Chapter - 1:

INTRODUCTION
1.1 BACKGROUND OF THE STUDY

Land is a basic factor of production in agriculture which largely determines the size of the business. Being inelastic in supply and immobile in nature it assumes greater importance among the farming community with an increasing demand for it. As a result of increase in population, increase in urbanization and size in productivity due to improved technology, the demand for land is increasing fast. It is, however, felt that owing to enforcement of various land laws, high cost of farm technology, exorbitant land prices, etc. the land market has somewhat frozen (Chadha et. al., 1992). In fact the efficiency of land lease markets is a critical issue in many developing countries, where land sales markets are often then and inhabited by problems of asymmetric information and limited development of credit markets.

State intervention in the land lease market becomes a compelling necessity when the agrarian system is beset with certain defects. These may appear in three forms, first there may prevail dissociation from land - ownership of the vast mass of peasants who are the actual tillers of land. Tenants may constitute too large a proportion among cultivators to disregard their problems. They enjoy, if at all, limited security of tenure and this is at the root of all the tribulations that tenants may have to endure. Second, there may be no incentive for tenants to undertake investment up
to a socially desirable level to their leased plots. And, to the extent that investment is suboptimal, it may have the effect of impeding the productive efficiency of tenants. Third, contractual terms of tenancy may be exploitative and exploitation may encompass interlinked markets of the rural economy. The first of the above three aspects relates to the significance of the lease market (or extent of Tenancy); the second has to do with the efficiency of tenant participants of the lease market (or efficiency of tenants); and the third of course is concerned with the exploitative practices in the lease market (or, simply exploitation of tenants) (Murty, 1998).

In India at the time of independence the agrarian scene was characterized by extreme concentration of land ownership and exploitative production relations which were inimical to agricultural growth (Joshi, 1974; Appu, 1996). Considering social justice and increased productivity, the government sought intervention among others in the land leased market, setting aside the operation. The intervention, to be specific, was necessitated by the presence of rack-rented tenants, who could be evicted at the whim of landlord and who faced many difficulty in leasing operation. Based on the guidelines, provided by the Centre, the state Government passed laws imposing ceiling on rent and incorporated security on land use rights in the statutes. However, only one rare occasion the tenants were conferred a 'bundle of rights', including the ownership rights by the law (Herring, 1983).

1.2 NECESSITY OF THE STUDY

Land reforms have been on the agenda for reconstruction since independence. The primary objectives of the programme have been to
break the old feudal socio-economic structure of land ownership, eliminate exploitation by providing security of tenure and regulation of rents for tenants and share croppers, bring direct contact between tiller and the state, and give social and economic status to the landless by redistributive measures. It was the intention of the government to provide permanent asset base through redistributive land reform measures for a large number of rural landless poor enabling them to take up land base and other supplementary income generating activities and thus, in turn improve the agricultural production and farm productivity. Considerable work has been done in the past in this direction, but a lot remains to be done.

The noted economic historian as well as specialist on agrarian studies in India Daniël Thorner (1956) brought attention back to a stark reality in the fifties, namely "the survival, despite land reforms and abolition of intermediaries of a class of non -cultivating. Proprietary land holders who continue to take substantial rents from the working peasantry-tenants, tenants at will, or crop shares ..." He further observed that the actual cultivation of land by tillers who are chronically and seriously short of physical capital and financial resources resulted in limited use of improved implements and concomitant low yields. The situation perhaps did not improve even during the eighties and that might have prompted the Ministry of Home Affairs, Government of India to analyse the salient facts relating to "the scale and pattern of Indian agriculture and the quantities involved". P.C. Joshi (1976) while emphasizing on less explored research areas on agrarian issues by the students of the social sciences, had brought out a detailed checklist where serious problem was still necessary.
He specially mentioned on the importance of studying the 'changing structure of tenancy in each region'.

1.3 CHANGING STRUCTURE OF TENANCY IN VARIOUS STATES

Agricultural land tenancy is, in fact, an important production arrangement in many countries of the world. The quest for explanations of tenurial contracts in agriculture has been the source of voluminous literature with contributions from economists, historians, geographers and anthropologists. It has been found that share cropping and fixed rent tenancy is two major forms of tenurial contract in agriculture. The modus operandi of the traditional system of share cropping was that the tenant (actual cultivator) cultivates land at his own expense and renders to the landlord (the owner of land) a fixed proportion of the producer as rent which could be as much as or even more than the half of the produce. The situation can, however, be altered if the landlord is made to share with the tenant at least the cost of the purchased inputs. The output share usually than varies with the share of the cost of production (Boyce, 1987). Share tenancy contract differs from fixed rent contract is that the tenant leases in land from the landlord for which he has to pay a fraction of total produce to the owner of land. In a fixed rent contract, the landlord is assured of a fixed income as long as the tenant does not default, his income in a share contract depends on the productivity efficiency of the tenant cultivator. In both the systems there is partnership between two parties in which landlord is generally a passive partner, the tenant being actively engaged in production.
Share cropping in India is ‘as old as the country itself’ (Cooper, 1983). Prior to independence, the system of tenancy cultivation was an integral part of the feudal agrarian structure (Thorner, 1956). The land rights were concentrated in the hands of a small group of large landowners and a vast majority of the actual cultivators did have no rights or had only a limited rights as tenants. It was mainly the poor and the needy who leased in land from the big landowners for earning their means of livelihood. In recent years, there is no one way traffic, small farmers lease in land from both large and small farmers and similar is the case with large farmer-cum-tenants and the entire question of landlord tenant relationship appears to be one of complex nature (Ray, 1978; Rao, 1974). Both small and large farmers prefer to lease out land to large farmers because there is relatively less risk of default payment of rent. Besides, small farmers lease out land to large farmers because of the non-viability of small and marginal holdings; and often their lack of access to the institutional credit induce them not to undertake personal cultivation of land and a search for alternative sources of wage income either in the farm sector or in outside agriculture sector.

The existence of tenancy is widespread in India. In fact, the institution of tenancy exists invariably in all the states of India in one form or the other. However, the percentage of area under tenancy has been declining gradually over the last few decades. In 1960-61, 10.7 percent of the operated area was under tenancy; this percentage declined to 10.6 in 1970-71 and further to 7.2 in 1981-82. In 1991-92 the percentage of leased in area to total operated area rose marginally to 8.3. In absolute terms, the number of tenant holdings remained almost stable at 5.5 million during 1960-61 to 1981-82. This figure rose sharply to about 12 million in 1991-92. Since the
total operational holdings were rising over the period, the tenant holdings as percentage of total holdings declined quite systematically since 1970-71. This percentage was 25.7 in 1970-71 which declined to 15.2 in 1981-82 and further declined to 11.0 in 1991-02 (NSS 26th, 37th and 48th Round Survey).

At all India level, medium and large farms together accounted for nearly 40 percent of the total leased in are in 1970-71 (Agricultural Census, 1970-71). In states like Andhra Pradesh, Bihar, Gujrat, Maharashtra, Hariyana, Rajasthan and Delhi the large and medium size groups of firms contributed more than 50 percent of the total leased in land.

A comparison of NSS 26th and 48th round data shows that there has been an increase in the proportion of leased in area in large holdings. In 1971-72, the percentage of total leased area in large holdings was 38.37, which increased to 42.84 percent in 1991-92. In fact, during 1971-72 to 1991-92 several states of India there is an increase in leased in area under large size group. A significant increase in this proportion occurred in Assam (from 4.8 percent in 1971-72 to 28.53 percent in 1991-92), Haryana (from 59.38 percent in 1971-72 to 82.74 percent in 1991-92), Kerala (from 12.39 percent in 1971-72 to 17.15 percent in 1991-92), Maharashtra (from 64.73 percent in 1971-72 to 73.20 percent in 1991-92), Punjab (from 56.7 percent to 66.31 percent), Rajasthan (from 70.88 percent to 75.48 percent) and Tamil Nadu (from 1.40 percent in 1971-72 to 18.80 percent in 1991-92). While, there are several other states in which the proportion of total leased area in marginal and small holdings have increased and/or the proportion of such area in large holdings have declined. States such as Andhra Pradesh, Bihar, Orissa, Uttar Pradesh and West Bengal all show an increased proportion of
leased area in marginal and small holdings, along with a smallest share of leased area under large holdings.

There is also changing types of tenancy over the regions. This is mainly due to the difference in the historical tradition, cropping pattern and the level and nature of agricultural production technology. In between 1971-72 to 1981-82 (as per 26th and 37th Round of NSS survey) at all India level, there has been decline in proportion of leased area under cash rent (from 15.42 percent in 1971-72 to 10.90 percent in 1981-82). Similar trend was observed in the proportion of leased area under fixed produce as well as under share tenancy. However, there is an increase in the proportion of leased area under cash rent between 1981-82 and 1991-92 (27th and 48th Round of NSS). Significant increases in the proportion of leased area under cash rent tenancy took place in Haryana (from 24.20 percent in 1981-82 to 61.40 percent in 1991-92). Andhra Pradesh (from 13.00 percent in 1981-82 to 25.90 percent in 1991-92), Tamil Nadu (from 19.20 percent to 32.40 percent), Gujrat (from 15.10 percent to 39.90 percent), Maharashtra (from 11.00 percent to 36.30 percent), Madhya Pradesh (from 1.70 percent to 15.30 percent) and Karnataka (from 3.60 percent in 1981-82 to 24.40 percent in 1991-92). At the same time, a few states recorded very significant increases in the proportion of leased area under fixed rent in kind (Andhra Pradesh, Karnataka, Rajasthan, Uttar Pradesh and Punjab). Interestingly, in many states of India, e.g. in Kerala, Punjab, Tamil Nadu, Haryana, Gujrat and Maharashtra, crop sharing no longer remained the pre-dominant form of tenancy in 1991-92. The crop sharing remained most dominant mode of tenancy in Orissa, (50.9 percent), West Bengal (46.5 percent), Uttar Pradesh
(46.5 percent) and Assam (28.90 percent) as per the 48th Round of NSS report.

A very high percentage of cultivated land in Assam is under tenancy. According to 1961 census, 15.39 percent of the cultivating households cultivated only leased land held from private persons or institutions against payment in money, kind or share; and 21.70 percent cultivating households cultivated land partly held from Government and partly from private persons against payment in money, kind or share, (census, 1961). As per 26th round of National Sample Survey. 19.62 percent of the operated area was under leased during 1971-72. This figures drastically declined to 6.35 percent by 1981-82 as revealed in the data of 27th Round of National Sample Survey and rose to 8.87 percent in 1990-91 (48th Round of NSS). In the presence of the concealed tenancy in the state, admittedly, this figures does not show the actual extent of tenancy. An empirical study (1987-91) of land reforms in Assam sponsored by Ministry of Rural Development, Government of India, the data for the study collected by the IAS probationers of 1987, 1988 and 1989 batches indicate that of the total 218 tenants interviewed, 58.7 percent were unrecorded and 41.3 percent were recorded and that the unrecorded tenants operated 73.3 percent of the total operated area. This figure confirms the prevalence of concealed tenancy in the state (Chakravarty, 1995).

As regards the forms of tenancy, there exist five different types of tenancy contract-fixed money, fixed produce, share produce, usufructuary mortgage and others. Among various forms of tenancy in cash rent is found to be the dominant mode of the tenancy in Assam (Agricultural Census,
1976-77, 1985-86 and 1990-91). The NSS data (26th round and 48th round) shows that in spite of its continuously declining trends over the period of 41.83 percent in 1971-72 to 27.80 percent in 1990-91, the share tenancy is still the pre-dominant mode of tenancy in Assam.

1.4 THE EVOLUTION OF LAND TENANCY CONTRACT IN ASSAM

The historical pervasiveness and the persistence of tenancy have widely been noticed in the state of Assam. In fact, the pattern of ownership of agrarian land and other institutional features are rooted in the historical evolution of the farm economy of the state. More specifically, the evolution of the institution of tenancy can be traced back to the Land revenue Systems in Assam. Land Revenue systems provide the formal framework for agrarian relations and the historical records reveal how the institution of tenancy more particularly the share tenancy emerged along different paths within this framework.

Before the annexation of Assam by the British in 1826, Goalpara and Cachar (permanent settle districts) were under Mughal rule where zamindari system was prevalent, and the greater part of the Brahmaputra Valley (temporarily settled districts) was under Ahom rule where raiyatzvari system was prevalent. Under zamindari settlement land was held permanently by the zamindars who were basically the intermediaries between the state and the actual cultivators engaged in the collection of land revenue. But under raiyatzvari system, the landlords were directly responsible to the state for payment of revenue. The raiyatwari system of lands tenure, in fact, gave rise to the institution of tenancy in the state of Assam. Under this system, the landholders were at liberty to sublet their
land under their terms and conditions and enjoyed the permanent rights of occupancy so long as they paid the land revenue (Guha, 1991).

The system of cash revenue was not in practice during the Ahom rule. In fact, the land revenue system in true sense of the term did not exist. Land under Ahom rule was the absolute property of the sovereign and the cultivators usually known as paik. It was obligatory for every able-bodied person to render services to the state against the reward of some cultivable land in kind. These persons were called Paiken. Paiken lands which were cultivated by paiks in lieu of services rendered to a Satra or temple. These rent free estates were come to be known as Lakhiraj estates where cultivation was done by the slaves or servants or Paiks attached to the estate (Goswamy, 1994). In course of time such pike system was abolished and land revenue systems of Assam had undergone many changes and several classifications were made in order to facilitate the revenue collection (refer Appendix -I).

The land tenure system was changed significantly after the annexation of Assam by the British. In fact, the theory of state ownership of land was the rule during the British period in Assam. Under the state ownership there were three distinct tenure classes, viz. (a) Lakhiraj grantees, i.e. holders of revenue fee lands, (b) Nisf-Kirajdars i.e. holders of half-revenue paying lands and (c) Settlement holders of land on annual lease. The Lakhirajdars got higher status from the British than the other two classes and were called ‘proprietors’. They had permanent heritage and transferable rights in their land as well as over mines, minerals, forests and fisheries included within their grants (Das, 1986). Within this category of
Proprietor were the *zamindars* of Goalpara district and Sylhet districts as well as the tea estate owner. Nisf-Kirajdar were the landholder with periodic lease of revenue paying tea tenures. Except ‘devottor’ (grants to temples and deities) lands, all other lands which enjoyed revenue free status during Ahom rule came under this category. The third category was the settlement holders with annual lease of land.

Under the land policy adopted by the British rulers, the institution of tenancy persisted on a wide scale in Assam. But the vast majority of the tenants under British rule enjoyed practically no security of tenure. They were subjected to various forms of oppression and exploitation at the hand of landowners. To make matters worse, there was hardly any affective initiative on the part of the British rulers to safeguard their interests. Barpujari (1963) rightly observed; “when the ryots found their resources drained away by repeated extraction, they had no other alternative but to flee away in hundreds or to mortgage themselves as slaves and bondsman... to make matters worse those who remained in the district had also to pay for those who ran away”.

1.5 NATURE AND EFFECTIVENESS OF TENANCY REFORMS IN ASSAM

Assam is one of the first emerging states of India to take bold legislative reform measures (Choudhury, 1986). In Assam tenancy reforms legislation’s envisaged providing fixity of tenure, curbing the freedom of land owners to eject tenants and fixing the maximum rate of rent. The first halting step towards tenancy reforms in Assam can be traced back to 1929 during the colonial rule. This was the Goalapara Tenancy Act, 1929 an act extended to the Goalpara district alone but which marked an important
milestone in the history of land reforms in Assam. Latter on, the Assam Temporarily Settled District Tenancy Act, 1935 to protect the tenants under the land holders of the Brahmaputra Valley and Cachar and the Sylhet Tenancy Act in 1936, to protect those in the permanently settled areas of Sylhet including Karimganj. These acts aimed to improve the conditions of the tenant class by conferring upon the occupancy raiyats permanent, heritable and transferable rights. Further, it conferred the rights of use and occupancy on the sub-tenants and under-tenants. Under this act protection was accorded to the tenants against illegal eject and enhancement of the land rent. This act was in force even after the abolition of zamindari system in 1956-57 and was amended in 1970 to include provisions of Adhiar Tenant Protection Act 1948, to regulate the share of crop rent payable by a cultivator to the landlord and to give him protection against indiscriminate eviction. Under this act the cultivator was entitled to get three fourth (3/4th) of the crop of the landlord supplied plough cattle or else four-fifths.

The state of Assam is comprised of three physical divisions namely, the Brahmaputra Valley, the Barak Valley and the Hill range. The Brahmaputra Valley, which forms northern part, is the largest in size comprising 71.7 percent of total geographical area of the state. On the other hand the Barak Valley region, which forms the southern part, is comparatively smaller in size. The two valleys derived their names from the respective main rivers, the Brahmaputra and the Barak flowing through East to West in the Valleys. The hill regions formed by the Karbi-Anglong and the North Cachar hills stand as separated the two valleys from the middle. The Barak Valley region is situated between longitude 92° 15' and 93° 15' East and Latitude 24°8' and 25°8' North covering an area of 6922 sq. km. The valley constitutes 8.9 percent of the geographical area of the state but it contains 11.22 percent of the population as per 2001 census.

The economy of the region is predominantly agricultural with 70 percent of the work force being engaged in agriculture and other primary activities as per 2001 census. Though the region is not devoid of manufacturing units, its relative geographical isolation handicaps it for a programme of large-scale industrialization. The prospect of economic development of the region therefore depends critically on the growth of agriculture and allied activities. Agriculture in Barak Valley, as it stands today, is predominated by small farms growing mainly rice. As per Agricultural Census of 1990-91, there were 2,09,875 number of agricultural holdings in the Barak Valley, 53.09 percent of which was in the size class of below one hectare. The average size of operational holding works out to be 1.62 hectares, which contains some amount of upward bias due to the large holdings of the tea estates. In 1998-99 rice crops constituted 92.5 percent of
the gross cropped area (excluding the area under plantation and tree crops) of the region. The agriculture is almost entirely weather dependent, the irrigation cover being limited to only 2.43 percent of the gross cropped area till 1996-97. Not surprisingly therefore, the region today stands far behind the all India standard in terms of use of improved agricultural practices - and also in agricultural productivity (Roy and Bezbaruah, 2000). Despite the provision of different tenancy reforms in the state share cropping is practiced largely informally in Barak Valley. On the other hand tenancy has been fairly extensive in the region, nearly a half of sample farmers had leased in land as part of their operational holdings (Roy and Bezbaruah, 2003).

Since the economy of the Barak Valley region is agriculture dependent, building a strong agricultural base is of utmost importance for the region. Relative geographical isolation, weak industrial base vis-à-vis low agricultural productivity necessitates undertaking studies relating to the formation of a strong agricultural sector. As tenancy dominated land ownership pattern in the region, it is necessary to analyse the extent, form, nature and pattern of tenancy vis-à-vis land market structure for formulation of a proper policy on land tenancy contract. Proper identification of all these factors goes a long way in sustaining agricultural development in the region.

Besides testing different models of tenancy using the empirical data the study has been concentrated in analyzing efficiency or inefficiency of tenant farming in the Barak Valley region of Assam.
1.6 **OBJECTIVES**

The main objectives of the study are the following:

1. Exploring the incidence of recorded and unrecorded tenancy.
2. Comparison of the level of inputs use between owner and tenant households.
3. Identification of factors affecting adoption and use of modern practices by owner and tenant households.
4. An assessment of the prevalent forms and patterns of tenancy.
5. Identification of factors governing land tenancy contracts.
6. Prescription of policy measures for efficient operation of land lease market in the region.

1.7 **HYPOTHESES**

Keeping the objectives in view the hypotheses for testing in course of the study are as follows:

1. The land lease market is not sufficiently organized in the region. Lack of proper institutional arrangement is responsible for inefficient operation of land tenancy contracts.

2. Tenancy in the region is still largely informal. The insecurity of tenant cultivators is acting as obstacle for effective use of the available technology package in the region.

3. Levels of inputs use for owners and tenant cultivators is not uniform and the level of resulted output also differ. The owner has an edge over tenant cultivators.
4. The educational background of the farmer, family resources particularly the owned land, the number of agricultural works and bullock endowment influences the leasing decision in the region.

1.8 METHODOLOGY

The study is based on both secondary and primary data. The main sources of secondary data are the publications of government agencies such as, Directorate of Agriculture and Economic and Statistics and other publications.

The micro level analysis is mainly based on primary data selected through a process of multi-stage sampling. To retain the representatives of the entire region it has been decided to select the sites for sample survey from all the agricultural sub-division in the region. There are six agricultural sub-divisions in the three districts namely Cachar, Hailakandi and Karimganj in the region. From each of these six sub-divisions one Agricultural Development Officer (ADO) Circle has been selected for field study. The selection of ADO circle has been done in consultation with the officials of the agricultural department keeping in view the operation of land lease market, nearest to and remoteness from the town, upper caste population etc. From each ADO circle four villages have been chosen at random. The sample households have been classified in three farm sizes as small, medium and large farms. Further the sample household has been categorized as owner operators, pure tenant operators, owners cum tenant operators and pure landlord household. The details of the sample study locations have been discussed in Chapter 4.
The method employed for testing hypotheses has been based on comparison of mean value of input and output and yield gap between the compared cases. Suitable test statistics have been used to test the significance.

Following the framework of Bliss and Stern (1982) the partial adjustment model has been used to determine the factors influencing land tenancy contract in the region. The details of the model estimated in the present study has been analysed in Chapter 6.
NOTES:

1. Though Assam came under the control of the English army by the End of 1824 A.D., the English chased the Burmese forces and defeated their General Bandula in the battle of Danabu and proceeded further to Yandaboo where Burmese King surrendered and offered a peace treaty on 24th February, 1826. That brought the real beginning of British rule in Assam with David Scott as the Commissioner for the territory.

2. The *Pikas* were also given homestead land, but they had to pay a house tax. A pike could also withhold his services to the state, if he paid to the state Rs. 2/- per annum (Goswami, 1994).

3. Sylhet was a district of Assam until the partition of 1947 when Karimganj, a sub-division of the Sylhet came to India while the rest of the district went to East Pakistan. This is zamindary system in Assam during the British Rule was confined to only Goalapara and Karimganj district.
REFERENCES:


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