CHAPTER - VI

SUMMARY AND CONCLUSIONS

Land market transactions involve the transfer of property rights on land between two agents. The transfer could be a permanent transfer or a temporary transfer of land. If an agent transfers the right to use the resource for a particular period to another agent, the transfer is called a temporary transfer of land. A transfer is called a permanent transfer if the agent transfers the ownership right to another agent. An example of a temporary transfer is lease arrangement while an example of a permanent transfer is the sale of land.

Empirical studies on rural land market show a low turnover in the permanent transfer market and a high turnover in the lease market [Bliss and Stern (1984), Dreze (1997), Bardhan (1998), Guhan (1985) etc]. In the introductory chapter an attempt was made to classify the relation between the two markets. Here, land was taken as a productive asset and exchanges in the market was seen in terms of resource adjustment process between households. Four cases were identified, one was of low transaction in both the markets. The second was high transaction in the lease market and low transaction in permanent transaction market implying a case of resource adjustment in lease market. The third was of high transaction in permanent transfer market and low in temporary transfer market, representing a case of adjustment in the permanent transfer market. While the last case of high transaction in both the markets representing a case where adjustments are in both the markets.

In Andhra Pradesh an interesting but less studied process of high turnover in the land market has been the case of peasant migration into areas which have the potential for getting assured water for irrigation through canals of large Dams. The land based peasant migrations leave their village of origin and migrate to another village and introduces a new crop or methods of cultivation in the village they have migrated into.
These migrants originate in four districts of Andhra Pradesh, which had a long history of cultivation using assured water supply by canal water, which was a result of building of ayacut on the Krishna and Godavari rivers by Sir Arthur Cotton. These peasants, who had the skill and knowledge to cultivate using assured water supply, migrated to new command areas where the peasants were cultivating dry crops. These migrants utilised the skill and knowledge that they had gained in their village of origin and migrated to areas where firstly there was a potential for assured water supply for cultivation, secondly the land was available at cheaper price and thirdly the villagers of new destination do not produce crops on which the migrant has skill and knowledge. Nagaraju[1990] identifies these forms of peasant migration for land as development initiating migration or in the words of Petterson Innovative migration'.

The objective of the study was to see peasant migration, which generates a high turnover in the market, as a process of generation of active land market where activity was identified as price responsive behaviour of agents. This study is on the migration induced land market activity rather than migration per se i.e., the study of push or pull factors for migration or the reason for migration, though this would have provided a more comprehensive picture on migration as agency of change.

The Chapter 1, tries to describe a migrant. A migrant is seen as a peasant who has migrated from a region which had a long history of cultivation of wet crops like sugarcane, paddy, etc. These peasants had the skill/knowledge of cultivation of wet crops i.e., they knew the sequencing of inputs, the timing of inputs and quantum of inputs to cultivate the crop. This set of skill/knowledge on the cultivation process is defined as the information set of the agent. These migrants have migrated to areas which were earlier dry, rainfed areas. The crops that were hitherto cultivated in these dry areas were those like jowar, bajra etc. The peasants in these areas had information on the cultivation of these dry crops. With the coming of assured water supply in the canals, the earlier dry land had the potential to be irrigated. But the peasants in the
villages lacked information on cultivation of the wet crops. So one process of transfer of information has been via the migrants who had information on the cultivation of wet crops in the area of origin. So here we describe a migrant as an informative agent. In case of choice of village for migration, an interesting feature seen is that migrants generally move into areas where the non-agriculturist own land. The studies of Maddulety (1989), and Tnpathy (1985) show it.

For the purpose of the study a village with the presence of peasant migrants, 'Annasamudram', in a command area was selected. The village had three features. One, the existence of sizable proportion of migrants, two, it had got assured water supply through the Right Bank canal of Nagarjuna Sagar Dam and lastly, it is an Inam village. All these features independently and also collectively have an impact on the land market activity. This village has nearly 10% of its population as migrants who own nearly 10% of the cultivated land. Before the release of water in the canal, this village was part of a rainfed region with cultivation of dry crops like jowar, bajra etc. But interestingly, this village had a tank which had attracted migrants before the arrival of water in the canal. This tank had the potential to irrigate 200 acres of land in this village. In the 1960s, the first set of migrants came to Annasamudram and had taken the tankfed land on a permanent lease (i.e., 99 year lease). They had planned to cultivate cotton crop on the land. But the failure of the land to respond to the cotton crop led them to change the crop to other crops. As the land was not responding to the crops that they had plans to cultivate, the migrants were not able to pay the rent. So the Inamdar, who had given the land on lease, applied pressure on the migrants to leave the village, a move supported by the villagers. The 1970s saw the entry of the second stream of migrants who also wanted the tankfed land. They wanted to introduce paddy crop into the region. These migrants had purchased the same piece of land from the Inamdar. But this had led to a case of litigation between the two migrants for ownership rights on land. This case as yet is pending in the court.
The third set of migrants came after the release of water in the canal areas in the 1980s. These migrants introduced paddy and red-gram in the village. This phase witnessed a large scale conversion of land to paddy land in the village. The main sellers of land being Inamdars as well as permanent tenants. The land market contract generated by the people in the presence of the Inam form of tenure were interesting. From the legal side, the Inamdar was the owner of land and the cultivators were recognised as permanent tenants on the land. In the context of implementation of the Inam Abolition Act the land owner gets one-third share of the land and permanent tenant receives two-third share of land. So the exchanges in the land market were a reflection of the future rights on land of farmers, under the condition of the Inam act in the village. The permanent tenants were selling user rights on the land while the Inamdar was selling the ownership rights. Conflicts arose when the same land had been sold with different rights. But in majority of cases different pieces of land have been sold.

The third phase was followed by the entry of a lone migrant in 1995 introduced cultivation of Banana crop under borewells. The impact of this migrant was not assessed in this study.

With the entry of third phase of migrants and the release of water in the canals, one saw an increase in the turnover in the land market as was also seen in the studies on peasant migrations. This phase can be divided into three sub-phases. The first sub-phase from 1978 to 1983 was the dormant phase of the land market. The second sub-phase was the high turnover phase - 1984-89, a phase where the migrant was an active player in the market. The third sub-phase was from 1990 to 1995, a phase where native was the active player in the market. The first sub-phase has witnessed a low turnover in the market, while the second and third sub-phases has witnessed more or less the same number of transactions. The trend in price variables shows a tendency to increase over these three periods, while the average quantity transacted was highest during the second phase, where the migrant has played the dominant role. In terms of
The coefficient of variation of price, the second phase had the highest variation, followed by the third phase. The coefficient of variation of quantity transacted is very high in the third phase. We have taken the third phase for analysis.

**Permanent Transfer Market:**

The trends seen in sale and purchase market in Annasamudrum were:

a. The transfer of land were from larger farmers to smaller farmers generating a "middle peasant" economy.

b. The sellers of land were mainly non-agriculturists. This would imply a transfer from "rentiers" to agents who were adjusting their resources of land.

c. The migrants as buyers influence the quantity of land purchased in the market but not the price of land when compared to natives.

d. **Castewise**, the sellers were Vaishya while the buyers were Kamma caste group.

e. There does not exist any systematic difference in the price of land across sizewise land distribution. In other words, there was no tendency for distress sales in the market.

f. In addition, the land transacted in the market was influenced by the land owned by the buyer but not by the land owned by seller, while, price of land was influenced by land owned by the seller but not the buyer. Price of land was dominantly influenced by supply-side factors, while the quantum of land transacted was influenced by demand-side factors. This represents a case of resource adjustment by the buyer in the market. The buyer, which also consist of the migrant, is interested to buy land based on their resource position and purchasing power and are ready to pay the price as specified by seller. The price of land is influenced by seller who are non agriculturist who want to dispose of land and move into urban area.

**Temporary Transfer Market:**

The trends seen in Annasamudrum temporary market were:

a. The village lease pattern has a combination of "traditional" and "reverse" tenancy. In other words, the village has lease transactions from large lessor to small lessee as well as small lessor to large lessee.
b. The lessor in the village was mainly the non-agriculturist. The agriculturist lessors who were adjusting their land to labour while non-agriculturists were leasing due to two reasons: firstly, as land holding in the economy was a hedge against uncertainty in the economy, secondly, as these agents have a higher non-agricultural income.

c. Castewise, the Vaishyas were the lessors and the Kammas were the lessees.

d. A study of variability of rent brought out some interesting features. This village had four cases of no rent land. In these four cases, one case was of an attached labourer while the rest were cases where lessor lease-out land for conversion of land to canal irrigated land. A study of share of rent to output brings out the feature where variability of rent to output was low, in other words, one does not see large variability of rent to output. This would imply that quality of land was a predominant factor explaining variability in rent. This village witnessed only seven transactions where the share of rent to output was low. All these transactions were linked transactions where the lessees provide labour services to the lessor.

e. The migrant native character of lessee influences the rent and not the land leased. The land owned by lessor agent influences the land leased as well as rent variables. The quantum of land leased and rent are mainly influenced by characters of the lessor or the supply side factors excluding the influence of migrant as lessee on rent. The lease market looks to be a lessor market with the lessor defining the amount of land leased as well as quantum of rent in the market. The migrants response is a characteristically resource adjustment response where migrant's who might be facing financial constraints, in permanent transaction market, lease in land. To lease land they face competition with the natives who are also leasing land so they pay a higher price compared to native to lease land.

Comparative Analysis of Land Market in the three villages:

To study whether the above features were specific to migrant-canal irrigated Inam village or applicable to other villages too, two other villages with different features were studied so as to compare the nature of activity in the land market. One of
the villages selected was a dry non-migrant non-Inam village, namely Lellapalli, while the second was a non-Inam, command area village namely Medapi. One had attempted to study the nature of land market activity in these two villages.

Annasamudram, the migrant command area village, had three features which were important for the entry of the migrant and larger turnover in market. First, this was an Inam village with large extent of land owned by non-agriculturist. Secondly, the failed experiment of second stream of migrants to introduce Paddy into the village. The entry of the fourth migrant was a result of increase in water table due to the canal water. The dominant exchange was between the migrant and the non-agriculturist. These sales were outright sales, with non-agriculturist selling land and wanting to move to semi-urban or urban towns. The non-agriculturist were large land owners, while buyers were smaller land owners resulting in a transfer of land to middle peasant groups. This village does not have a tendency of marginalisation of small farmers but on the contrary one sees marginal farmers converting land into paddy land for self-cultivation. There were only few cases (3) where marginal and small farmers have become landless labour. An interesting feature seen was the out-migration of carpenters from the village to dry village on diversification into other business. At a broad level one sees the B.C. groups either diversifying or out-migrating.

Medapi, the command area village, is a ryotwari village with a dominance of owner cultivators. This can be seen in terms of the low proportion of land leased by non-agriculturist to total land in the village. Unlike Annasamudram, their village had only one condition necessary for the entry of the migrant, which is the release of water in command area. This village did not have a dominance of non-agriculturist in the village and Paddy crop was being cultivated by cultivators in the tank bed land of this village. This led to a different form of exchanges in the village. Unlike outright sales by non-agriculturist (with jobs in urban areas) here sales were a result of short term cash needs. The form that got generated was "mortgage" by deficit income households to surplus
income households. The deficit income households needed cash for consumption or to run business in town income households. The nature of exchanges was dominantly in the same land holding as well as caste group. The reason was the surety of return of land in these groups. The large land owners wanted to buy land but land was not entering exchanges. The change in crop has resulted in upward shift in income but the small and marginal farmers in the village are just meeting their subsistence. (An opinion expressed by the villagers was that one year if water is not released they would face severe crises.)

Lellapalli, the dry village, has a different path of change. This village was a traditional, subsistence village. In 1994, a recently retired teacher, heard of the price difference in this region and Guntur for vegetable crop. This teacher was cultivating vegetable crops in their village. The crops cultivated were tomato, brinjal etc. Taking the advise of agricultural extension officer, he expanded the scale of operation of the vegetable crops to 1/4 acres and started to sell to traders at Thriparanthakam who used to send it to Guntur Market. So in this village, small extends of lands are converted to vegetable crops sold outside the village. So unlike the other two villages here dry crops are cultivated for consumption while vegetable are sold in market. Though one did not witness a marked rise income levels, as yet, this village has a hedge against external shock and may be able to meet their subsistence.

Permanent Transfer:

The trends seen in the villages are

a. The number of transaction were high at Annasamudrum followed by Medapi and then by Lellapalli. The average area transaction was also very high at Annasamudrum followed by Medapi and then Lellapalli. The high transaction in the market was under conditions where the migrant was the main purchaser.

b. The average price of land per acre was high at Medapi followed by Lellapalli and then Annasamudrum. The price of land was low at Annasamudrum compared to Medapi, as Medapi is a road side village. The average price at Lellapalli was lower than the other
villages if one excludes an extreme case which has pushed up the price. This was a wet land in the village (irrigated by community wells) and the production of vegetable for the market.

c. In case of land transfers, Annasamudram, has the tendency for land transfers from larger land owners to middle peasant groups. In Medapi, one witnessed transfers in between the middle peasant group, while at Lellapalli the transfers were from smaller peasantry to larger peasantry.

d. The main sellers continue to be agents whose occupation is non-agriculture in the three villages. But the nature of interactions were different in the villages. At Annasamudrum, the non-agriculturist, sells a larger extent of land as compared to the other villages and the main purchasers were the migrants.

c. At Annasamudrum, the sales were outright, while at Lellapalli, the sales were channelised via mortgage, or in other words the seller, mortgages the land. While at Medapi, also the sales were via mortgage. In Lellapalli, the opinion was that there were no purchases of land, in Medapi, there were no sellers of land, and in Annasamudrum, the migrant was the main purchaser and the non-agriculturist was the main seller.

f. Annasamudrum as well as Medapi do not show consistent difference in price paid received by each size group in terms of land holding.

Temporary Transfer Market:

The trends seen in the villages are

a. The maximum number of transactions as well as maximum area leased to cultivable area is greater at Annasamudrum village (5%), with lower proportion (below 1%) followed by Medapi and then by Lellapalli. The total area as well as average area follow the same trend.

b. The average rent paid was highest at Annasamudrum followed by Medapi and then Lellapalli as was seen the migrant as main lessor who pushes the price up at Annasamudrum.
c. In case of land leased, Annasamudram has a tendency for a combination of 'traditional' and 'reverse' tenancy, while the other two villages have features of "traditional lease". The migrant as lessee had more reverse lease contracts.

d. The lessors were mainly non-agriculturists in all the villages, where lease arrangements were not a response to adjustment of non-marketed resources in production but lease of land as a response to higher income due to non-agricultural activity. In Annasamudrum, the main lessor was non-agriculturist in terms of area as well as number of transactions, while at Medapi as well as Lellapalli, the area as well as number of transactions by both agriculturists and non-agriculturists were the same. At Annasamudrum, lease arrangement were a response not to adjustment of non market resources in production for lessor but lease of land by lessor as a response to higher income due to non-agricultural activity, while at the other two villages there was an equal proportion of both the sets of agents.

e. At Lellapali village the lease of land takes the traditional form of linkages between land and labour contracts. A large land owner leases a small fraction of land to smaller farmers and in return the labour was an attached labour on the farm land owner. In Medapi as well as Annasamudrum a different form of lease exist. In Medapi, if the lessor was a cultivator, the labourer provides labour during labour scarce periods and if the lessor was a non-cultivator then there were no other exchanges. At Annasamudrum, in case of non-cultivator there were no other exchanges in other markets. In case of big lessor-small lessee, the lessee provides labour services to the land owner, while in case of small lessor and big lessee there were no labour exchanges. The latter form of contract were dominated by migrants lessee.

As an extension an attempt was made to analysis activity of land market in terms of supply of and demand for land. In case of permanent transfer market, one shows that the supply and demand function had the correct signs, while in case of temporary transfer market the supply function was perverse in both the villages.
In addition, regarding permanent and temporary transfer markets, for **Annasamudram**, one sees the transfers to be of a regular nature, while Medapi the transfer had a feature of interim nature. Secondly, the village Annasamudram has the feature of reduction in land concentration over time while for Medapi, it looks that the concentration would **increase** or be stable over a period of time. Moreover, in the temporary market, Annasamudram has features of regular lease arrangement, while Medapi has features of reverse tenancy.

Lellapalli, represents the case of low turnover in the two markets i.e., adjustments were not in either of the markets. The reason for the low turnover in the market and the low price is the result of this being a dry village with the cultivation of dry crops. These crops were subsistence oriented crop and so the opinion with the villages that they are ready to sell land but no one wants to buy here. A change in crop with higher marketable value would generate demand for land thus increase the **price** and also the area transacted. In Medapi, the release of water in the command area increased the area under paddy cultivation generating demand for land. Unlike Lellapalli, here, peasants do not want to sell land so the form of exchanges are mortgages. The forms of exchanges, here, depict a case of low **turnover** in permanent transaction market and higher turnover in the temporary market i.e., a **case** of adjustment were in the temporary transaction market. Annasamudrum, the command area village, had the entry of migrant who had information on new crop to be cultivated in the village and generated demand for land. Unlike Medapi, here, there was the presence of non agriculturist who wanted to sell land and the migrant wanted to purchase land. So in Annasamudrum these was high turnover in both the markets and adjustment taking place in both the market. Households who had purchasing power were **buying** land with households with less of money leasing in land.

In the three village, there are three different process of change. In Annasamudram, the **migrant**, with information on paddy cultivation generated demand for land and the supply of land was by non agriculturist. At Medapi, the existing
information on tankfed cultivation was used to convert all lands to canal **irrigated** paddy lands. This change brought about demand for land but land owners were not selling land but were mortgage land. While at Lellapalli, the dry crops did not generate demand for land resulting in low turnover in land. A recent change was marketing of vegetable crops in small scale which was result of difference in price of the crop between this village and Guntur market. This has the potential to generate demand for land in the village.

**Annasamudram**, a migrant command area village has witnessed, firstly, transfer leading towards middle peasant economy, transfers from **non-agriculturist** to agriculturist and secondly, an active land market. While Medapi, a command area village, had witnessed mortgages, which can be seen as interim market for land, with sales predominantly in the middle size groups. Lellapalli, the dry area village, had witnessed a low turnover in the market.

The thesis uses three **tools** of institutional economics to analyse the contracts in the land market. One, to see land transfers as a resource adjustment process at the household level. Two, to consider information differences (which gets reflected in change in crop cultivated) as a category to explain peasant migration. Three, to analyse the variation of contracts in terms of characteristic of agents.

In an economy with the cultivation of the same crop, resource adjustment are mainly in the temporary transfer market. The form of the temporary transfer is big lessor-small **lessee**. In case of a change in crop two processes of change are envisable. One if the economy, does not have non agriculturist as land owners, peasants **themself** adopt to the change and cultivate the new crop, while the second process is one where, an 'information' agent, like peasant migrant, enters the village. In case of the first form of change, owner cultivation would be dominant form of cultivation, leading to low turnover in the permanent transfer market and adjustment would be in the temporary market. A necessary condition for the second process of change, i.e., the entry of the
migrant, is the presence of seller of land in the village. One type of seller is the non-agriculturist who owns land in the village and wanting to sell land and move to urban areas. The combination of migrant as buyer and non-agriculturist as seller leads to resource adjustment mainly in permanent transfer market in the early stage. This stage is followed by low turnover in the permanent transaction and higher turnover in temporary transactions with the peasants learning the process of cultivation and the market for adjustment in the second phase. Peasants, who face money constraint to buy land would adjust in the temporary transfer market. So unlike the general opinion of low turnover, here, in the presence of peasant migrants a high turnover in permanent transaction market is seen and resource adjustment is mainly in permanent market. This form of peasant migrations plays two roles. With a failure of land reform as a policy, peasant migrations plays one role envisaged by the policy of transfer of land from non-agriculturist to agriculturist. Two, one witnessed transfer of land to middle peasant economy from large land owners.

Thus, three simultaneous process resulting with the entry of the migrant is the transfer of land from non-agriculturist to agriculturist, the generation of middle peasantry and absence of distress exchanges in both the markets. So, peasant migrant, an "information agent" in addition to introducing new crops and techniques of productions increases the turnover in the market leading to activisation of the land market.