CHAPTER I

INTRODUCTION

India is basically rural in nature. Majority of its population still lives in villages. Agriculture with animal husbandry is the main occupation. In a low income labour surplus economy land is important factor of production as it provides livelihood to the majority of rural population. So, study of land market in a low income country is important because of a variety of reasons. A majority of households drive their livelihood from land directly or indirectly. Besides, given the low rate of labour absorption in the industrial sector, agricultural sector still occupies the major source of employment generation (self or hired). Given the importance land households try to enlarge their holdings by buying land, or atleast cling to their existing piece of land. In view of this the study of land market is important.

Land transactions can be classified into three categories, namely; (1) transfer of property rights by the seller to the buyer once and for all. When a household sells a piece of land he transfers the ownership right once and for all to the other party; (2) temporary transfer of property right; (a) mortgage of land, (b) leasing out a piece of land to the tenant. In the case of mortgage the household transfers the ownership right temporarily with the hope that he will recover the
same piece of land. This is the concept of 'Interim sale' as discussed by K. Basu (1986). In the case of tenancy, the transfer of land to the tenant is for a short and temporary period.

Several factors influence the expansion and contraction of owned land of peasant families through land market transactions. The speed at which land concentration can occur is influenced by the quantum of land transacted in the land market. For, given the limited supply of land, households who want to enlarge their landholding, can only do so through buying some existing land. A household with regular surplus may purchase or invest in land, if the possession of land enhances his status or economic worth.

Objectives of the Study

The principal objective of the study is to probe the land market transaction as it operates in the rural areas of Haryana. The current trend is the outcome of historical past that has been operating in the rural area over a long period of time. In view of this another objective of the study is to analyse the evolution of land transaction in the last few decades in the state. Mode of tenancy has undergone changes due to a variety of reasons including the intervention of the state, change in technology and other factors. There has been a lot of debate relating to tenancy, especially the terms and conditions of tenurial contracts, the
leasing-in land and its impact on the economic condition of the tenant, and the enforcement mechanism of the landlord over the tenants. It will be desirable to know the actual terms and conditions prevailing between the landlord and the tenants. It has been argued that with the process of development of agriculture the contractual arrangements between the parties will also undergo changes. In order to capture this, one has to compare the contractual arrangements prevailing in different areas with differential degree of development. Lastly, the price per unit of land is an indicator of the value of land with the demand of agricultural output, given the supply of land, the price of agricultural land generally go up. Moreover, other factors such as location and fertility, may also contribute for the rising price of agricultural land. How the land price has been moving and what are the factors which affect land price are also important aspect for investigation of the study.

Thus the specific objectives of the study are as follows:

(I) To study the trends in the sale, mortgage and prices of land in historical perspective.

(II) To discuss the nature of sale and purchase of land in recent years.

(III) To analyse the factors that influence the households for selling land.
(IV) To analyse the background of the buyers and the sources of fund utilized for land purchase.

(V) To discuss the factors that influence the price per unit of land, the trends in the land price and area sold.

(VI) To understand the terms and conditions of contractual arrangements between the landlords and the tenants.

These aspects will be studied in the context of rural Haryana. The transfer of land from one set of land owner to other set of land owner has been a regular phenomenon in most of the third world countries. What factors affect the transfer of land? These aspects are to be studied in the context of contemporary Haryana and the areas of Haryana which was the erstwhile Punjab.

Land transactions as it operates in recent years will be studied with special reference to different areas, namely, developed area, under developed area and relatively developed area.

Data Base and Study Area

In order to study the above objectives I have utilised both secondary and primary data. The secondary data include the government publications, statistical abstract of Haryana, R.B.I. bulletins and books and research papers. The primary
data has been personally collected by me. It relates to land sale and purchase, price paid per unit of land, land mortgaged and various terms and conditions of tenancy. Objective (I) will be studied from historical data. The objectives (II) to (VI) will be studied on the basis of cross section field survey data. The details about field investigation, method of data collection and the number of households involved in such transactions are discussed in the third chapter.

Design of the Study

Each chapter will be organised as follows:

Analytical issues relating to land market will be discussed first. On the basis of the theoretical perspective data and information will be analysed to probe different aspect of land transactions. The chapter scheme will be as follow:

The first chapter contains the statement of the problem, objectives, data base, chapter scheme and limitation of the study.

The second chapter discusses the evolution of different aspect of land transaction in contemporary Haryana.

The third chapter provides socio-economic background of the state, study area and the sample villages. It also discusses the method of data collection and selection of the villages.
Chapter four analyses the characteristics of seller and the reasons for selling land, it also discusses the characteristics of buyers and the source of fund utilized for the purchase of land.

Chapter five focuses the terms and conditions of mortgage of land.

Chapter six discusses the trends in price of land and area sold.

The seventh chapter analyses the land tenurial system in contemporary Haryana. It will be followed by the analysis of terms and conditions of tenurial arrangements prevailing in the sample villages.

The last chapter contents summary and conclusion of the study.

Limitations of the Study

Generally farm households do not keep written records of past transactions. For instance a borrower who has mortgaged land to the lender may not keep the records of amount, date and year of mortgage. Since some informations have been gathered on the basis of the memory of persons. It is but natural that there will be some limitation on such information. Besides, certain informations can not be checked from other parties because of lack of circulation of certain aspect of dealing between the parties of transactions or migration of a party to a distant place. However, most of the respondents have cooperated with
me and have provided information unhesitatingly. Despite this it is natural for an individual to face obstacle in getting the desired information. Given the resources and time constraint it is difficult for an individual to gather large data set for obtaining a robust result.

These limitations remain in the study. Even the historical material collected were meant for different purposes. Use of such material for land transactions also have some limitations. However, I have tried my best to cross checked the primary information as far as possible and consulted a number of secondary materials to reduce the limitations of the secondary data.