CHAPTER-4

FACTORS AFFECTING CONTRACTUAL LAND AGREEMENTS

This chapter has been divided into two sections. The objective of each section is as follows:

- **4.1 Factors affecting the leasing out of land.**
- **4.2 Factors affecting the leasing in of land.**

**SECTION-4.1**

*Factors affecting the leasing out of land*

As explained in the previous chapter, so as to make the study more comprehensive, the state has been divided in three agro-climatic zones. A comparative study between these three zones as well as a collective approach has been followed through this chapter. The data related to this aspect has been shown in table and figure number 4.1. The detailed discussion is as follows:

**Rice zone:**

The most important factor affecting leasing out of land in rice belt is the engagement in service of the landowner which accounts for 21 percent. Management came out to be second important factor affecting leasing out of land with 18 per cent. Farmers lease out land because farms are far away and therefore
are difficult to handle. Business (16 per cent) old age, widow and disability (13 per cent) were other important factors. Cash urgency, un-irrigated land, lack of capital resources, lack of labour and others were minor factors affecting leasing out of land accounting for 8, 7, 7, 5 and 5 per cent respectively. Those involved in service, business, old age, widow and disability usually leased out whole of their land while the farmers leasing out of land due to other factors usually retained a part of their land. This resulted in decrease in total number of holdings after the leasing out activity. This has a positive effect on under-employment while a negative effect on total farm employment as would be discussed in the chapter on effects of contractual land agreements.

**Cotton zone:**

Business and service are again the major factors affecting leasing out activity in cotton zone with 21 and 20 per cent weightage respectively. The farms of the lessor being at far of places resulting in management problem (15 per cent), old age and widow & disabled (15 per cent) are other important factors. Others, lack of labour, un-irrigated land, cash resources were the minor factors influencing leasing out of land accounting for 10, 9, 6 and 4 per cent respectively. The important change to be noted in this belt was that lack of capital resources has no influence on leasing out of land in this zone while this factor had 7 percent weightage in rice belt. This was so because tube well is important source of irrigation in rice belt which requires heavy investment. Besides this, rice belt is comparatively less dependent on monsoons as they have an assured source of
water (tube well) which results in certainty and high level of income. This has developed extravagant spending habits in the people of this belt. Despite being agriculturally the most developed area of state, this is also the most debt ridden area of the state. Due to these factors, the poor farmers, usually the marginal ones lease out land due to lack of capital in rice zone. This is not so in the other zones of Haryana.

**Bajra zone:**

The bajra zone has shown very different results than the other two zones of Haryana. Lack of adequate family labour (30 per cent) has emerged to be the most important factor affecting leasing out of land. It is just a minor factor in other two zones. The reasons for this trend may be explained the fact that being a rain-fed area of the state with poor quality of soil, this zone is marked by low and uncertain production. Due to this factor

a. This zone is less capital intensive as compared to other zones hence requires more labour.

b. This area has no migratory labour to do work on the farms. As the migratory labour in Haryana is mostly Bihari labour which usually works on rice fields only.

c. Small holdings of land are unviable in this zone. Thus farmer usually finds himself to be labour deficient on the large holdings of land. This deficiency is made up through the mode of crop-sharing, a mechanism in which the
labour is supplied by the lessee and the lessor assumes the supervisory role along with providing half of the cost of capital inputs.

Business (27 per cent) and services (26 per cent) remain to be important factors in this zone also. Management problem (8 per cent) due to farms being too away turns in to a minor factor in this zone. It is interesting to note that un-irrigated land, lack of capital resources, cash urgency had no role to play in leasing out of land in this zone. The reasons for this trend may be as follows:

a. The rice zone has no problem of irrigation due to a better system of tube wells and canals. But in that zone also, the farmers find it economically unviable to install a tube well on the holdings which are very small sized. As a result they lease out land to the nearest neighbour who can manage water from his own tube well. This trend is not visible in this area because the area is rain fed and most of the land is un-irrigated. As a result one can not lease out due to irrigation reason.

b. The area does not involve heavy investments in agriculture as compared to other zones in tube wells, machinery, and other crop inputs. Therefore lack of capital resources plays no role in leasing out in this zone.

c. Uncertainty of irrigation and low productivity of soil of this zone leads to low and uncertain production. This uncertainty has inculcated the habit of saving in the people of this area over past hundreds of years. As a result of accumulated savings and low investment in agriculture, the area is marked by least indebtedness of all zones.
## Reasons for leasing out land in Haryana

**Table: 4.1 Reasons for leasing out land in Haryana (In percentage).**

<table>
<thead>
<tr>
<th>Reasons for leasing out</th>
<th>Rice zone</th>
<th>Cotton zone</th>
<th>Bajra zone</th>
<th>Over all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service</td>
<td>21</td>
<td>20</td>
<td>26</td>
<td>22.3</td>
</tr>
<tr>
<td>Business</td>
<td>16</td>
<td>21</td>
<td>27</td>
<td>21.3</td>
</tr>
<tr>
<td>Lack of labour</td>
<td>5</td>
<td>9</td>
<td>30</td>
<td>14.7</td>
</tr>
<tr>
<td>The farms are far away</td>
<td>18</td>
<td>15</td>
<td>8</td>
<td>13.7</td>
</tr>
<tr>
<td>Old age, widow &amp; disabled</td>
<td>13</td>
<td>15</td>
<td>0</td>
<td>9.3</td>
</tr>
<tr>
<td>Un-irrigated</td>
<td>7</td>
<td>6</td>
<td>0</td>
<td>4.3</td>
</tr>
<tr>
<td>Cash urgency</td>
<td>8</td>
<td>4</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Lack of capital resources</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>2.4</td>
</tr>
<tr>
<td>Others</td>
<td>5</td>
<td>10</td>
<td>9</td>
<td>8</td>
</tr>
</tbody>
</table>

Others include: Idleness, loss in self-cultivation, illness, studying, politics, inefficiency, shifting to wage labour.

**Figure: 4.1 Reasons for leasing out in Haryana (In percentage).**
d. Share-cropping being the most important mode of leasing, the entire cost of labour is met by the lessee.

It seems that as a result of cumulative effect of the above reasons the cash urgency loses importance as a factor influencing leasing out in this area. Other factors play only 9 per cent role in the decision of leasing out in bajra zone.

**Over all:**

The present study reveals that service (22.3 per cent) and business (21.3 per cent) are the most important factors influencing leasing out of land. The farmers in these categories usually remain away from the field and are usually termed as absentee farmers. Thus we can say that absentee ness accounts for 43.6 per cent of the leasing out activity in Haryana. Lack of labour (14.7 per cent), management problem due to farms being far away (13.7), old age, widow and disabled (9.3 per cent) are other important reasons influencing leasing out of land in Haryana. Un-irrigated land (4.3 per cent), cash urgency (4 per cent) and lack of capital resources (2.4 per cent) are the minor factors influencing leasing out activity. Other factors which include idleness, loss in self-cultivation, illness, studying, involvement in politics, inefficiency and shifting to wage labour account for 8 per cent weightage.

The results of the present study are in resonance on some aspects with the results of Mani and Pandey (1995). They observed that the major reason for leasing out was absentee ness (41.7 percent), followed by the management problem (30 percent), disability (15.4 percent), casual attitude (7.5 percent) and addiction, gambling etc. (5.4 per cent). The study differs on higher value assigned
to management problem and not assigning any role to factors like un-irrigated land, cash urgency and the lack of capital resources. Besides there is also a difference on the weight assigned to other factors.

The present study is not in resonance with the study of Shiyani et al (2000) which concluded that total owned land, rate of lease and the family size accounted for about 80 per cent of the leasing out activity.

4.22 Factors affecting the leasing-in of land

The phenomenon of leasing of land for an agricultural purpose has emerged as a way of adjustment between the land surplus (who do not want to sell their land) and land deficient farmers. A regression analysis was carried out taking the number of acres of leased-in land in acres as the dependent variable (Y) and number of self-owned land in acres (X1), number of persons in the family available for full time work on the farm (X2) and presence of physical / non manual resources like tractor, bullocks and camel (X3) as the independent variables. The results have been shown in table 4.2 and the detailed discussion is as follows:

Rice zone:

The effect of numbers of self owned land was found to be negative but insignificant. This implies that the more the self owned land less will be the
## Factors affecting the leasing-in of land

<table>
<thead>
<tr>
<th>Constant</th>
<th>Regression coefficients</th>
<th>Coefficient of determination</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>X₁</td>
<td>X₂</td>
</tr>
<tr>
<td>Rice zone</td>
<td>6.94</td>
<td>-2.34 (3.97)</td>
</tr>
<tr>
<td>Cotton zone</td>
<td>2.98</td>
<td>-1.68 (2.39)</td>
</tr>
<tr>
<td>Bajra zone</td>
<td>8.91</td>
<td>-3.14 (6.54)</td>
</tr>
</tbody>
</table>

Y = Number of acres leased-in (in acres).

\(X₁\) = Self owned land of the lessee (in acres).

\(X₂\) = Number of persons in the family available for full time work on the farm.

\(X₃\) = Presence of physical / non manual resources like tractor, bullocks and camel.

* Figures in the parenthesis are the standard errors.

** Y is dependent variable while \(X₁, X₂\) and \(X₃\) are dependent variable in the analysis.
tendency to lease-in land however this relation is very weak. The value of the regression coefficient was found to be -2.34 with the value of standard error being equal to 3.97. The effect of other two factors was found to be positive and significant implying thereby that the number of persons in the family available for full time work on the farm \((X_2)\) and presence of physical / non manual resources like tractor, bullocks and camel \((X_3)\) are the major factors influencing the decision of leasing-in. The coefficient of regression for the factor \((X_2)\) was found to be 1.49 with the value of standard error being equal to 0.39 while the coefficient of regression for the factor \((X_3)\) was found to be 2.97 with the value of standard error being equal to 1.05. The value of coefficient of determination was found to be .91.

**Cotton zone:**

The effect of numbers of self owned land in cotton zone was also found to be negative but insignificant. This implies that the more the self owned land less will be the tendency to lease-in land however this relation is very weak. The value of the regression coefficient was found to be -1.68 with the value of standard error being equal to 2.39. The effect of other two factors was found to be positive and significant implying thereby that the number of persons in the family available for full time work on the farm \((X_2)\) and presence of physical / non manual resources like tractor, bullocks and camel \((X_3)\) are the major factors influencing the decision of leasing-in. The coefficient of regression for the factor \((X_2)\) was found to be 1.65 with the value of standard error being equal to 0.52 while the coefficient of
regression for the factor \((X_3)\) was found to be 3.68 with the value of standard error being equal to 1.56. The value of coefficient of determination was found to be 0.89.

**Bajra zone:**

The effect of numbers of self owned land in bajra zone was also found to be negative but insignificant. This implies that the more the self owned land less will be the tendency to lease-in land however this relation is very weak. The value of the regression coefficient was found to be -3.14 with the value of standard error being equal to 6.54. The effect of other two factors was found to be positive and significant implying thereby that the number of persons in the family available for full time work on the farm \((X_2)\) and presence of physical / non manual resources like tractor, bullocks and camel \((X_3)\) are the major factors influencing the decision of leasing-in. The coefficient of regression for the factor \((X_2)\) was found to be 2.98 with the value of standard error being equal to 0.67 while the coefficient of regression for the factor \((X_3)\) was found to be 2.34 with the value of standard error being equal to 1.02. The value of coefficient of determination was found to be 0.94.

To conclude:

- The effect of numbers of self owned land (in acres) was found to be negative but insignificant in all the zones.
• The effect of the number of persons in the family available for full time work on the farm \((X_2)\) was found to be positive and significant in all the zones of Haryana.

• The effect of physical / non manual resources like tractor, bullocks and camel \((X_3)\) was also found to be positive and significant in all the zones of Haryana.