CHAPTER I

THE BACKGROUND
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[The present chapter explains the general back
the problem and examines the role of land refo
agricultural sector drawing from the actual experiences of
several countries. The different factors including land
reform measures which affect farm efficiency are enumerated.
The Indian experience of land reform versus agricultural
efficiency is discussed]

INTRODUCTION

History of mankind is intricately connected with land. It offers economic power, social status and political
influence. Large landholdings in the hands of a few persons result in concentration of these powers and lead to
inequality in all spheres of life in a rural society. A fair distribution of land in the farming community which
achieves social and economic equality has become the basis of modern concept of development planning.

Land reform in general and tenancy reform in particular is now the widely used tool for the above purpose in all
the developed and developing countries. The equality concept has a meaning only when there is equality on the economic front. Social and political equality invariably follow the direction and goal achieved on this front. But many a time a major change has to be initiated on the social and political fronts for a desired change on the economic front. This was found essential in agriculture and was initiated through a redistribution of cultivable land among the needy farmers which was done in most developing countries through political interference. This is generally called land reform.

There is more or less unanimity of opinion among the academicians and administrators about the positive social and political roles of land reform measures in bringing some desired changes in the social and economic conditions of rural people. Within the spectrum of agrarian reforms, land reform, particularly tenancy reform is the most debated one as regards to its economic impact in bringing the desired change. Whether these reforms bring prosperity to the poverty stricken lower strata of the rural farming community is a question which does not have an unanimous answer. The reason for this lies in the difficulty of establishing a positive relation between tenancy reform and other economic variables like production, employment and
income. However, tenancy reform is considered to be an effective instrument for initiating the desired change in the living conditions of the rural poor. Thus land reform assumes special significance.

The reason for subjecting tenancy reform to a critical test is the belief that it brings about changes in both 'productivity' and 'equity' fronts in a given agrarian society. In this context one has to answer two basic questions. The first is, given the implementation of land reform how to increase production in agriculture? This relates to productivity issue or the economic aspect of the reform. The second is, how to distribute income and wealth equitably, especially to the lower strata of society? This refers to the 'equity issue' of achieving greater social justice with higher productivity. The former relates to the 'growth-strategy' while the latter is 'equity-cum-growth strategy'. Tenancy reform has been often used in many countries as a political tool to achieve social justice. These efforts without due stress on growth strategies have led to a debacle with a blaming finger pointing towards tenancy reform as the cause of this failure.

The productive capacity of a farmer in agriculture depends mainly on two aspects: 'size of his holding' and
the 'incentives' that he has for cultivation in a given system. The first determines the operational area of the farmer and his family in cultivation and allied operations, and thereby total output from land. The 'incentives' indicate the ownership rights and determine new inputs or infrastructure for increasing output from a given farm area with intensive cultivation. But the size of land and infrastructure available to small or marginal farmer is relatively inadequate for his need and his ability, which appear to be the primary causes for the socio-economic inequality of the rural poor in many countries. The per capita land availability to the cultivators in a few countries indicates the disparity in the size of landholdings. This is the root cause of inequality in living conditions and social status of the rural people. Table 1.1 conveys this point.

Table 1.1 shows that the per capita arable land in India is not really low as compared to other countries. The Indian figure is higher than the Asian average and it almost equals the European average. This in fact shows that the landholding in India can be made viable even with full
Table 1.1: Per capita availability of arable land in selected countries during 1980-81.

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Country</th>
<th>Per capita Arable land (in hectares)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>SOUTH AMERICA (Average)</td>
<td>0.50</td>
</tr>
<tr>
<td>1</td>
<td>Brazil</td>
<td>0.28</td>
</tr>
<tr>
<td>2</td>
<td>Chile</td>
<td>0.54</td>
</tr>
<tr>
<td>3</td>
<td>Peru</td>
<td>0.18</td>
</tr>
<tr>
<td>II</td>
<td>ASIA (Average)</td>
<td>0.20</td>
</tr>
<tr>
<td>1</td>
<td>China</td>
<td>0.16</td>
</tr>
<tr>
<td>2</td>
<td>India</td>
<td>0.29</td>
</tr>
<tr>
<td>3</td>
<td>Japan</td>
<td>0.04</td>
</tr>
<tr>
<td>III</td>
<td>EUROPE (Average)</td>
<td>0.30</td>
</tr>
<tr>
<td>IV</td>
<td>AFRICA (Average)</td>
<td>0.60</td>
</tr>
<tr>
<td>V</td>
<td>NORTH AMERICA (Average)</td>
<td>1.16</td>
</tr>
<tr>
<td>1</td>
<td>Canada</td>
<td>2.03</td>
</tr>
<tr>
<td>2</td>
<td>Mexico</td>
<td>0.51</td>
</tr>
<tr>
<td>3</td>
<td>U.S.A</td>
<td>0.93</td>
</tr>
</tbody>
</table>

implementation of tenancy reform, if other things are taken care of. These include the variation in climate and environmental conditions, prevailing political philosophy, social constraints and existing growth rate. Thus the 'size' by itself cannot hinder the progress of agrarian sector of the Indian economy.

Another important factor that determines productivity is the incentive for cultivation. This mainly depends on the tenurial condition of the farmer which in turn provides him with all necessary inputs for cultivation including credit. Landholding is a key form of expressing economic power (with other powers centred around it) in the rural society. Breaking the concentration of landholding through redistribution of land to the poor is one way of achieving social justice. This has been accomplished in most of the agrarian societies through peaceful or revolutionary methods in the present century.

It is fairly evident that mere distribution of ownership rights, i.e., holding titles without regard to the production efficiency of an average land holding, negates the basic purpose of tenancy reform. And the failure on the economic front soon spreads to the other spheres of life. Under such conditions, goals of achieving
equal social and political power remain only on paper. The political solution may appear to have conferred social benefits in the short run. But in the long run when there is a failure in the achievement of an economic growth with equity, the entire exercise becomes futile.

To a critical observer, the relation between land reform and farm productivity becomes obvious. But on surface only the social and political factors catch the eye of a general observer. It is difficult to generalise about the causes of different forms of land tenure. It is even more difficult to generalise their impact. As pointed out "one can find examples of highly productive use of land under bad tenurial conditions and of thoroughly bad land use under what appears to be ideal conditions of tenure".\(^1\) An example to this effect is provided by the Egyptian system of share tenancy, before 1952 which virtually reduced the status of tenants to that of ill-paid labourers. Yet under it the cotton yield per acre was the highest in the world, the yield of maize was equal to that in United States and of wheat higher than the European average.\(^2\)

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Thus to start with the redistribution of land through land reform is not necessarily based on economic efficiency. Social factors may serve as the root cause of the reform. But once it is envisaged, economic efficiency has to be maintained. Otherwise, it will lead to greater social evils.

The relation between land tenure and farm efficiency becomes pronounced where the title to hold land confers all the other powers in a society. In a poor society economic considerations dominate social attitudes. Herring observes that "Because land is the centre of agrarian system and control of land traditionally coincided with political and economic power, it is tempting to centre our investigation of power productivity connections on land tenure system and efficiency questions". This observation aptly suits the Indian condition with its solidified agriculture system and structure.

Thus any reform has to use the land resource with maximum efficiency. Besides, it also becomes equally important to examine who gets the revenue from increased production efficiency and thus who can buy what is produced.

One person's advantage may be another's exploitation. Thus the two classical concerns of normative economics - how to increase productive efficiency and how to reconcile this with distributive justice - are the natural tests for any reform programme. Tenancy reform being a programme mainly to benefit the lower strata of a poor economy, this question becomes all the more important.

THE PROBLEM

It is necessary at this stage to have a demarcation between the socio-political role of tenancy reform and its economic effects. This does not mean that socio-political factors have no say in economic functions. In fact initially these factors exercise a greater impact on the process of production. In the early stages of growth of capitalism, capital operates through the existing social organisation of production. But in the long run if the production process has to be controlled by economic factors and market conditions, it is necessary to bring in the socio-political power equations.

In a country like India, where the economy is still in the early stages of growth, these social and political power equations determine the economic process particularly with
respect to agriculture. The process as well as the effects of the land reform are controlled at various levels by the power configuration of the agrarian society. The expected economic results are also affected by this socio-political factors which control the production potentials and capabilities of the farmer. The effort in this thesis is to examine the economic issues arising from tenancy reforms.

LAND REFORM AND ECONOMICS OF AGRICULTURE

A general study of agricultural economics considers agrarian reform as a whole in any given society. Land reform with its components like tenancy and tenurial reform and redistribution, is examined together with the other production promoting measures. This mixing of reform instruments makes a systematic study of any one component somewhat difficult.

While considering the economic effects of tenancy reform, a common question can be posed: Does there exist a relation between the institutional aspects of land reform, the subsequent changes in it and the economic variables like production, employment and income involved in the process? If the answer is yes, then to what extent? In what manner does it affect the agricultural economy?
are its long and short run effects? Will it have a say in the growth of economy in the desired direction?

Answers to these questions involve the economic efficiency of the farmer which is influenced by tenancy reform. This expresses itself in the following forms:

(i) Differences in economic capabilities.
(ii) Variation in incentives (to invest and work).
(iii) Variation in the size of holding.

All these factors are reflected in the changes in productivity, employment and income of the landholding class. The variation and changes in these factors bring about differences in the production ability of the farming classes.

(i) **Economic Capabilities**

For a simple analysis, agrarian classes may be divided into (i) landlords and rich peasants, (ii) poor peasants (mainly ex-tenants) and (iii) landless agricultural labourers. No doubt, as Rudra and Bardhan observe, there will be interlocking or cross-existence of the first two classes. But assuming that such a phenomenon is negligible one may consider the above three categories of peasants.
In practice, it may be adequate to recognise only two classes (viz., rich and poor farmers). Thus keeping the agricultural labourer aside for the time being, one may analyse the economic efficiency of production with reference to these two classes who essentially participate in cultivation. This is to be done in the light of tenancy reform and its economic consequences.

At the outset there exists a difference between economic capabilities of poor peasants (who were mostly former tenants) and the rich farmers, due to unequal and inadequate access to land. This has resulted in unequal access to other factors in agriculture - water, credit, fertilizers, market outlet, machinery etc, leading to a wider inequality aggravating the poverty of the already poor peasants. This is mainly due to unequal landholdings. The big landowner translates his economic advantage into political power and monopolises the resulting benefits.

Such a situation is all the more serious and conspicuous in a society where land is traditionally as well as historically linked with political and social powers. Concentration of financial institutions in the hands of rich farmers and money lenders further aggravates this depressing situation. Hence, to quote Herring, "There exists a
configuration of land holdings in particular which dampens the productivity in the short run and vitiates the prospects for investment, technical change and growth over time".  

The variation in economic capabilities of different classes leads to variation in input capacities, in turn affecting the production efficiency. Rudra\(^5\) observes that, one can recognise only two well developed classes in Indian agriculture: the class of big land owners and the class of agricultural workers. This conclusion is drawn by looking at the wide gap between the agrarian sections. The small holder is akin to an agricultural labourer from this viewpoint.

The classes of rich farmer and poor peasants have their own advantages and limitations. The inherited power equation gives the rich farmer the advantages of land area, capital, finance, input and technology related to cultivation. On the contrary, the small farmer has the advantage of own labour and incentive to work.


In the context of growth the issue reduces to the following: which class will have greater access to the advantages of the other? The ability to block the flow of advantages to the other class also serves to maintain a hold over it. The main component of economic capability of the rich farmer undoubtedly is the capital and credit market. Through them he can easily buy labour which is the only advantage of the poor peasant. Further, the modern methods of farming, mainly the indivisible inputs like machinery and other technologies can be categorised as 'advantages' of the rich class. These modern methods do not carry along with them (built in) distributive effects (of social justice). For instance, tractor is an advantage in the hands of a large farmer.

The social, political and economic powers not being evenly distributed, are concentrated in varying degree over the regions. This power concentration is a direct legacy of tenurial conditions that historically prevailed over the region. With all structural and economic powers to his advantage, the rich landlord grabs the initiatives and reaches out for the advantages of small peasant along with his own.
However a landlord having a clear edge over the poor peasant in economic capabilities often fails to transform it into production efficiency. In other words, he fails to raise productivity. The small farmer on the other hand strives to increase the economic efficiency of his farm in order to overcome his poverty. He makes an optimum use of the available resources and especially of labour. The size of holding being small the only option for him is to increase productive efficiency through better utilization of labour.

Thus the varied economic capabilities are vital factors in deciding farm efficiency. Tenurial conditions and tenancy reforms induce direct changes in these capabilities. Of course, mere implementation of tenancy laws cannot change the economic capabilities or the power configuration of a farmer in one stroke. But it does make a beginning to alter this power equation. Thus tenancy reforms and these economic issues are related.

(ii) Land Reform as incentive for production

It is an accepted fact that ownership right provides the highest incentive for production activity. With the confirmation of ownership rights through tenancy reform the
tenants become owners. The absence of the fear of the landlord taking away the produce and the existing poverty conditions make them toil hard. Ownership provides the greatest impetus to the small farmer to invest the available input in the field to best advantage.

Labour is his greatest asset. The traditional knowledge also comes in handy. The poor peasant class makes the best use of these assets and tries to produce the maximum on a given area. In contrast the large farmer lacks this incentive. As he owns a large area he does not have the incentive to raise productivity. This has resulted in the small farmers being economically more efficient and also in providing greater employment.

In the third world countries today there is a great pressure on land with scarcity of capital resources which limits the expansion to other sectors. Hence any programme to create employment opportunities in the agriculture sector has to be appreciated. Through out the world particularly in Srilanka, Columbia, Peru, Latin America, Thailand and Egypt - where land reforms have been implemented it has generated substantial additional employment in agriculture.

The higher incentive provided by land reforms thus undoubtedly results in higher productivity and greater
employment opportunities for the class of small peasants. Even for the large farmers, it can act as an incentive for self participation in agricultural operations, though to a lesser extent than in the small peasant class. But to that extent it can lead to an increase in the efficiency even in large farmer class.

Thus the impact of tenancy reform on the incentive factor is beyond dispute though it may be at varying degree in the different classes.

(iii) Land Reform: size of holding and productivity

The issue of farm size and productivity are essentially connected with reforms in the developing countries with a high population pressure on land. Land reform brings change in size of operational and total holdings through tenancy reform and ceiling limitations. In India the per capita size of land holding has decreased with increasing rural population and the consequent increase in holdings (inheritance rights, subdivision and fragmentation of land) over the years.

Experience in various countries has shown that reduction in size does not imply nonviability. Even in
countries like Japan and Egypt where land is scarce, nonviability was overcome through cooperative farming. The percapita size of arable land in India is 0.29 hectares. Of course, the actual operational percapita in the cultivating population alone is higher. The issue therefore is to examine whether small farms in the country are economically viable or not.

It is also necessary to note that land reform is criticised as a failure on the economic front in India mainly on the issue of productive efficiency. If small farmers have proved to be production efficient there is no need for this criticism. If it is not the poor efficiency of small farmers, then what is wrong within the built-in-structure of Indian agrarian society? Is land reform considered to be an end in itself neglecting other comprehensive programmes? Have we accepted the apparent short term social equality at the cost of economic efficiency?

All these questions lead us to critically analyse the economic efficiency in the Indian agrarian structure against the given land reform programmes. This calls for a critical examination of the system. But before doing this we may examine a few empirical evidences of other countries.
To recall the Mexican achievement where "Land reform has not at all impaired that country's economic development; for social achievements have not been made at the expense of economic progress".  

**LAND REFORM AND ECONOMIC EFFICIENCY : EMPIRICAL EVIDENCES :**

The economic efficiency is judged on three factors: productivity, employment and the resultant income level. The earlier mentioned three aspects - economic capabilities, incentive for cultivation and size of holding affect these factors. A relative analysis of these issues based on the tenurial conditions and reforms will help in understanding the economic consequences of these reform measures.

The 20th century marked the implementation of agrarian reforms either through revolution or as an evolutionary process throughout the world, the Russian revolution paving the way for such a phenomenon. Russia used a cooperative farming system achieved through authoritarian or coercive power. The rich landlords were ruthlessly subdued and their large holdings were taken over by the government and

cultivated on cooperative basis with the help of small farmers. Thus efficiency was achieved through cooperative farming.

The Chinese strategy was also based on cooperative principle. It was a step by step approach to socialistic transformation by establishing cooperatives of small agricultural producers, land being owned as shares under united management. Ultimately these small cooperatives organised into larger cooperatives. Here again the efficiency of production was maintained through cooperation.

The Vietnamese reform was based on the principle of 'three together' (eating, living and working) as practised by peasants. By 1957 the land reform programme was completed with the poorest peasants owning an average of 0.70 hectares. This was followed by a higher form of cooperation involving planning for rational farming. But under this the trend was that the poorest peasants were losing their lands to the wealthier peasants for want of operating capital. To solve this problem cooperation was introduced in 1958 in the form of pooling land for collective cultivation on the Chinese model. The successful campaign saw that a programme of full collectivisation was envisaged by 1962. Smaller cooperatives were merged to
form larger ones where land and other means of production were collectively owned and members were paid in proportion to work days of labour contribution.

The Cuban logic did not disrupt the large estates practising economies of scale. About 30 per cent of all farm land was under the large sugar companies. But exemption from reform was given to farms producing above the national average. Ownership rights were bestowed on all tillers of soil including tenants and share croppers up to 67 hectares. The most striking feature of the Cuban reform was that every person who worked on land was entitled to a 'vital minimum' of 27 hectares.

No doubt in the socialist countries the emphasis was on distribution and social justice. But it should be noted that efforts to raise production were made consistent with the new changed set of relations through cooperative principle. The ownership of the major means of production was with the state or the cooperatives.

The Tanzanian and Algerian experiments also show that economic factors are to be borne in mind while implementing reforms. Even though in Tanzania, a non-socialistic
country when the 'Ujmaas' could not respond adequately to the production crisis, a policy of enforcement was sought to accelerate the process of villagisation with increased state intervention. Algerian reform followed the three phases of (i) redistribution of land and livestock, (ii) the organisation of recipients of land into various kinds of production cooperatives and the coordinated grouping of these cooperatives together with the existing private farms into service cooperatives and (iii) establishment of a peasant union and upgrading rural settlement structures.

The Peruvian model can be termed as 'a plan for pluralist development'. There is a provision for state enterprise sector, a private enterprise sector and a wide spectrum of self-managed enterprises. Cooperatives and social property enterprises co-existed. It was neither capitalist nor communist in nature. But there was scope for growth and efficiency in production.

Mexican reform has the support of large scale peasant movements led by peasant revolutionaries. The emergence of

* Ujmaas - Initially conceived as a voluntary association of people who decide of their own free will to live together for common good. This resulted in collective agriculture with collective infrastructural input and distribution of income on the basis of work contribution.
'ejido' unit of 'ejidatarios' as collective production units with the concurrent run of capitalist sector made the agriculture sector economically competitive.

The Japanese experience has shown that reduction in farm size does not mean nonviability. The land reform of 1946 with the destruction of industries during the war resulted in an increase of total number of farmers from 5 1/2 million in 1944 to 6 million in 1950 and hence a reduction of average size of holding to .29 acres. This was alleviated by cooperative movement. Hence there was no reduction in total production. It is also true that the law enforcing machinery did not have any loopholes. As Galbraith observed - "General Douglass MacArthur's land reform in Japan and Korea, one of the more remarkable achievements of an occupying army were peaceful because any protest was futile".7

Egypt under Nasser dealt with the problem of small holdings and poor farmers through cooperative organisation. This was a compulsory arrangement by the government. The simple logic by which Egyptian land reform worked was expressed by Warriner thus : "It used to be said that Egypt

is a country of large properties and small farms. So far as the requisitioned land goes the reverse is true. It is held by small proprietors and formed into large units".  

The Egyptian and Japanese experiments also prove that nonviability can be overcome by pooling and farming cooperative.

Several other Asian countries like Bangladesh, Pakistan, Srilanka and Nepal have enacted land reform over the last two decades. But the achievements recorded by the countries mentioned earlier were not repeated by these countries. Too many weak points or loopholes in the enacted laws was the main reason for this. Only Phillippines has achieved implementation of reform laws for the rice-corn land preserving a high production efficiency.

It is noted that land reform programmes have generated additional employment in all these countries. In Peru, Cuba and even in Srilanka the reforms have increased the monthly employment in agriculture from 20 to 30 days. Cooperative

small holdings often increase employment. Paul Harrison has found that small farms absorb a great deal more labour than large ones - thirty to sixty times more man days per hectare in Latin America, and produce three to fourteen times more food. In Thailand, holdings of two to six acres gave yields 55 per cent higher than farms of 140 or more acres.

Increasing food production and employment on limited land were the two urgent tasks in most parts of the third world. As rural poverty increased with greater polarization of power and wealth, virtually every government has enacted land reform. In most of the Asian countries it was ineffective either because the legislation had many legal loopholes or the administrators in charge of implementation did not carry it out effectively. But it should be noted that even in Asian countries like Taiwan and South Korea, land reform has practically wiped out tenancy and largeholding, creating mostly small holdings. It has also successfully brought about fundamental changes in the distribution of wealth, income and power in rural areas. Probably this change in power equation in rural society has

been the key factor in maintaining economic efficiency in their agrarian sector.

The above examples of different countries show that land reform can increase productivity, employment, income and wealth of the poverty stricken rural masses. The failure to achieve economic efficiency along with social justice by several Asian countries is due to the loopholes in the laws. The historically built-in feudalistic power polarization still continues in these societies despite the land reform measures. As a result land reform measures have not been able to transform themselves into socio-economic organisation to achieve economic efficiency in the agricultural sector. At the same time, it is also noted that when properly planned and implemented land reform can achieve both social and economic goals. The deficiency of small holdings can be overcome through cooperative methods. In brief, if proper supportive measures are taken land reform can achieve the desired goals in any economy.

LAND REFORM AND ECONOMIC ISSUES: THE INDIAN EXPERIENCE

It is noted above that land reform has specific economic implications in any agrarian economy. The worldwide examples show the varying nature of economic
effects of land reform together with the possible reasons for them. It has been proved that if land reform is properly planned and implemented with a right background there is no reason for its failure. Now the question is what are the role and effects of land reform in India? This question calls for a detailed explanation. The effect of land reform in its economic capabilities, as an incentive for cultivation and its impact on size of holding are to be explored.

The economic efficiency is reflected by changes in factors like productivity, employment and income. The Indian experience is analysed now from this angle.

The capabilities, incentive and farm size have to vary in order to realize the desired economic change. In India these factors are interlinked with the feudalistic history of the agrarian society. Concentration of land, resulting in concentration of economic, political and social powers has led to polarization. When a change occurs this powerful class can easily transform it for its own advantage.

It is difficult to quantify the consequence of land reform on production relations in absolute terms especially
in the Indian context, separating independent variables from the dependent ones. Bergmann remarks thus on the Indian agrarian sector: "Only a part of the effects can be measured and expressed statistically, external factors and divisions in economic policies concur but their effects can be isolated". 10

But there seems to be a general consensus today about the fact that production efficiency is related to the inbuilt structural factors in an agrarian society. The tenurial reform has not been able to break this "structural production equation". Whenever an economic change is induced, it presumes certain prior social adjustments.* The expected economic change takes more time to be operative in a society without such adjustments. If peasant economy after tenancy reform is to be successfully operative it is imperative that the landlord dominated feudalistic production equation is removed.


* It is interesting to note that the voice against adoption of western technology in the third world, is again based on lack of this adjustment to a great extent. The concept of appropriate technology is evolved for want of sufficient infrastructural facilities which includes a lot of social factors as well (e.g. education) which is a pre-requisite for adoption of the western technology.
This has not happened in India. The economic, social and political powers all rolled into one are still concentrated in the hands of a few dominant sections. This leads to doubt the claim that social equity and justice are achieved through land reform in India. The power concentration places certain sections in an advantageous position to grab the facilities in production relations. Any specified development programme, assistance and credit facilities are quickly absorbed by these dominant power centred sections. This leaves the poor peasants in poorer conditions. Owning of a small holding becomes a liability in such a system.

The tenancy has reform left the poor Indian farmer with only land and labour as input factors. The size of holding has also been reduced. Its influence on production efficiency becomes pronounced in the Indian setting for the above stated reasons. The reform has confirmed ownership right to the tenants and made them owner-cultivators. This has increased the number of small farmers. In fact this should transfer a large proportion of generated income into the hands of small peasants. But this has not happened. This is the slip between the cup and the lip. The fault again lies with the prevailing ownership pattern which has
the inherited feudalistic nature. The dominant class controls the distribution of additional wealth which determines the future production capabilities. Mere variation in size and transfer of ownership rights fail to bring about the desired outcome.

The 'small size' has the support of social justice to its credit. Khusro\textsuperscript{10a} (1973) has established the higher efficiency and labour intensity of small farms. This can be universally achieved within the country only if the above described power configuration of the dominant class is struck at its roots.

Another peculiar aspect of Indian agrarian system is that its production efficiency can be related to the social caste system. Consider a landlord who has lost land due to reform and is left with a reduced holding. Naturally he is expected to make a better use of available land. But if he were to be a Brahmin, he generally lacks the experience of personal cultivation. The social and religious taboos prevent him from tilling the soil. On the other hand, a lower caste tenant or landlord with the traditional experience behind him will be in an advantageous position as

\textsuperscript{10a} Khusro.A.M : The Economics of Land Reform and Farm size in India, Macmillan, 1973.
far as cultivation is concerned. However this is not a decisive factor affecting the efficiency at the macro level.

A macro study by Chattopadhyaya\textsuperscript{11} relating productivity and tenurial conditions in various size classes across the country reflects different trends. In the case of Punjab he found a positive correlation between output per hectare and farm size for all crops in the case of both owner and tenant cultivated farms, while in Assam the output per hectare decreased with an increase in size among owner cultivators, but increased for tenant cultivators. The study thus proves that there is a definite relation between tenurial condition and productivity though the nature of the relation is not clear. Besides, it also points out that these relations may vary from one region to another.

Another point to be explored is whether "size neutrality" behaviour of resources can be accepted in the Indian situation. The economic efficiency being a function of social, economic and political power combination, the access to resources cannot be neutral. The 'scale' issue is also related to the power structure which is a result of tenurial status of the farmer. Thus 'size' or 'scale' neutrality of land or resources is decided to a considerable extent by the power status of the farmer.

\textsuperscript{11} Chattopadhyaya - Technology transfer and Agricultural Development - Calcutta - 1984.
extent by the prevailing tenurial condition. Hence economic efficiency which can be achieved by size or scale neutrality advantage is hindered by the existing agrarian structure.

The other issue which needs a clarification besides productivity is employment. Khusro, as mentioned earlier, has specifically stated that small farms have greater employment capacity. The farm size and tenurial conditions are directly related. The question is whether it is proper to generalise that the erstwhile tenants who are the present owners are all small holders? Does in all cases reform reduce the size of holding? For instance, in certain parts of Karnataka like Tumkur, the reform has led to concentration of land in the hands of erstwhile rich tenants who turn out to be the present dominant owner-cultivators. This has led to reduction in employment in these farms.12 This indicates that farm size, tenurial condition and employment are directly related.

In the economic efficiency it is not the total labour intake that matters, but it is the efficiency of labour utilisation in a given system. Tenurial condition has an

influence on labour efficiency too. Ownership right provides greater incentive to work hard for a small farmer who was formerly a tenant. He mostly utilizes his family labour for cultivation and strives to make a better use of even hired labour, if there is any, since labour forms the major input on a small farm and it allows better supervision.

Chattopadhyaya\textsuperscript{13} in his study analysing the labour input per hectare (by farm size) under different types of tenure in the country significantly finds that (a) small farmers of purely owner-cultivated farms use more labour as compared to small farmers of tenant or owner-cum tenant cultivated farms and (b) large farmers of purely tenant cultivated farms use more labour input than large farmers of other types of tenure. This again shows that small farmers when conferred with ownership right, employ more labour than large farm owners. Thus it is neither the size nor the tenurial status in isolation that determines the amount of labour intake but it is a combination of these two factors.

Bergmann\textsuperscript{14} states that no employment effect could be found in China or India due to reform. But with such a massive population being dependent on agriculture, it is obviously important to study and clarify these conflicting opinions. For doing this it is essential to study the intensity of employment before and after different tenurial conditions, which has to be tested in different regions.

It is also argued that land reform has led to displacement of labourers from the agrarian sector.\textsuperscript{15} This aspect needs to be explored; whether employment generation is positively related to land reform or not. Can economic efficiency exist or be achieved without increased labour intake? If yes, should it be encouraged?

Even the employment generation factor may be controlled by the much discussed power-structure that operates in the Indian agricultural society. Herring\textsuperscript{16} opines that the traditional argument in favour of small farms has indeed been on employment grounds, but the characteristic labour

\textsuperscript{14} Bergmann, T. - Opp. cited - P.19.


intensity of family labour coexists with extremely low returns to the labour of small farmer and a marked inability to mobilise labour resources to improve the infrastructure of agriculture. Mobilising labour resource primarily depends on the economic and social capabilities of the farmer which again points towards his erstwhile tenurial condition.

Finally, income being the fruit of economic efficiency achieved through higher productivity and employment, the relation proved or disproved between these factors and tenurial conditions will obviously relate the level of income and tenure conditions. Income here refers to only farm income.

Thus in brief there does exist a relation between economic efficiency and tenurial conditions in the Indian agricultural system. The tenurial conditions are best expressed through the power configuration or power structure of a region. To quote Herring\textsuperscript{17} "Finally because of extensive connection between local power holders and local agencies of the state and because of the different distributive implications of various development strategies, ideologies expressed by various regions, the productivity of

\textsuperscript{17} Herring - opp. cited.
resources - material, technical, financial and human - developed by the state must be assessed in conjunction with analysis of local power structure". It is desirable to stress again that this local power structure is the product of present and past tenancy conditions of the region. Ownership of land was (and also is) the cause of all types of power in the Indian society. Hence the utilisation of all these resources and their economic efficiency are ultimately determined by the tenurial conditions that prevailed and changes there of.

To conclude, as the empirical evidences in various countries have shown, in India too the economic efficiency in agriculture is essentially dependent on the tenurial conditions. Land reform has set in motion changes in these aspects and has also affected the production. However, the Indian conditions differ and a different type of production possibility and employment effect are recorded. But, economic efficiency need not necessarily be friendly with equity and social justice. Like the Mexican experience where social achievements are not hindered even while maintaining economic progress through land reform, a target can be set in India. In order to do this land reform should have its own ground to be established on economic criteria. In this setting the present study aims at
establishing a definite relation between the economic indicators like productivity, employment and income and the changed tenurial conditions due to tenancy reforms in the Indian agrarian system.