CHAPTER-7

SUMMARY AND CONCLUSIONS

The findings of the study have been summarized and concluded in this chapter.

Aim of leasing-in:

The maximum part (43 per cent) of the income from the leased-in land was spent on household expenditure in Haryana, followed by education (28 per cent) and marriages (14 percent). Construction of house, development of agriculture, buying more land and others accounted for 6, 3, 2 and 4 percent.

As far as farm category wise distribution is household expenditure remains the major area of expenditure in all the categories of farmers followed by education and marriage. Only the lessee from the large farmer category spends the income from leased-in land on buying more land (7 per cent). The landless spend maximum on household expenditure (55.7 per cent) followed by marriages (15.2 per cent), education (9.8 per cent), construction of house (4.1 per cent) and others (15.2 per cent) where as the marginal farmers spend on household expenditure (49.7 per cent), education of their children (32 per cent), marriages (10 per cent) construction of house (4 per cent) and others (4.3 per cent). The small farmer spends maximum on household expenditure (53.3 per cent) followed by education (29 per cent), marriages (6.3 per cent) construction of house (6.3 per cent), development of agriculture (1.7 per
cent) and others (3.4 per cent) while the medium farmers spend 39.7 per cent on household expenditure followed by education, marriages, construction of house, development of agriculture and others accounting for 23.7, 17.7, 9, 5.7 and 4.2 per cent respectively. The corresponding figures for the large farmers are 36.7, 26.7, 20.3, 4.3, 2 and 3 respectively.

**Aim of leasing-out:**

The maximum part (29 per cent) of the income from the leased-out land was spent on household expenditure followed by education (17 per cent), construction of house (13 per cent), agricultural expenses (12 per cent), and purchase of land (6 per cent), business (5 per cent) and others (18 per cent). Any other includes marriages, savings, religious activities, leasing-in land at some other place, medicine, litigation, debt etc. The marriages accounted for at least half of the weight of the head others.

As far as category wise distribution is concerned the marginal farmer spends maximum on household expenditure (67 per cent), which goes on decreasing as the size of farm increases. It is 46, 34 and 26 per cent in small, medium and large farmers respectively. Only the medium and the large farmers spend their income from leasing-out on purchase of land. The medium farmers spend maximum on agricultural expenses (New tube well, new tractor, routine expenditure, leveling etc.) accounting for 18 per cent followed by the large farmers and the medium farmers with 13 and 3 per cent respectively. The large farmers spend maximum on marriages which have been shown as apart of the heading named others. The medium farmers spend
maximum of their income from leasing accounting for 9 per cent followed by small and large farmers with 3 per cent each.

**Intensity of leasing-in:**

The intensity of leasing-in in Haryana is 100 per cent in the landless followed by the marginal farmers (76.68 per cent), small farmers (68.61 per cent), medium farmers (52.07 per cent) and the large farmers (49.97 per cent).

**Mode of contractual land agreements:**

70 per cent of the leasing in Haryana is on fixed cash basis. This is the reflection of the lessors will, as he dominates the decision regarding the mode of leasing. As far as the preference of the lessee is concerned, the fixed cash mode of contractual land agreement is preferred only 55 percent of the farmers, the rest 45 per cent preferring the mode of crop sharing.

Category wise distribution of the farmers, who prefer crop sharing in Haryana, is as follows: 67 per cent of the landless, 42 percent marginal farmers, 31 per cent small farmers 40 per cent medium farmers and 48 per cent large farmers prefer crop sharing mode of leasing.

**Sources for payment of rent:**

The figure for borrowing to pay the rent is very high to the level of 69 per cent in Haryana. The incidence of borrowing was found to be maximum in the marginal farmers and it went on decreasing with the increase in the size category of the farmer leasing-in. The figures for various categories of farmers were 92.9, 74.4, 74.5 and 60
per cent respectively. All the borrowing was from the private sources at very high rate of interest which ate most of the saving of the lessee.

**Time of payment of rent:**

The figure of paying the rent at the beginning of the agricultural year is 97 per cent for the Haryana.

**The issue of reverse tenancy:**

The landless and the marginal farmers account for 25.67 per cent of leasing-in by number of farms and 24 per cent by area leased-in while the corresponding figures on the leasing-out side are 1 and 0.33 per cent. The small farmers account for 25 per cent of leasing-in by number of farms and 19 per cent by area leased-in while the corresponding figures on the leasing-out side are 18 and 5.67 per cent. The medium farmers account for 32 per cent of leasing-in by number of farms and 31.33 per cent by area leased-in while the corresponding figures on the leasing-out side are 28 and 17.33 per cent. The large farmers account for 17.33 per cent of leasing-in by number of farms and 26.67 per cent by area leased-in while the corresponding figures on the leasing-out side are 53 and 76.67 per cent.

The results in Haryana show that the land is shifting from the large and medium farmers to other category of farmers due to the process of leasing (A fact against reverse tenancy).

**Average area leased-in and leased-out:**
The figures for the average area leased-in are greater than the figures for the area leased-out in all the farm size categories of the lessees. This is due to the fact that the total number of operational farms decreased from 486 to 375 i.e. there was a decrease of 111 operational farms due to the leasing activity. The additional land of these farmers who have shifted to non-agricultural activities gets divided in the remaining farmers of the sample. The figures for the average area leased-in were found to be 10.11, 9.46, 8.94 and 23.4 acres for the marginal, small, medium and large farmers respectively. The corresponding figures for average area leased-out were 0.6, 3.82, 6.72 and 16.14 acres respectively.

**Higher rent payed by the lessee:**

The lessee’s in Haryana have to pay higher rent than what is prescribed in the tenancy laws of the state. It amounted to 1027 rupees for the state. This is a negative aspect of contractual land agreements and shall be taken up in the chapter in the policy implications of contractual land agreements.

**Factors affecting leasing-out:**

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 from the field and are usually termed as absentee landlords. Thus we can say that absentee ness accounts for 43.6 per cent of the leasing out activity in Haryana. Lack of labour (14.7per 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 and involvement in politics, inefficiency and shifting to wage labour account for 8 per cent weightage.

**Factors affecting leasing-in:**

The effect of the number of persons in the family available for full time work on the farm and availability of physical / non manual resources like tractor, bullocks and camel was found to be positive and significant in all the zones of Haryana. While the effect of numbers of self owned land (in acres) was found to be negative but insignificant in all the zones.

**Effect of contractual land agreements on employment:**

Contractual land agreements have adversely affected the farm employment in Haryana, however the effect seems to be mild.

**Effect on under-employment:**

Contractual land agreements have positive effect the farm under-employment in Haryana. Under-employment before leasing was up to the level of 92.7, 79.3, 64.8 and 46.2 per cent in marginal, small, medium and the large farmers respectively which came down to 37.6, 14.9, 14.7 and 20.6 per cent respectively. This shows that the small farmer category has gained maximum in terms of removing the under-
employment of its resources i.e. by 47.58% followed by marginal farmers 41.88%, medium farmers 38.10% & and the large farmers 24.86%.

**Effect on productivity:**

The effect of contractual land agreements on productivity was found to be adverse. The productivity of the self owned farms was found to be 4.7 per cent per acre greater than their counter parts i.e. the leased in land. The basic reason of all this seems to be the annual terms of lease. As a result of which the farmer has no incentive to develop the land or go for long term planning. A farmer is not able to know the nature of soil in one year. Efforts for the stable and long term improvement in the quality of soil have been found missing on the leased in land.

**Effect on income:**

The net effect on income was found to be positive in Haryana. It was found to be rupees 1817 per acre of the leased in land. The farm category wise figures showed that the marginal farmers earned 1728 rupees while the small, medium and the large farmers earned 2173, 1600 and 2044 rupees per acre of the leased in land respectively.

**Effect on distribution pattern of land:**

The net effect on the distribution pattern of land is that land gets temporarily transferred from the large landowners to lower categories of landowners. The large farmers get income equal to their marginal productivity (in addition to their income from the non agricultural sector they have shifted to), while the lower categories of farmer get better off by producing more than the rent paid.
Implications of contractual land agreements:

The tenancy laws in Haryana are only on the papers. Neither any body has knowledge nor is the need for having some knowledge is felt by the farmers, entering in contractual land agreements. The present system has no safeguard mechanism against such violations as the agreements are verbal in nature. 53 per cent of the lessors were found to be ready while 47 per cent opposed the entry of the private companies in the land lease market. Whatever the figures may be the dividing line between them was very bleak. As the farmers opposing the entry did so due to lack of confidence while the farmers supporting the entry of private companies in the land lease market did so on the condition of ensuring safety regulations. This highlights the need of developing a full fledged law of contract in agriculture.

Thus to ensure the large scale entry of the private capital in the land lease market and to make it a sustainable phenomenon, a congenial atmosphere is to be created. Such an atmosphere can be created by bringing suitable changes in the present tenancy laws which could generate confidence in the farmers leasing out on one hand and the private capital on the other hand. Such changes include clearly mentioned terms and conditions for the parties involved in the land lease market.

The present study reveals that 99 per cent of the farmers lease out land on annual basis in rice zone while only 1 per cent leases out on seasonal basis. Annual term of lease is being forced on the tenants as 53 per cent of them preferred to lease in land for more than one year. This shows that majority of the farmers leasing-in, feel
that they can be better off if they lease in for more than one year. But they can not do
so because they are on the receiving end, demand for leasable land being much
greater than the supply of leasable land.

On the basis of the above discussion it should be recommended strongly that
all the provisions which scare the farmers leasing out land for more than one year
should be quashed from the existing tenancy laws.

The farmers entering in to contractual land agreements had to pay rupees 1027
higher rent than what they are entitled to pay as per the legal provisions of the tenancy
act. This is a serious issue as it eats up a major portion of the surplus of the farmer
who is actually tilling the land. This may ultimately lead to marginalization of the
marginal and small farmers. The situation would aggravate in the coming times as

c. The cost of inputs would increase sharply in the days to come due to
removal of subsidies. On the other hand the price of the crops would
not observe a corresponding increase. As a result the farmers would
find it more and more difficult to pay the ever increasing cost of rent.

d. The farmers would have to face a much organized sector, the corporate
sector, who would take up the task of agro-processing and marketing
(both at national and international level) in the coming times resulting
in further decreasing their bargaining power and making their situation
worse.
This problem should be resolved with a two pronged strategy which is as follows:

3. The present legal set up should be:
   a. Expanded so as to include the third player of the game i.e. the agricultural entrepreneurs, who would play the most crucial role in the coming days in Indian agriculture by providing the latest know-how, setting up agro-industries to create value added products in agriculture and carrying out the national and international marketing of these value added agro-products. To be more clear the existing tenancy laws which include only the tenant and the landlord should be converted in to “The Laws of Contract in Agriculture”.
   b. Made more practical, so that different players the contract do not feel it necessary to break the laws. An important suggestion in this regard would be given in the section related to “Implications of the issue of tenure of contractual land agreements”.

4. A separate ministry should be set up at the state level to look in to the needs of the agro-industries in the state so as to ease out some pressure on the agricultural sector of the surplus labour force. This would many far reaching positive effects on the state agriculture. Some of them are as follows:
c. This would decrease the demand for leasable land, in this way keeping the higher rent to be paid by the lessee under check in a natural way.

d. This would have other positive effects as well such as

- Setting up of agro-industries would increase purchasing power in the rural sector which would give a boost to the industrial sector by increasing demand for its products and thus the economic development in general.

- Keep a check on the army of the unemployed, which seem to increase in the near future due the new economic policies. This army of unemployed can obstruct the economic development and cause a threat to the political and social set up of the country.

- Value added agricultural products can be exported to gain the much needed foreign exchange for the country.

The present study reveals that 82 per cent of the farmers borrowed money from the money lenders to pay the rent at the rate of 24-30 per cent bi-annual. As far as the farm-size wise distribution is concerned 92.7 percent of the marginal farmers borrowed money followed by small farmers (90 percent), medium farmers (82.6 per cent) and the large farmers (56.3 per cent). This shows the position of the marginal and small farmers is worse on this aspect. The practice of payment of rent before the
agricultural year increases the cost of rent and hence the amount of debt by 25-40 per cent.

I am of the opinion that the tenancy should be legalized (with no direct or indirect time restriction) and converted into contractual land agreements so that the tenant farmers get facilities of institutional credit, insurance and other key inputs while working on land. This would add certainty factor in agriculture on one hand and check alienation of farmers on the other hand.

The question of permissible area is under hot discussion in the academic as well as the planning and political circles of the country. There is a sharp division on this issue. A group feels that the further development in the agricultural sector can be achieved only through large scale capital intensive corporate farming particularly in the wake of the new world economic order. On the other hand the other group feels that nothing can be more disastrous than this for a country where 65 percent population depends on agriculture and absorption rate of labour in the secondary and tertiary sector is very low. The displaced labour from the agriculture can is a source of serious concern for these economists as this army of unemployed can derail the very process of economic development by tearing the socio-economic and political set up to pieces.

The results of the present study are in resonance with those of Vaidyanathan (1994) which maintained that:
There is no evidence of significant economies of scales in agriculture as elements of bio-chemical technology especially, seeds and fertilizers are divisible.

There is enough evidence of successful application of modern technology and good management by the small farmers even in the sophisticated lines of production.

The disadvantages of small holding size are not so compelling provided other productivity augmenting factors such as knowledge, credit and market facilities are accessible to all classes of farmers.

Moreover the present tenancy laws have very positive effects on equity

As far as the infusion of technical know-how to raise the standard of Indian agricultural production to the international level, setting up of agro-industries to produce value added products in agriculture, storage, transportation and marketing these products in the international market is concerned, this should be left to the new class of agricultural entrepreneurs.

On the basis of the above discussion the study strongly recommends that the size of the permissible area as defined in “The Haryana Ceiling of Land Holdings Act, 1972” should not be changed.

Finally, the study supports the hypothesis on the points that the present tenancy laws have positive effects on distribution pattern of land, under-employment and incomes in rural areas while it refutes the hypothesis to the
extent that the present tenancy laws have negative effect on productivity and farm employment of land.