>No</td>
<td>56</td>
<td>64</td>
<td>21</td>
<td>47</td>
</tr>
</tbody>
</table>

Figure: 6.3
Response of lessors to entry of private companies in lease market in Haryana
13.5 per cent laid down other conditions such as annual lease, reliability of company, crop sharing etc.

This shows that support to the entry of private firms is conditional and requires some assurances on the part of the private firms which should be incorporated in the tenancy laws.

Cotton zone:

The cotton zone was found to be least responsive to the entry of private companies in the contractual lease market. Only 36 per cent of the the lessors supported the entry of private companies in the lease market while 64 per cent opposed it. The internal chemistry of this zone is as follows:

The reasons for opposing private companies in lease market are as follows:

- 88.9 percent lacked confidence in private companies.
- 7.4 per cent felt that it would decrease employment and income in the rural area.
- 3.7 percent feared that private companies would not maintain the soil properly, thus can destroy the fertility of soil.
- 3.7 per cent could resume cultivation.
- Another 3.7 per cent felt that it would involve high quality control over the quality of the crops grown hence they would like to avoid it.

The conditions laid down by farmers who welcomed private companies in lease market are as follows:
80 per cent of would enter on the condition of higher rent only.

13.3 per cent would enter on the assurance of increasing the fertility of soil.

6.7 per cent needed all payment in cash.

6.7 felt that they would enter in to contract with the MNC's only after ensuring safety

**Bajra zone:**

The bajra zone was found to be the most responsive to the entry of private companies in the contractual land market. 79 per cent of the lessors welcomed it but with the following conditions:

97.1 of them felt that they would enter in to contract with the MNC's only when the terms and conditions were clear and there by ensuring safety.

70.6 per cent of them would enter on the condition of higher rent only.

21 per cent of the farmers opposed the entry of private companies. The reasons for opposing private companies in lease market are as follows:

88.9 percent lacked confidences in private companies.

11.1 percent feared that private companies would not maintain the soil properly, thus can destroy the fertility of soil.

**Over all:**

53 per cent of the lessors were found to be ready while 47 per cent opposed the entry of the private companies in the land lease market. Whatever the figures
may be the dividing line between them was very bleak. As the farmers opposing the entry did so due to lack of confidence while the farmers supporting the entry of private companies in the land lease market did so on the condition of ensuring safety regulations. This once again highlights the need of developing a full fledged law of contract in agriculture.

Thus to ensure the large scale entry of the private capital in the land lease market and to make it a sustainable phenomenon, a congenial atmosphere is to be created. Such an atmosphere can be created by bringing suitable changes in the present tenancy laws which could generate confidence in the farmers leasing out on one hand and the private capital on the other hand. Such changes include clearly mentioned terms and conditions for the parties involved in the land lease market.

**SECTION 6.3**

**Implications of the issue of tenure of contractual land agreements**

Section 17 of the Punjab Security of Land Tenures Act, 1953, confers rights of pre-emption of sale, etc. of land to certain tenants. The section provides that: notwithstanding, anything to the contrary contained in any law, usage or contract, and subject to the provisions of Sections 18, a tenant of a landowner other than a small landowner:
1. Who has been in continuous occupation of land comprised in his tenancy for a period exceeding four years on the date of the sale of the land or foreclosure or right to redeem of the land, or

2. In case of a sale or foreclosure that has taken place or shall take place within a period of three years from the commencement of this Act and there is no tenant who has acquired a right under clause 1.:%

   a. Who was ejected from after the 14th day of August, 1947, and before the commencement of this Act on grounds other than those mentioned in section 9, and was in continuous occupation of the land comprised in his tenancy for a period exceeding four years on the date of ejectment, or

   b. Who has been restored to his tenancy under the provisions of this Act and whose period of continuous occupation of the land comprised in his tenancy immediately before his ejectment and immediately after restoration of his tenancy together exceed four years

Shall in preference to the rights or other pre-emptors as provided in the Punjab Pre-emption Act, 1913; except the descendents of the vendor's grandfather, be entitled to pre-empt the sale or foreclosure of the land other than the land comprised in the reserved area of the landowner in the manner prescribed in that Act within one year from the date of sale or foreclosure, as the case may be: provided that no tenant referred to in this sub-section shall be entitled to
exercise any such right in respect of the land or any portion there of, if he had sub-
let the land or the portion, as the case may be, to any other person unless during 
that period the tenant was suffering from a legal disability or physical infirmity, or 
if a woman was a widow, or was unmarried.

Section 18 of this Act bestows on certain tenants right to purchase land 
comprised in his tenancy in preference to any other purchaser of land subject to some conditions.

The above sections of the Punjab Security of Land Tenures Act, 1953 were carried out with the aim of

g. Providing security of land tenures to the tenants.
h. To restrict and regulate the frequent eviction of tenants.
i. To vest rights in small land owners and tenants to pre-empt and to purchase their tenancies from the big landowners and become landowners.

But the experience of last 49 years has shown that such provisions have only boomeranged due to loopholes in the laws and/or lack of will power on the part of the government in enforcing these laws. Now the farmers generally lease out on annual basis only to avoid the provisions of the tenancy laws. The previous studies support this fact as the land is leased out for more than a year to relatives or persons of high confidence.

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.
Annual term of lease has been forced on the tenants 53 per cent of them preferred to lease in land for more than one year. The reasons for the preference of leasing land for more than one year in the rice belt were as follows:

d. Long term planning accounts for 90 per cent. It includes:

- Long term cash crops such as sugarcane can be grown.
- The soil can be developed by the tenant by leveling, use of animal manure etc. The present study reveals that none of the lessee carried out any long-term improvement on the leased-in land because the lease was on annual basis.
- The tenant has to use much higher amount of urea as he does not have the knowledge of the amount of urea used by the previous tenant. This is so because once the land gets used to higher levels of urea its productivity falls considerably if normal level of urea is used later on. Higher use of urea increases the cost of production on one hand and it reduces the fertility of soil on the other hand.
- The tenant can grow three crops per year which would increase their profits.

e. 7.5 per cent of the tenants felt that the loss incurred in one year can be made up in the subsequent years.

f. 2.5 per cent of the tenants feel that the rent remains constant in long run

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.

On the basis of the above discussion the policy implication which emerges is that all the provisions which scare the farmers leasing out land for more than one year should be quashed from the existing tenancy laws.

SECTION 6.4

The issue of the Excess rent paid by lessee

Section 12 of the Punjab Security of Land Tenures Act prescribes maximum rent payable by a tenant.

1. "Notwithstanding anything contained in the Punjab Tenancy Act, 1887 or in any agreement or usage or any degree or order of a court, the maximum rent payable by a tenant for any land held by him as such shall not exceed one third of the crop of such land or value there of as determined in the prescribed manner, and where the customary rent is less than one third, the maximum rent shall be such customary rent."

2. "In computing the maximum rent payable by a tenant, such portion of the rent, if any, as represents the consideration for services or facilities provided by the landowner in relation to the land shall not be taken into account".
In other words, where a tenant pays any portion of the produce in lieu of amenities and facilities provided by the landlord it shall not be calculated towards the rent.

**Further Section 14 (1)** of the Act fixes a duty upon every landowner to “give or cause to be given a valid rent receipt in the prescribed form to the tenant for the rent received by him or on his behalf”.

**Section 14 (2)** provides for the payment of fine by any landlord who fails to give or cause to be given a valid rent receipt to his tenant.

The present study revealed that in spite of this Act, the tenants have to pay a higher rent than the legal provisions. The study shows that in:

**Rice zone:** The lessee’s of the rice belt have to pay 2568 rupees higher market rent over and above the legal provisions. The major reason for this may be a wide gap between the demand and supply of the land for leasing purposes along with the complete failure of the government to enforce the tenancy laws in the state.

**Cotton zone:** The figure of excess rent were found to be nil for the cotton zone. The reasons for it may be a bumper crop of cotton this year after a gap of three or four years. The cotton crop was not invaded by the ball worm this time. The rent of the land had gone down due to failure of cotton crop in the previous years while the farmers witnessed a growth in their incomes due to better crop of cotton in this year.
**Bajra zone:** The figure of excess rent were found to be rupees 512 for the bajra zone. The reason for the low figure as compared to the rice zone may be low level of rent and input costs in this region of the state.

**Overall:** The farmers entering in to contractual land agreements had to pay rupees 1027 higher rent than what they are entitled to pay as per the legal provisions of the tenancy act. This is a serious issue as it eats up a major portion of the surplus of the lessee who is actually tilling the land. This may ultimately lead to marginalization of the marginal and small farmers. The situation would aggravate in the coming times due to the following reasons:

a. The cost of inputs would increase sharply in the days to come due to removal of subsidies. On the other hand the price of the crops would not observe a corresponding increase. As a result the farmers would find it more and more difficult to pay the ever increasing cost of rent.

b. The farmers would have to face a much organized sector, the corporate sector, who would take up the task of agro-processing and marketing (both at national and international level) in the coming times resulting in further decreasing their bargaining power and making their situation worse.

This problem should be resolved with a two pronged strategy which is as follows:

1. The present legal set up should be:
a. Expanded so as to include the third player of the game i.e. the agricultural entrepreneurs, who would play the most crucial role in the coming days in Indian agriculture by providing the latest know-how, setting up agro-industries to create value added products in agriculture and carrying out the national and international marketing of these value added agro-products. To be more clear the existing tenancy laws which include only the tenant and the landlord should be converted in to “The Laws of Contract in Agriculture”.

b. Made more practical, so that different players the contract do not feel it necessary to break the laws. An important suggestion in this regard would be given in the section related to “Implications of the issue of tenure of contractual land agreements”.

2. A separate ministry should be set up at the state level to look in to the needs of the agro-industries in the state so as to ease out some pressure on the agricultural sector of the surplus labour force. This would have many far reaching positive effects on the state agriculture. Some of them are as follows:

   a. This would decrease the demand for leasable land, in this way keeping the higher rent to be paid by the lessee under check in a natural way.

   b. This would have other positive effects as well, such as:
Setting up of agro-industries would increase purchasing power in the rural sector which would give a boost to the industrial sector by increasing demand for its products and thus the economic development in general.

Keep a check on the army of the unemployed, which seem to increase in the near future due the new economic policies. This army of unemployed can obstruct the economic development and cause a threat to the political and social set up of the country.

Value added agricultural products can be exported to gain the much needed foreign exchange for the country.

SECTION 6.5
Implications of the issue of sources for & time of payment of rent

It is often said that History has a tendency to repeat itself. Darling (1977) wrote about the Punjab of the late 19th century that it was agriculturally the most developed province in India, and it was probably also the most indebted. If prosperity had increased, so also had debt; and the increase in one was only less remarkable than the increase in other. It is important to note that this was the period when the transfer of land from the barrower to the Bania/Professional money lender took place at large scale. The Finance commission report of 1880 revealed that 27 percent of the land had accumulated in the hands of trading class by 1873. The situation became alarming as
the time passed on and ultimately the British had to pass the “Land Alienation Act” in 1900-01.

The same situation exists in the most developed area of Haryana i.e. the rice zone. The present study reveals that 82 per cent of the farmers borrowed money from the money lenders to pay the rent at the rate of 24-30 per cent bi-annual. As far as the farm-size wise distribution is concerned 92.7 percent of the marginal farmers borrowed money followed by small farmers (90 percent), medium farmers (82.6 per cent) and the large farmers (56.3 per cent). This shows the position of the marginal and small farmers is worse on this aspect. The practice of payment of rent before the agricultural year increases the cost of rent and hence the amount of debt by 25-40 per cent.

With limited resources at hand and the demand for loan being urgent, the tenant is an easy pray in the hands of the money lender. This system of borrowing seems to work well in normal conditions. If there might be an unforeseen situation then his repayment capacity is affected negatively. In that case he had to forgo the piece of land ultimately. Rising deaths due to debt in Punjab are a testimony to the worsening situation of the agriculturally most developed areas of the country. Haryana may witness the repetition of History with the burden increasing on the farmers due to the process of taking the protective cover back from them under the effect of new economic policies.
It is true that the farm holdings in fragments of acres are not economical and their alienation with shifting of the dependents of these farms to the secondary and tertiary sectors of the economy will be beneficial to the economy. But keeping in view the slow absorption rate of labour in other sectors of the economy the alienation process should be slow. **Large scale alienation of farmers would be disastrous for our economy.**

The present study is of the opinion that the tenancy should be legalized (with no direct or indirect time restriction) and converted into contractual land agreements so that the tenant farmers get facilities of institutional credit, insurance and other key inputs while working on land. This would add certainty factor in agriculture on one hand and check alienation of farmers on the other hand.

**SECTION 6.6**

**Implications of the issue of mode of leasing**

Mode of tenancy has attracted a great deal of attention of economists and other social scientists. In the Marshallian theory of distribution, Marshall argues that in absence of supervision, the tenant would apply labour up to a point where returns to labour would be above the wage rate in order to maximize his income. This implies that production would not be carried out to a point where labour could be awarded its marginal productivity. In view of this Marshall regarded share tenancy as inefficient.
In recent times many authors have questioned the empirical relevance of Marshallian argument. According to them the tenant can be induced to apply the efficient level of inputs through monitoring of the landlords. Further the rationale for share cropping lies in its incentives for co-operation between the landlord and the tenant to maximize the efficiency of agricultural production. It is argued that the rural labour markets fail to guarantee full employment at a constant wage level, share cropping contracts are devised to mitigate the effects of labour market uncertainty. Some other are of the view that share cropping exists because of indivisibility and imperfect marketability of some factors of production (drought animals, family labour etc.).

On the other hand, the fixed cash tenancy 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 thus reducing the level of exploitation.

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 turn leads to poverty and uncertainty. The agriculture remains a subsistence sector and it becomes a hurdle in the development of the economy as a whole.

On the basis of the above results the following suggestions may be recommended

1. **Development of irrigation facilities must be provided the top priority** if the government intends to improve the agricultural sector further. It would increase production on one hand and usher in to better contractual relations in the lease market on the other hand.

2. It is again stressed that the time bindings (whether direct or indirect) must be removed from the existing tenancy laws and provisions be made in the
banking policies to advance cheap credit to the farmers entering into contractual land agreements.

SECTION 6.7

The issue of permissible area

The definition of the permissible area as in the "Punjab Security of Land Tenures Act, 1953" was changed by a subsequent act, "The Haryana Ceiling of Land Holdings Act, 1972, (2)". The new definition is as follows:

1. The permissible area in relation to a landowner or tenant or mortgagee with possession or partly in one capacity or partly in another, person of family consisting of husband, wife and up to three minor children (here-in after referred to as "the primary unit of family"), shall be, in respect of-
   a. Land under assured irrigation capable of growing at least two crops in a year (hereinafter referred to as the land under assured irrigation), 7.25 hectares (Approx. 18 acres);
   b. Land under assured irrigation capable of growing at least one crop in a year, 10.9 hectares (Approx. 27 acres);
   c. Land of all other types including land under orchard, 21.8 hectares (Approx. 54 acres).

2. The permissible area would be increased by one fifth of the permissible area of the primary unit of the family for each additional member of the
family, provided that the permissible area shall not exceed twice the permissible area of the primary unit of the family.

3. The permissible area of the landowner, who may also select land for separate unit, shall be increased up to the permissible area of the primary unit of family for each separate unit, provided that where the separate unit also owns any land, the same shall be taken into account for calculating the permissible area.

4. The permissible area shall be determined on the basis of the valuation to be calculated in the prescribed manner, taking into consideration the intensity of irrigation, ownership of means of irrigation and the kind of soil such as banjar, sem, thur, or kallar, subject to the condition that the total physical holding does not exceed 21.8 hectares (54 acres).

5. In determining the permissible area for the purpose of clause (a) of the sub-section (1), 5 hectares of land under irrigation from privately owned tube-wells, pumping sets, etc. shall be equal to four hectares of land under irrigation from canals as defined in the Northern India Canal and Drainage Act, 1873.

6. The permissible area, in relation to every Gowshala of a public nature, in existence on the commencement of this act, shall be such as the state Government may, by notification, specify in that behalf; provided that if at any time any land of Gowshala is not used for the charitable and non-profit
making purpose of the Gowshala, the collector may, by order, declare such
land to be a surplus area, after making specific enquiry.

The question of permissible area is under hot discussion in the academic as
well as the planning and political circles of the country. There is a sharp division on
this issue. A group feels that the further development in the agricultural sector can be
achieved only through large scale capital intensive corporate farming particularly in
the wake of the new world economic order. On the other hand the other group feels
that nothing can be more disastrous than this for a country where 64 percent
population depends on agriculture and absorption rate of labour in the secondary and
tertiary sector is very low. The displaced labour from the agriculture can is a source of
serious concern for these economists as this army of unemployed can derail the very
process of economic development by tearing the socio-economic and political set up
to pieces.

The present study reveals that in:

**Rice zone:**

- Sowing of rice was through the agricultural labour (local or migratory)
in all the size classes.

- Sowing of wheat (the rabi crop of Haryana) is exclusively by tractor in
  all the size classes of the farmers entering in to contractual land
  agreements.
There was some difference in use of machines in harvesting of wheat and rice. It was 35.46, 46.68, 53.71 and 66.9 per cent in harvesting of wheat for marginal, small, medium and the large farmers respectively. The corresponding figures for harvesting of rice were found to be 12.87, 21.8, 31.69 and 47.18 per cent.

All the farmers used seeds and pesticides of same quality irrespective of the size class.

Use of fertilizers was found to be almost same in all categories of farmers.

**Cotton zone:**

- Sowing of cotton was through the bullocks in all the size classes of farmers.

- Cotton collection is entirely through labour (hired or self) irrespective of the size category of the farmer.

- The figures for sowing of wheat by tractors were 64.4 per cent (in small farmers), 44 per cent (in medium farmers) and 63.4 per cent in the large farmers.

- Use of machines in harvesting of wheat was found to be 20.4 per cent (in small farmers), 25.5 per cent (in the medium farmers) and 49.8 in the large farmers.
All the farmers used seeds and pesticides of same quality irrespective of the size class.

Use of fertilizers was found to be almost same in all categories of farmers.

**Bajra zone:**

- Bajra harvesting was 100 per cent manual.
- Harvesting of wheat was 100 per cent manual in the large farmers 87.5 manual in case of medium farmers. (* No farmer remained in the marginal and small farmer category after leasing in)
- Sowing of bajra was mainly through the camel. The figure 87.5 per cent for the medium farmers and 65.2 per cent for the large farmers.
- The figures for sowing of wheat by tractors were 25 per cent in medium farmers and 46.9 per cent in the large farmers.
- All the farmers used seeds and pesticides of same quality irrespective of the size class.
- Use of fertilizers was found to be almost same in all categories of farmers.

The results of the present study are in resonance with those of Vaidyanathan (1994) which maintained that:
There is no evidence of significant economies of scales in agriculture as elements of bio-chemical technology especially, seeds and fertilizers are divisible.

There is enough evidence of successful application of modern technology and good management by the small farmers even in the sophisticated lines of production.

The disadvantages of small holding size are not so compelling provided other productivity augmenting factors such as knowledge, credit and market facilities are accessible to all classes of farmers.

As far as the infusion of technical know-how to raise the standard of Indian agricultural production to the international level, setting up of agro-industries to produce value added products in agriculture, storage, transportation and marketing these products in the international market is concerned, this should be left to the new class of agricultural entrepreneurs.

On the basis of the above discussion the study strongly recommends that the size of the permissible area as defined in “The Haryana Ceiling of Land Holdings Act, 1972” should not be changed.