CHAPTER VIII
SUMMARY AND CONCLUSION

In this chapter the main findings of the thesis will be discussed in the light of the theoretical and historical backdrop on land market transactions. First a brief summary of the historical trend on land market situation relating to land sale and mortgage is presented. Then the current situation is discussed.

It has been found that the evolution of land sale and purchase has been taking place in Haryana since the later part of 19th century. The trend in sale was limited during the last part of 19th century. It accelerated in the early parts of 20th century. The occurrence of frequent famines in the first two decades, weaken the economic condition of small peasants, contributed for positively for land sale and mortgage. Besides, the strategy of the rural money lenders also influenced the sale of land from the peasantry. As has been found in Chapter-II, there was not much difference between price per acre of land mortgage and sold. The money lenders provided a higher size of loan by keeping the land as collateral. Since, the repayment capacity of the small category peasantry was vulnerable, in many cases it was not possible for them to recover the piece of land. Such type of land transfer through land mortgage was an important mechanism during the period 1911-16 and during the early thirties. During the thirties the economic condition of peasantry weaken further due to fall in agricultural prices, since, they had to pay
land revenue which was fixed on the basis of higher prices, they had to arrange more money by selling or mortgaging land. Also, the implementation of the Land Alienation Act, 1900-01 was less effective, the transfer of land from the vulnerable peasantry continued unabated.\(^1\)

After independence the state and central government enacted a number of measures to protect the interest of peasantry. These measures had some impact on land market especially the transfer of land to non-agriculturist money lenders. As will be seen later in the next section that the transfer of land to money lenders is nil in the study area in recent years.

In recent years a number of economist including K.N. Raj (1970), K. Basu (1986, 90) Binswanger and Rosenzweig (1986), Pillateau (1990), have emphasized the low turn over of land sale and purchase in the third world low income countries. Our findings (Chapter-IV) revealed that the average number of land sale and purchase per year is low. Hardly, 3.4 plots per year was sold and 1.5 sellers had sold land per year in the study area. Similarly, 3.3 plots per year were bought (in which 2.08 plots per year bought by the sample residents and 1.28 plots

\(^1\) Since the Land Alienation Act forbided transfer of land to non-cultivating money lenders, the more and more land was accumulated among the agriculturist money lenders.
per year bought by outside villagers) and an average 2.1 household have purchased land per year. Such type of infrequent sale and purchase of land were found not only in the under developed village but also in the developed village of the study area. It appears that even in a developed state like Haryana, the farm household are clinging to their land. Moreover ownership of land is still more important source of power in the Haryana village.

A variety of reasons were responsible for the sale of land by the farm household. Among these the dominant reasons were: (a) for marriage of daughter (21.92%) of total land sold for this) (b) Conspicuous consumption (41.87% of the land sold for this). When we analysed category-wise, we found that: For marginal farmers, the main reasons were : (a) Head had no children (21.05%) (i) Conspicuous consumption (21.05%) (c) Non-agricultural activity (18.42%). The small farmers sold their land for (a) Marriage expenditure (24.0%) (b) Conspicuous consumption (36.0%), while the semi-medium farmers sold, 27.04% of their total land for marriage expenditure, 21.38% for conspicuous consumption and 17.61% of their land to repay debt. The medium farmers sold their land for daughter's marriage (i.e. 35.36% of the total land) and for conspicuous consumption (i.e 29.56% of the total). The large farmers sold nearly half of their land for conspicuous consumption (i.e. 50.19% of the total land sold)
and for marriage purpose (17.05% of the total land sold).

Our analysis revealed that there were some evidence of distress land sale for bare consumption before mid-sixties. However it has become marginal in recent years in backward as well as developed area of the study region, possibly because of the availability of non-farm as well as farm employment in the state which have supplemented the livelihood of the poorer farmers. Even the availability of a small piece of land with a household has help him to borrow loans from formal lenders which was utilized by the farm household to raise the productivity by application of modern inputs. Moreover, farm household have diversify their activities including livestock rearing, which is an important source of other income for the household. Another important finding of the study is that land mortgage as a transfer of land has wane in the study region (Chapter-V) due to the availability of alternative (formal) source of credit and rise in the income (both crop & nor crop) of small farm households.

It has been found that the farm household have sold land for a number of reasons including, to mobilise funds for starting new non-agricultural activities, for instance 15 number of transactions of land sale were utilized for mobilization of resources for starting new non-agricultural activity. It appears that
the financing of new non-agricultural activities by the rural household is not through sale of land. The availability of institutional finance for these activities may possibly help the household to maintain their land.

The institution of tenancy has drawn the attention of a number of economist since the writing of A. Marshall. Marshall had predicted that tenancy as a mode of production is inferior because of two reasons: (1) The tenant who has to part 50 percent of the product from the piece of land lease-in, his incentive to optimally utilize his labour inputs will be low. That is why the application of labour in the cultivation will be below the optimal point. Secondly, the tenant may not be sure of cultivating the piece of land for a long period of time because of uncertainty of ownership of land. This will discourage the tenant from taking long term investment in that land. Both these factors lead to production of output at a suboptimal level. The policy implication of these arguments is that of abolition of tenancy and conferring ownership right to the tenant.

In recent years Marshallian argument has been criticized (e.g. Cheung 1968 and a number of other writer who can be classified as neo-classical). The neo-classical writers have emphasized that the landlords can enforce the tenant to put more labour by manipulating the different terms and conditions. Further, the landlords can participate in the decision making process along with the tenant
about the input use and choice of crops including contributing inputs. In that case the productivity of the land may not be affected negatively or the negative impact will be minimise significantly. Our analysis relating to the contractual arrangement between the landlords and the tenants in the context of the study area revealed that the terms and conditions of tenancy had rapidly undergoing charges even in the less developed region of the study area due to the green revolution and other socio-economic transformation including availability of employment in agriculture and non-agriculture sectors. The nature of tenancy in the study area is not of subsistence category as is the case in Marshallian analysis. The composition of the tenant revealed that out of 51 tenants, about 10% were marginal tenants, 70% of the tenants belong to semi-medium, medium and large category. Further, the presence of pure tenant in the sample was marginal. Hardly, one household, who had lease-in land was pure tenant. Moreover, one-third of the tenant in the sample have tractors and many of them have other modern implements. Our finding relating to background of the tenant showed that a majority of the tenant household have lease-in land in order to utilize their machinery and their credit worthiness help them to mobilize fund from the formal and informal credit market. In such a situation the bargaining power of the tenant vis-a-vis the landlord was not weak. This will be clear from the socio-economic
of the landlords which has been discussed below.

As the lion’s share of the contractual arrangement was fixed tenancy in which the tenant were free to receive the total amount after paying the landlords in cash. They have used modern inputs to raise the productivity in the land. The land reform legislations, including the tenancy reform in the state of Haryana were also instrumental in the reduction of rent of the tenant. Lastly, the consolidation programme has helped in land improvement. All these factors have contributed positively from preventing the decline in the land productivity. On the whole in our study area - both in developed and under developed regions the terms and conditions of leasing-in do not discourage the tenant from maximising his level of inputs and the application of modern inputs has kept the land productivity from falling. Even though the duration of contract varied from one to three years, the tenant could know before the sowing season that he is atleast sure of how long he will be cultivating the land.

The finding relating to the composition of landlords revealed that a majority of landlords were not of the classical type. For instance about 42% of landlords belong to small and marginal category. In contrast to this about 22% of the landlords were large farmers. Further, the occupational background of the landlords showed that about 64% of the total landlords in the sample were in
service, who are mostly staying outside the village. Another 18% of the landlords were widow/disabled household who have no manpower. Moreover, about 3.57% landlords were businessmen who have no direct interest in agriculture and another 3.57% landlords were involved in non-agricultural activities. This composition is a reflection of heterogeneity with different diversified activity on the part of landlords and their non-involvement in the agricultural sector. In such a situation the bargaining power of the landlords vis-a-vis the tenant was not high. Rather, there have been a mutual arrangement regarding the terms and conditions in payment of rent and duration etc. That is why the tenants are neither exploited through higher rent nor there is any interlinkage in tenant through credit and output market. As such the tenurial arrangement in the study area is not unfavourable to the tenants nor production is affected negatively.

The overall conclusion that emanates from the study is that even in a buoyant agriculture the frequency of land sale and purchase is low. The availability of employment both in and outside agriculture, the diversification of crop and non-crop activities even by the small and marginal farmers, which has increased their income through out the year help them not only keeping the land intact and prevented them from distress selling, which was earlier phenomenon. These factors have also contributed significantly for the declining of land mortgage in the study area.