CHAPTER - III

REVIEW OF LITERATURE

The development of land reform and the underlying ideas are chronologically reviewed briefly. Different schools of thoughts are identified, compared and contrasted. Four phases in the development of conceptual framework of land reform are noted, though they are partly overlapping. Some implicational questions are raised as to the course of these events, particularly in the light of the Indian experience.

There is a vast and varied literature on land reform and its consequences. A comprehensive review of the material is an uphill task. A holistic approach to the problem, covering primarily the economic aspect is attempted. Separate reference to socio-political aspects is inevitable in this review. But isolating these factors into watertight compartments and examining them may be misleading. The economics of land reform arises mainly out of the political and social environment in which it is conceived and implemented. The seeds of its present economic character essentially lie in the set-up in which it has grown. Thus in addition to economists working out the
theory of land reform and its consequences, there are the others like political thinkers, sociologists, social anthropologists, peasant leaders, social workers and even statisticians who have ventured into this area with the overtone of their own views, experiences and knowledge.

Land reforms have acquired a very broad scope covering major aspects of agrarian reform. This has led to use land reform as a synonym to agrarian reform. But it should be clearly recognised that land reform is only an aspect of agrarian reform, though it is fundamental and predominant. Scholars have focussed on the varied effect of reform like social justice, efficiency in agricultural production and political implications. Since the main concern of this thesis is land reform and agricultural efficiency, the review hinges on this aspect as examined by different thinkers.

Economists have discussed at length the interrelations between farm size and production efficiency, input variations and different modes of land management like owner operation, tenant-operation or share-cropping. They do not attribute the findings only to economic factors. The economic and social factors are intricately connected and thus one is faced with an array of factors which could form
the basis for judging the efficacy of land reform programme.¹

It is often argued that agrarian reform in the first instance is a political move and its social implications are derivatives. The economic aspects have been well focussed by the urgent problems of our time. Here the term agrarian reform is used to connote the land reform measures and specifically tenancy reform.

Increase in population with a growing demand for food has led to an increased pressure on land both in terms of area under production and productivity. This has in turn led to a flow of thoughts contributing to the historical evolution. The basic need for more area for living has led to a change in political thinking and the demand for food has induced a change in the concept of productivity in agriculture. Since both the concepts are essentially connected with land, the two ideologies invariably overlap. "Each existing agrarian structure is thus the result of a continuous process of adaptation of man, land and technology in an ever changing combination of factors and relations".²


Thus the adaptation is to be measured from the standpoint from which it is envisaged. The reason for opposing views regarding the economic impact of land reform can be traced to the fact that it was originally started as a political programme, but today its success or failure is being examined as an economic measure.

It would have been possible to gauge correctly the economics of land reform if it were to be formulated exclusively from the economic standpoint. Unfortunately this is not the case; politics has its own views and aspirations which may be sometimes detrimental to economic growth.

Nevertheless, due to its inbuilt nature, agriculture responds to land reform measures according to the laws of economics. The areas where it particularly reacts to the economics of production are - size and productivity, input-output relations, use of managerial skills and capabilities and ownership type and pattern. Khusro, Srinivasan, Bardhan and others have worked on these lines of measuring the economic efficiency of land reform under different tenurial conditions.

The agrarian question involves conflict of interests which assumes both open and hidden forms. These conflicts,
as Joshi rightly observed "are fought not only on the
economic and political plane but also on the intellectual or
the scientific plane. Conflict of interests is thus
transformed into conflicts of ideologies, approaches and
interpretations". A review of theoretical analysis
relating to agrarian reforms and arriving at concrete
conclusions is difficult.

**Two Schools:**

Historically we can identify two different schools of
thought in conceptualising land policy. The first led by
Keith Griffen and Michael Lipton which may be termed as the
Liberal or Structural school, and the second the Marxist
School, profoundly influenced by Marxian thoughts.

For Lipton, an exponent of liberal school, land reform
or agrarian reform in general comprises (a) the compulsory
take over of land by the state or by the biggest land owners
with partial compensation, and (b) farming of that land in
such a way as to spread the benefits of the land-man
relation more widely than before the takeover. Though

3. Joshi P.C. - Land Reforms in India - Allied, New Delhi,
1975, P.4.

4. Michael Lipton - "Towards theory of land reforms" in
David Lehmann. Agrarian reform and agrarian reformism
Lipton refers to tenancy reform as a limited measure, the implications of most liberal studies and Lipton's definition are by and large the same.

The liberal school does not put much emphasis on the role of production: backwardness is mainly attributed to inequality of land distribution. Griffen opines that this inequality places the large farmer at an advantage in land and credit availability. In such an analysis the ownership of land is at the centre of agrarian reform. The liberal school also does not lay sufficient emphasis on the historical character of the agrarian society. This ahistoricism limits the way the past is viewed and hence fails to realise the structurally built-in concepts of the system. This curtails perceptions of the future. As an example, the Indian case may be cited where there are many regions with fairly favourable distribution of land among the farmers, but a few farmers control the majority mainly through credit and other social advantages which are historically moulded.

Lipton also makes a distinction between distributivist and collectivist reforms as alternatives. In particular he is sceptical about the Indian land reform measures. He

opines that although the (Indian) planners tell us that the main objective of land reform is to raise agricultural output, the chapter on land reform never analyses its effect on production. Therefore it seems unlikely that types and areas of land reform have been selected so as to maximise the rate of return to plan projects.6

Analyzing the concept of 'land to the tiller' Lipton states, "A smaller holding, raising labour input (and hence output) per acre in the short run, but reducing investible resources per acre and hence possibly lowering output per acre in the long run". Lipton does not provide empirical evidence for the above statement but adds that research is needed to guide the planners to realise the short-term and long term effects of distributivist land reforms"7. He views the Indian reform mostly from the distributivist point of view and sees an apparent failure to link land reform to productivity.

The development of liberal school sometimes appears as a safeguard against popularity of Marxian ideals. The neglect of historical approach itself can be cited as an


7. Ibid - P.123.
attempt in this direction. In such a move reform is seen as an end in itself. Then it became imperative for the liberals to prove that land reform is economically more efficient than the existing system. A revival of Chauvinist thought, the inverse relation between farm size and productivity - became the major part of such a thinking. As a consequence the economic efficiency of small farms and the reformed tenancy system became the focus of several liberal economists.

Such a development in the theoretical ideals can be viewed as a deliberate move by the concerned sections to counter the growth of the Marxian ideals. Pani rightly observed, "Implicit in such writing is often the view that unless the economic efficiency of small farms is proved one cannot build a case for land reforms. Needless to say such a conception overplays the role of economics at the expense of political and social gains of land reform movement".

This analysis leads one to a moot question. Is the ahistorical approach adopted by the liberal school a deliberate one as a check against the onslaught of Marxian ideology? Such a query prompts an extensive examination of several contemporary growth ideologies, which is outside

the scope of the present study. Anyway the liberal school successfully placed economic efficiency as a requisite outcome of land reform in particular and agrarian reform in general.

Marxian school analyses the reform mostly from the land relation view point. For the followers of Marxian school, land reform itself is a tool to change the nature of land relations. It is an inevitable historical growth given the agrarian structure that prevailed. For them it is a stage of historical development and has less to do with economic efficiency of the cultivation practices. It is more of a social evolutionary process accelerated by political will.

For Marxian school thus 'equity' is at a higher plane than 'efficiency'. Land reform for them is primarily a means to achieve social justice rather than for increasing productivity.

The Indian Background

In the Indian context the land reform issue was dealt at different stages of policy formulation starting with the British period. There developed two schools of thought—Colonial and Nationalistic. As Myrdal rightly said, 'the
colonial theory referred to the backwardness as a result of its own inbuilt weakness without a reference to their contribution to the backwardness.9

On the other hand, the nationalistic school tried to analyse the causes of backwardness in the light of British rule. Besides, it also propagated the institutional approach in which there was a profound concern for agrarian structure and its effects on economic progress. Land problem and policy were proposed as crucial areas for intellectual enquiry and political interventions by the nationalists.

Even while the British adopted an institutional approach, as Joshi rightly observed, "They avoided reference to the hard core of the institutional structure viz. the land relations"10.

Though nationalist thinkers like Ranade and Dutt criticized land policy under the British, they did not develop a well suited, elaborate, alternative land reform

measure. Even the Gandhian approach to rural problems does not contribute much in this direction. It was the political process which took up the land problem in the real sense. A solution to landlordism and usury was called for as early as 1935 by the Indian National Congress. Even the followers of Marxian path of the so called radicals fell short of the expectation on this issue.

The British depended on the support of landlords or the middlemen of the Zamindars for revenue. Hence there was no real pressure for a comprehensive land reform from any corner as long as the land revenue was assured. In the later days of freedom struggle again it was this affluent class which identified itself with the congress and the political process that started the land reform ideology. It was bereft of enthusiasm. Both in the case of the British and the Indian National Congress, the fear of alienation from the landholding class thwarted the evolution of land reform policy in the country.

After independence in 1947, there arose social and political factors which prompted the land reform measures rather than economic priority. It was the concern of not only the Indian politicians but also of the Western leaders. With communism reigning supreme in Soviet Russia and China,
it was feared that the whole of Asia will soon be lost to communism. A paper by Ladejinsky, then a staff of the World Bank who worked enthusiastically to implement land reform measures in Japan after the War was tilted "Too late to save Asia". ¹¹

The urgency was more socio-political than economic. The mood then is best expressed in the following statement, "The only way to thwart Communist design in Asia is to preclude such revolutionary outbursts through timely reform peacefully before the peasants take the law into their own hands". ¹² In support of such a viewpoint and the short time factor for the task to be realised, the same author notes, "India's needs for technical farm improvement are overwhelming and Nehru is well aware of it. But he is equally conscious of the urgency for a concurrent land reform programme which will give the Indian peasant an incentive to improve and a sense of responsibility". He continues, "Nehru's motivation is economic, social as well as political". He has said: "If we don't do it they


¹² Ibid - P.132.
will - and they are the communists" 13

Thus though the economic importance was about to be considered for a land reform policy in India, the political circumstances relegated it to the background at least temporarily. The analysis from the economic angle was a later growth after the formulation of land policy and its implementation.

The Historical Perspective

The later writers in the field like Cohen, Bergman, Herring, Desai, Bardhan, Sen, Rudra, Srinivasan, Rudolph, Rayappa and Pani, all examined the issue from the agrarian structural view point with a historical perspective. The issue of equity is analysed from a future perspective. The prevailing production relations and efficiency are examined in the light of the historical setting that a particular society has evolved. It is in a sense a synchronised outlook of economic and social problems. Unlike structural or Marxian ideologies, these writers are more analytical and critical of the real issues.

Cohen14 identifies three distinct phases in any

agrarian reform in the long run: the social, political and economic in that order, one preceding the other. He examines the social history and the political forces of reform and tries to relate these to the economic aspects. In a detailed analysis of economic aspects of reforms and agrarian structures, he compares agrarian situations of the past throughout the world and tries to analyse the present from the historical perspective along with the changes that occurred over time. The roles of population growth, industrialisation, commercialisation and spread of technology progress are examined. While evaluating transfer effects of land from one group to another, he distinguishes between the economic effects under three forms of change, namely, ceiling limits, ownership rights and redistribution. He considers the characteristic differences of big and small farmers undergoing the reform and points out that "given the characteristic differences of big and small farms, it can be reasoned a priori that a transfer of farm land from big landlords to small peasants should lead to higher agricultural production. Concurrently the redistribution is likely to lead to more use of labour and less use of other inputs, but the effects on the use of capital may be either positive or negative". He proposes cost benefit analysis to measure the allocative

efficiency of resources affected by land reform. With a detailed analysis of agrarian structure prevailing in India, he shows the production relations of the country to be determined by the landlord leader model'. This suggests that Cohen is of the opinion that the economic efficiency in India is decided by the existing economic superiority of a certain class.

This line of reasoning is noted in almost all the later writers on the subject. According to some, power configuration is a major deciding factor of economic efficiency in agriculture. Agrarian relations and later developments are determined by the existing power structure in a society. The traditional division of an agrarian society into landlords and tenants has been subjected to much criticism when it is done without reference to production relations.

Defining power, Desai observes that "it involves access to resources, control over certain instruments and a social relationship". Access here refers to the political aspect - control of the economic aspect and social relation. Extending this to a dynamic situation he further points out

that "Of the three aspects of power that we defined above, access to resource is measured by access to land and size of initial grain stocks". The economic superiority in production process is conceptualised here by extending the Marxian notion of economic surplus as a source of power. Thus, the economics of agriculture depends on the surplus that a farmer produces and access to land according to these authors.

A further exercise on this power configuration and economic efficiency is seen in Rudra and Bardhan. Rudra even sees the operation of only two classes in the Indian agrarian society. Rejecting the "Received theory" of class which divides the agrarian society into landlords, rich peasants, middle peasants, poor peasants and agricultural labourers, he suggests a two-tier structure of big land-owners and a class of agricultural labourers. This is more in terms of economic efficiency of production relations, though there are other social and political factors which decide this power structure. In the ultimate analysis, it is this power structure which determines the production efficiency in agriculture. Thus the structural


formation of the agrarian society from the historical standpoint, with a changing dynamic technological transformation plays a central role in the efficiency of production.

The growth of such an ideology is a mixture of historical generalisation based on a somewhat Marxian line and a logical deduction based on neo-classical thinking of the West. Rutton\(^\text{19}\) rightly observed that "An understanding of the economic implications of land tenure system rests on a dual foundation. First, there is a set of historical generalisations about the consequences of alternative tenure arrangement and also a set of logical deductions about the effects of alternative tenure arrangements on resource allocation and output levels". He further argues that among the Western economists, economic history and economic logic have combined to produce a remarkable unity in doctrine to the effect that an agricultural sector organised on an owner operated pattern:

(a) achieves a more efficient allocation of resources, and

(b) makes a greater contribution to national economic growth.

Later writers on the Indian agrarian system are also influenced by this mixed approach to the theory of land reform measures. Anyway Rutton finds in his study of the Philippine rice production that "the relation between tenure and productivity is not as clearcut as hypothesised".20

Khusro has successfully tried to relate land tenure to the economics prevailing in the system. He convincingly argues for the successful operation of small farms and their efficiency. Khusro suggests, along with rent control "most important is to ration out the use of agricultural land".21 With such rationing he assumes an economically feasible minimum of land to the tenants with no fear of eviction.

Why will a tenant not go for profit maximisation? This question is technically answered by Khusro while making a case for land reform, especially for tenancy regulation. The reason for the failure of packages like Intensive Area Development Programme (IADP) is that they fail to recognise the form of tenancy that prevailed and the inability to control them. In this regard he opines that "There are thus reasons for believing that a package programme such as

IADP may well run into trouble if undertaken in ignorance of the degree of prevalence of share cropping tenancy and the extent of concealed tenancy".22

Thus Khusro sees tenancy reform as a prerequisite for other development programmes. This idea of Khusro is very true as noted later in the thesis. Alternatively it can be seen by deduction from Khusro's study that land reform, to be successful, should be backed by a package programme. The economic success of reform depends much on this supportive measure. The size, tenancy and production possibilities are best expressed in Khusro's writings. He is also aware of the structural implications of production relations when he states that the input used and the gross produce per hectare of the (earlier) tenant would be lower than the owner cultivator in similar circumstances.

In a parallel line of thought Narayanaswamy and Narasimhan argue the case in favour of land reforms. "No improvement is expected in agricultural output since tenancy farming might reduce agriculture to the verge of ruin, rob the cultivator of all incentive to industry and lead to a permanent depletion of the fertility of the soil".23

22. Ibid. P.29.

Thus the case for land reform is vehemently argued by these economists for the sake of economic efficiency. In such cases the theoretical support for land reform is mainly based on the relation between farm size and productivity. Herring\textsuperscript{24} notes that this argument received substantial support in the early 1960's in India. The data indicated, in virtually every case, that gross output per acre was higher on small farms than on large, suggesting strongly that in a land scarce economy small farms were to be preferred on the grounds of efficiency in order to maximize returns to the scarce factor".

This seemingly overwhelming evidence that small farms were more productive than large ones added encouragement to the ceiling model as a development tool. But this has been challenged by Ashok Rudra. He argues that there is no reason to believe that the same relation between size and yield should hold across the extremely diverse agronomic regions of India.\textsuperscript{25} A continuation of this argument can be seen in his later writings where he stresses the importance of prevailing agrarian social structure which plays a major

\textsuperscript{24} Herring J.R. : Land to the tiller, Oxford, New Delhi, 1983. P.224.

role in the production relation of the farmers. The power configuration is a major factor deciding the advantages and disadvantages for resource accessibility which determines the efficiency of the cultivator.

However, the arguments cannot be cited as cases against land reform measures. It is a well established fact that small farms are labour intensive and hence they lead to greater employment. Evidently the critical problems of unemployment, production and rural poverty could be addressed through ceiling reform. The question of lower limit or the so called floor level according to Khusro could be 5 acres (at the time of his study). A limit lower than this can lead to diseconomies in production capacity like inability to generate sufficient income to allow investment in fixed and working capitals.

Making a case for land reform against those who argue that it leads to nonviable farms considering the higher labour intensive nature of small farms, Herring states "one major conceptual problem in the prevailing paradigm is that the notion of efficiency implies maximizing gross production per unit of land which is by no means unexceptionable; the simple fact that an economy is short of land does not mean

that returns to land must be maximised at the expense of returns to labour". 27

The traditional agrarian structure and hence the access to resources are the major deciding factors which determine the production relations in a society where the ownership pattern is highly skew. Besides, the social and cultural heritages have their own say in the economy of such a society. Varying tenurial relations and their abolition and introduction of tenancy reforms alone cannot alter these production relations.

The relics of traditional Jajmani system that prevailed in India and its social equations, either political or economic, cannot be erased by a single reform measure. The inbuilt weaknesses of such a system are sure to creep into these reform measures. Any theory ignoring these factors is bound to suffer from limitations in a heterogeneous society like India.

Keeping these facts in view, Pani rightly opines, while examining the liberal school and Marxian thinkers as, "Lipton, noted earlier, seems to expect land distribution to solve the problems of any agrarian structure. Even among

Marxists there is a tendency to believe that tenant reform and land redistribution alone are sufficient to alter the nature of production relations. These studies ignore the specifics of an agrarian structure.\textsuperscript{28}

The structure of the society and economic efficiency are supposed to be related. The production efficiency is analysed in the traditional method, considering the size of farm and productivity. But one cannot argue that since productivity is higher in a small farm normally owned by a owner-operator (who was a tenant earlier) one should support to create small farms. Viability of a farm unit depends on total production rather than productivity. Though labour absorption is higher in small farms, any reform measure cannot be envisaged only on these lines. The access to capital formation and fixed assets plays an important role in determining the efficiency. This should be thus examined from the angles of formation of capital and credit on one hand and fixed assets on the other. Such a view has been expressed by thinkers while analysing the structure of agrarian society. The historical power structure and its effect on implementation are related at once, and later extended to realise their impact on economic efficiency. The neglect of such a concept allowed one to use physical

\textsuperscript{28} Narender Pani : Opp. cited. P.10.
land area and the scale of production interchangeably. Such a paradigm was questioned and an attempt to remedy this has been made by Utsa Patnaik who found that "larger is the farm's scale, greater is the output per rupee of cost incurred. Farm income per acre declined as size of farm increased but increased with the scale". On the same lines, the studies by Singh (1972) and Harris (1979) also found that when heavy working capital expenses characterise production, large farms give higher yields than capital starved small holders.

The 'scale' advantage of large farms can also be convincingly traced to the historical advantages that the large owners enjoyed. Though Utsa Patnaik does not relate it to historical power equations, the advantages of large farms in scale are undoubtedly due to the economic and political advantages that these large farmers enjoyed in the social structure. This historical and social superiority and concentration of power structure with the large farmers, tilts the scale to their side.


When the 'technology' factor plays the role of major input rather than the traditional land and labour the findings of Utsa Patnaik are of great importance especially in an open economic system which is aimed at faster development and growth. But it is equally interesting to note that the accessibility or availability of 'technology' as an input factor can also be convincingly categorised and added to the resources for which the supply is determined again by the traditional or accordingly modified power structure operating in an agrarian society.

In fact, it seems that it is on these lines that Rudra divided the Indian society into two classes. He writes "according to me one can recognize only two well developed classes (in-itself) in our agriculture. I call these two classes the class of big land owners and the class of agricultural workers". 32 An almost similar concept was expressed by Daniel Thorner, the great scholar of Indian agraria society, when he observed - "what are the basic differences of interest in the rural scene today? We all know that there are landlords, tenants and labourers, but are these terms sufficiently precise? Can the same person not belong simultaneously to all these categories?" 33


This discussion on the class division into tenant versus landlord and the limitations of dividing a society on the basis of available denominators restrict the scope of relating tenancy reforms and production efficiency. The class identified with a particular farmer before or after reform, may not be the one to which he actually belongs for all practical purposes. He may be a tenant at one place and landlord or absentee owner in another and hence his production capacity and resource mobilising capacity will be at a higher level as compared to a 'real' tenant with only a small holding, of which he has become the owner only recently. Thus deciding the category of a farmer is not easy.

This explains the absence of a consistent relation between farm size and agricultural productivity. This also implies that productivity is a function of several variables. The other variables may not be either controlled or provided by the government and hence the expected development may not take place following tenancy reforms.

The attainment of a higher productivity level is easier if labour plays a greater role than capital in the production function. As long as labour cost is dominant in
the cost of production, small farms will be better than the large farms. But as the capital share increases, tenancy reforms not supported by other measures may result in a decline in productivity.

Even George, a strong critic of the manner in which land reform is legislated and implemented in India accepts power structure as a force to be reckoned with. "The feudal order has been done away with, but the feudal elements have emerged stronger and more powerful, any further alternative in order to be practical will have to accept the present power structure".34 This is mainly due to the prevailing political structure in the country. As Ladejinsky rightly observed legislative assemblies are still dominated by land propertied class, and thus land reform despite its economic implications, commences as an essentially political question involving most fundamental conflict of interests between the 'Haves' and the 'Have-nots'.35

These feudal factors and discrepancies in the system prompted the thinkers in the field to stress the need for an approach to the problem based on the history of agrarian


35. Ladejinsky: Opp. cited, P.207.
society and its structure. If inputs other than land per unit of holding can be suitably varied, the advantages of large farms would not have been there. The small farmer in such a case can raise as much output per unit of a given input on a small area as on a large area. None of the problems of economic efficiency would have to be determined by credit, modern technology or fertilizer, or other capital inputs in such a situation. But the economies of scale are not obtained in the same measure in all operations in farming. There are 'large economies' in irrigation, land improvement, raising of funds, sale of output and transport facilities which are controlled by the much discussed power structure in a rural society.

It is accepted today that allocative efficiency is relevant to productivity. "Institutional framework of agriculture plays an important role in the allocation of productive resources within it".36 It is further assessed that 'residential' control is better than absentee control, which affects economic efficiency. Based on the defects of absentee landlord control, he calls for a better redistribution of land through land reform. It is opined that big landlords have failed to use their land in the most productive way: land redistribution by throwing open to

more people the opportunity to use the scarce factor more productively, will ensure its ideal allocation.  

In India where the distribution of ownership holding is awry, land distribution is a necessary condition for inducing the majority of farmers to step up agricultural productivity. As Raj Krishna puts it, "given political will and administrative zeal, redistribution can be carried out without much short-run damage and with a remarkable long-run gain in the productivity of land". This means, productivity of land may reduce in the short-run but long run results will be definitely in favour of a reform with more equitable distribution of land.

All the arguments based on agrarian structure and production relations support reform backed by other economic measures. But a few writers were sceptical about the role of ceiling limitations on production efficiencies. Sidhu observes "No amount of lowering of ceilings on holdings can provide land to hordes of the poor, whether existing or yet unborn. The size of the cake is too small. Further


attempts at redistribution of land will result in more non-viable land." 39 George also argued on the same lines describing the inbuilt weakness of reform legislation and implementation.

However, the arguments either in favour of or against reform in terms of efficiency in production, accept the fact that the inbuilt structural factors in a system play a dominant part in it. A reform policy taking into consideration these structurally inbuilt defects and then envisaging a better production efficiency is called for in the conceptual consensus arrived at by every thinker in the field. The best way to put it is to ask what would have been the economic consequences without a reform. The fruits of development process would have gone to the large farmer on a still larger scale, and polarisation of economic power would have taken place to a greater extent.

If this were to happen, there would have been a more skewed distribution of wealth and greater inequality. The view of Ching-Mon-lin, the Chairman of Joint Commission on Rural Reconstruction in China is worth noting in this context. He says "We know that using science to increase production is relatively easy, but solving social problems

is difficult. If we had not developed a land reform programme along with our production programme the better part of the good results would have gone to the landlords and not to the tenants. That would defeat the purpose of reform in any society.

A definite relation between nature of returns and the land size is difficult to establish in a dynamic agrarian society with solidified social structure. Besides, a distinction has to be made between returns to farm size and returns to scale. Even if returns to scale remain neutral, returns to farm size may be decreasing. This is mainly due to change in variables and input proportions which change with the farm size. This is in line with the argument that "any significant relation between size and productivity does not necessarily mean that the relation holds in all ranges of the size variables."

The returns to scale or size is a much debated topic in the recent past, because it forms a strong basis for and


against the important issue of ceiling on land holding. But many have tried either farm size as the only variable or a fixed percentage increase in output, say 1%, when all inputs are increased by 1%. In both cases the operation is under restricted or controlled conditions (Conditional analysis).\textsuperscript{42} But in reality, this rarely occurs and one can't generalise from such cases. Besides as Rudra\textsuperscript{43} points out, positive or negative relation depends on the magnitude of variation in the other variables. Apart from the statistical relation, the aggregation or disaggregation of the data considered might present differing conclusions even with the same data.

Thus the results obtained may not allow a broad generalisation. The regional variations in ecological conditions like fertility of soil, climate and rainfall add to the difficulty in generalisation. It is interesting to note that these days the arguments in favour of economic efficiency are increasing. At the same time there are opinions that efficiency should be analysed for the total agrarian structure including all variables and not in isolation.


\textsuperscript{43} Chattopadhyaya and Rudra: Opp. cited.
In this regard, Kahlon and Singh argue that "there are small farms which are as efficient as the large ones and conversely there are large farms which are as inefficient as the small ones. It is only the difference between the proportions of efficient to inefficient small and large farmers in the sample that tends to yield the trends in a particular direction". Further the authors add that "On the controversial issue of farm size, the problem is not so much of uneconomic nature of small size as of the insufficiency of inputs and the consequent low productivity per acre".  

The insufficiency of inputs is the effect of the unequal or polarised power structure of the Indian agrarian society. Any effort of land reform to increase production efficiency should recognize the existence of such a power structure. A seminar organised in Kualalumpur in 1978 evolved the idea that "The efforts towards effective and egalitarian land reforms should be grounded on the realisation that the local elite would resist any efforts to distribute land among the peasants since land is the basis of their economic, social and political domination of rural power structure".


45. APDAC : Paper based on the deliberations, discussions and recommendations of the core groups which were constituted during the seminar on Landreforms organised by APDAC Kualalampur. Sept.1978. P.2.
To sum up, the flow of thought, Eastern or Western, regarding land reform may be noted chronologically as follows in four conceptual categories:

I Pre-Liberal or pre-structural school of thought.
II Liberal or structural school before World War II.
III The phase after World War II or the years of cold war.
IV The modern phase after 1960.

Phase I

This phase does not contribute explicitly to the theory of land reform. It saw only the development of a theory of land ownership and hence mentioning this in detail was avoided in the beginning of this chapter. However a brief discussion is in order here.

It is interesting to note that in this phase both the Eastern and Western thinkers had almost identical views on the issue. To recall Thomas Hobbes argument "no private man can claim a propriety on any land or others' goods, from any title from any man but the king or them that have the sovereign power"46. The same concept of king being the

sovereign power can be seen in all the writings of Indian History. Yajnavalkya maintains that "land belongs to the king and the tiller possessed only usuctury rights for life". According to Kautilya "Land prepared for cultivation shall be given to tax payers only". The owner of land was the king. He is also of the opinion that land can be confiscated from those who do not cultivate it.

At the same time there existed another school of thought. Jaimuni states "King cannot give away the earth because it is not his exclusive property but is common to all beings enjoying the fruits of their own labour". Sayana adds "The King's sovereignty consists in punishing the guilty and protecting the good. Nor is the land his property, for what is yielded by land as the fruit of labour on the part of all beings must be enjoyed by them as their own property".

For Locke, private ownership was a law of nature, while the earth was given in common to all men. Nevertheless

47. Yajnavalkya Smrithi.
48. Kautilya's Arthashastra : Chapter 9, Version - 44.
"every man has a property of his own person and no one else had any claim on this property but himself". 51

Ghosal commented, "We have evidently to deal with two distinct schools of logists, one advocating the King's right of ownership and the other based on the authoritative Mimamsa as emphatically denying the same" 52.

Thus one can note two lines of thought during the olden days, either in the East or in the West: One hailed the King as the owner and the other objected to it and considered peasant as the real owner with an obligation to pay taxes to the King or the government. The same line of thought has been transferred even today with different arguments in support of the prevailing system. The most rational among them is that based on economic efficiency.

With the disappearance of (King) sovereign ruled states the arguments became centered around government ownership and people's ownership. Later, the government ownership was diluted to ownership by feudal lords or large farmers (Zamindars) and this became the focus of discussion by the


thinkers. Adam Smith considered large land ownership as "discouragement to progress" and J.S. Mill went a step further and advocated the merit of peasant proprietorship on grounds of income equality and social welfare.\(^{53}\)

The classical economists proposed the theory of diminishing returns similar to the theory of firm with Ricardo and Malthus giving a lead. However, these writers did not examine scientifically the relation between tenancy reform and economic efficiency. This may be simply due to the fact that ownership of land was not a bone of contention in that society. But with an increase in population and increasing pressure on land, the efficiency issue has surfaced. Tagging of social prestige, political and economic power to land ownership has made the ownership issue highly contentious leading to a specific conceptual thinking in this regard and calling for reforms.

**Phase II**

The justification for these changes was suggested in a reformist manner based on the economic criteria, by the liberals who were the exponents of the structural school.

During the same period, such a change was envisaged on the basis of social criterion (with historical evidence to support it or even as a process of historical growth) by the exponents of Marxian school.

The development of concepts in this phase was elaborately discussed in the beginning of this chapter, where it was clear that the Western capitalists with democratic form of government were trying to prove the cause of economic importance as a requisite for land policy and reform while the Marxians were claiming the social need (social equity) as the base of land reform (or rather a revolution). A comparison of two lines over the years can give us a better insight into the developments over a period of time.

Anne Martin, a liberalist opined in 1958 that the form of land tenure may have its effect less on productivity than on distribution of income within the agrarian sector. She specifically makes a case for capital farming or a case against tenancy reforms when she argues "In considering the economic effects of different forms of tenure, we must give particular attention to three aspects of the problem : (a) the connection between land tenure and supply of capital, (b) the problem of excessive division and fragmentation and
(c) the problem of ensuring an economically efficient use of land". She continues to add "The question of supply of capital to agriculture is vital in consideration to economic efficiency. A satisfactory system of tenure must provide both the 'incentive' to the farmer or land owner to invest and a 'possibility' for him to do so". 54

The argument makes a case for capital investment and economics of better production relations ensuring greater output but not considering the social aspects that are expected to be fulfilled by a land reform measure. The same school of thought has made a study in East Asia in the late seventies and Renold Smith who conducted the survey writes "The political solution to the communist subversion was the institution of South Korean land reform. While it may be stretching a point too far, the North Korean invasion of the South did in fact coincide with South Korea's invitation of comprehensive land reform programme. It is quite likely that the North Korean Communists saw in the South Korean land reform the erosion of their potential for political foundation in the South. 55


Phase III

The above two lines of thought show the shift in priorities given to land tenure reforms in tune with the need of the time by the liberal school. The cold war effects and the fear of communists gulping the Asian countries made the Western free economy advocates to ascertain the social equity issue into the sphere of land reform. This was successfully utilised as a tool to check the further spread of communist ideology in Asian region.

It is equally interesting to mention that during the same period of clash of Liberal school and Marxian ideologies land policy surfaced to the forefront among the Indian intelligentsia. Even before the second world war, in the 1935 conference of Indian National Congress an extensive land reform favouring the peasants was called for. Later the Indian Famine Commission reported that "No scheme of agricultural planning for the post-war period would achieve material results if it overlooked the adverse effects of a defective land tenure system on the productivity of land" 56. It also mentioned that "defective land system is one of the causes of low productivity of agriculture in India". 57


The report further makes a comprehensive statement: "The fact is that the basic land system in the country, the distribution of ownership of land, the terms on which it is held and cultivated and the relation of cultivator to the landlord and the Government each of these factors has its effect on the productivity of land". 58

Thus in the forties itself, the production efficiency of land was related to the tenurial conditions in India. In the preliminary note for same report Manilal Nanavathi, the then President of Indian Society of Agricultural Economics observes "I have no objection to holdings which are larger than a medium holding being subdivided under the present laws of succession, provided the subdivision does not result in the creation of holdings smaller in size than the medium holding" 59.

Obviously the fear of non-viability of farm size was the cause for such a thinking and probably the same might have slowed the process of land reform especially ceiling limitation, not to speak of the objection by the landed class, in the country.

As to how the fear of spreading communism made Nehru think of an immediate land reform policy was discussed earlier. A greater political will was added to it in 1972 with Indira Gandhi emphasising the need for immediate and effective land reform in the Chief Ministers' Conference. Thus the political ideologies by-passed other interests in this phase of history which is also reflected in the evolution of the concept.

Phase IV

In the last phase of development of the theoretical framework of land reform, the economic efficiency along with social justice was aimed at as an objective of reform. The economic efficiency issue was given equal priority with social justice. This might have been due to sufficient polarisation that occurred in the political arena. To consolidate their grounds all tried to achieve economic prosperity as a mark of the genuineness of the respective political ideologies. This final phase with such a background had to prove to be the best. This opened the fields of agrarian reforms to the thinkers who imbibed a historical approach with an equity issue of Marxian socialistic thought, along with economic efficiency approach of followers of Western liberal school. The base of the latter can be traced to the classical thinkers. Thus the
modern view of relating land efficiency, or efficiency in 'production relations', to the 'Power structure' emerged. Importance is given in equal measures to equity and efficiency by these modern thinkers of agrarian reforms in general and land reform and tenancy reform in particular.

To sum up we have the following broad prominent phases in the evolution of theoretical concept of land reforms.

Phase I : With King versus the people concept. It is difficult to demarcate the various schools of thoughts in it. The emphasis was more on right of rent collection rather than right of ownership.

Phase II : The more pronounced phase where Liberal (structural) versus Marxian school of thought emerged. Liberals placing capital above labour, economic efficiency over social justice, and Marxian school considering labour above all factors of production or social justice before efficiency. This is a broad phase where the theory of land reform attained a definite conceptual form. It is spread over a period from Russian revolution to the post worldwar years, extending to cold war period. The main issue was of ownership of land as well as quantum of production.
Phase III: The Liberal's Efficiency and Marxian Equity are combined to evolve an efficient and effective land reform system. Marxian historical approach has taken into consideration, "power structure" or "power configuration" idea was formed in the agrarian societies and was related to economic efficiency or the production function. The focus in this phase was on ownership pattern and efficiency of production.

Phase IV: We are presently in this phase, which commenced around the year 1960. A mixture of socialistic and liberal thinking characterises this phase and this is almost a worldwide phenomenon.

It is difficult to divide a process of evolution into watertight phases, since the seeds of such a growth are generally sown in the preceding phase. Thus the phases mentioned above are only a broad classification for the convenience of analysis.

To conclude, assuming that man always thinks according to the needs of the time, we can expect that land reform as a policy will be subjected to the test of time. As for the flow of thought, it will continue into the future. World is knocking at the doors of major political changes. The
citadel of communism and socialistic thinking has given way to a democratic form. Economic superiority is the fashion of the day. Economic power is supreme. Thus every policy in future will have to pass the test of economic efficiency. In such an event, will land reform also be subjected to a stringent economic test sidelining the social priorities attached to it? Is history repeating itself or are we just completing a cycle? It is said that man never learns from history. If he does, how can history repeat itself? Let us watch the changes or the tests to which the components of land reform are going to be subjected and what conceptual framework and theory it will mould itself into.

It is appropriate to quote Herring to sum up our discussion, "Land reform has always meant a reorganisation of rights, privileges and obligations in a system of production and distribution relations, not necessarily a system of physical plots. Agrarian reform involves an explicit recognition of this fact and a corresponding acknowledgement that land is only a factor of production in agriculture"60.