Haryana emerged as a separate state in the federal galaxy of Indian Republic on November 1, 1966. With just 1.37 per cent (44212 square kilometers) of the total geographic area and 2.05 per cent (210.82 lakhs as on March 2001) of India's population, Haryana has carved a place of distinction for itself during the past three decades. Whether it is agriculture or industry, canal irrigation or rural electrification, Haryana has marched towards modernity with leaps and bounds. Today, it enjoys the unique distinction in India of having provided electricity, metalled roads and potable drinking water to all its villages within record time. Haryana is among the most prosperous states in India.

About 75 per cent population of the state is engaged in agriculture, directly or indirectly. Apart from meeting its own requirement for food grains, Haryana also contributes about 45 lakh tones of food grains to the central pool annually. The Basmati rice produced in Haryana finds an easy market abroad.

82.2 per cent (36, 15,000 hectares) of the total area (43, 97,810 hectares) is sown in Haryana. Wheat is the most important crop of Haryana, grown on 55.8 per cent (20, 17,000 hectares) of the total area sown. Rice, Cotton and Bajra are other important crops grown on 22.99 per cent (8, 31,000 hectares), 18.06 per cent (6, 53,000 hectares) and 15.8 per cent (5, 71,000) of the total area sown respectively [Statistical Abstract of Haryana, 1996-97].
75.8 per cent of the land sown is irrigated in Haryana as against 36.2 per cent at all India level. Panipat, Kurukshetra, Kaithal, Karnal, Sonepat and Jind (the areas of rice zone) enjoy the irrigation levels of 99, 98.6, 98.5, 98.1, 94.4 and 90.2 per cent respectively. Even the least irrigated districts such as Gurgaon, Yamuna Nagar and Bhiwani have the irrigation levels above the national average. 49.66 per cent of the irrigation is through the government canals, 48.92 per cent by wells and tube wells and 1.42 per cent by other sources. The total number of tube wells and pumping sets in Haryana was 5, 66, 493 in 1996-97 which amounted to one set per 6.38 hectares of land [Statistical Abstract of Haryana, 1996-97].

The average size of farm-holding in Haryana was 2.43 hectares as against 2.3 hectares in India. It was highest in Sirsa district amounting to 3.55 hectares. 7.95 per cent (2, 95,097 hectares) of the total area sown was under marginal holdings (0-1 hectare), 12.47 per cent (4, 62,634 hectares) was under small holdings (1-2 hectares), 25.43 per cent (9, 43,667 hectares) under medium holdings (2-4 hectares) and 54.15 per cent (20, 09,817 hectares) was under the large holdings (above 4 hectares). [Statistical Abstract of Haryana, 1996-97].

**Need and importance of the study**

Land is the most critical input in agriculture and is the nucleus of all farm activities. A majority of households derive their livelihood from land directly or indirectly. The study of agriculture land market in a developing country like India is important because it has a deep influence on the agrarian structure prevailing in
a country at a point of time, which in turn has a close bearing on the agricultural development and hence overall development of the economy. The land being the prime factor, its ownership and distribution pattern not only directly influences its use pattern but also the investment and production decisions in agriculture. Accordingly, the land reform measures aimed at altering such land-holding structures as per the needs of the nation at a particular juncture of time have become a part of the economic drive of the nation.

Presently the nation under the global environment is witnessing sweeping changes in the economic policies which envisages some shift in the agricultural strategies and priorities so as to make farming commercialized, diversified and export oriented proposition, in addition to providing food security to the growing population. Rapidly growing population adds another dimension to the above problem as it also influences the agrarian structure through the process of division and fragmentation. Obviously, this economic and demographic transformation would require some adjustments in the agrarian structure. Therefore, the empirical study pertaining to structural changes in land holding patterns would be immensely useful in developing the future land reform policy framework.

The land market operates in two ways:

a. Through sale transactions.

b. Through lease transactions.
This study attempts to examine the pattern and implications of lease transactions in agricultural lands in the state of Haryana. The other segment of land market i.e. sale purchase is not a common phenomenon because prices of land, particularly after the green revolution, have increased at exorbitant rates so that an ordinary farmer cannot purchase additional land. On the other hand, very few persons are ready to sell their land even at high prices, unless there is dire economic need, because selling of land is socially discredited. Following studies and surveys supports low turnover of land sale:

Jodha (1981) in a study of two villages, each, in the district of Akola (Maharashtra), Sholapur (Maharashtra) and Mahbubnagar (Andhra Pradesh), over a period of four representing year (1975-1979) three agro-climatic zones in peninsular semi-arid tropical India revealed that 77 to 97 per cent of new land transfers were due to tenancy transactions only confirming the fact that land market in India operates largely through tenancy rather than through outright sale/purchase. Since ownership of land is considered to be one of the most important sources of security and social status by the cultivators.

Bardhan (1984) Even with full property rights in land, the market for buying and selling cultivable land is often rather inactive. Unless forced by extremely difficult circumstances, a resident villager does not usually sell his land. One possible reason is that land prices do not fully compensate for the very high risks in parting with this secure asset as evaluated by the farmer. In the absence of integrated financial markets, the transaction cost of investing the sale proceeds in
alternative ventures is very high. Besides the externalities of land ownership in terms of social status and credit collateral for the owner may not be fully reflected in the land prices in the market. Land lease markets on the other hand, are quite active, at least until recently, before land reform legislation abolished tenancy in some areas or drove it underground.

Sarap (1996) in a study of functioning of land markets based on primary data of selected villages of three districts in Haryana, concluded that even in a dynamic rural area like the study area, with diversified occupation and modern technology, the turn over of land sale and purchase is low.

Vijay (2000) on the basis of a study based on field survey of a village of Andhra Pradesh concluded that studies in the land market indicate that the permanent transaction market is an inactive market while the temporary transaction market (lease) is an active market. There is no sustained turnover in the land market and the sale of land is in response to transient cash needs of the household or the sales are interim with the seller wanting to buy back the land at a later period. The analysis of land transactions in the study area confirms that the turnover of land sale is low as argued by a number of other authors including Basu (1986), Plateau (1990), Raj (1990) and Binswanger & Rosenzweig (1986) to mention a few.

In case of negligent sale/purchase of land contractual land agreements become the most important way of correcting the mismatch between the distribution of land and factor endowments within the agricultural community.
under the present tenancy and land ceiling laws. Under such circumstances a study on contractual land agreements would reveal the underlying dynamics of agricultural transformation and its implications towards the state policy on agricultural lands. Therefore, a close scrutiny of land lease transactions changes taking place in the agrarian structure along with their various implications (economic, social and at government level) and the desirability of such changes under the new economic environment is the need of the hour.

Kaul et al (2000) on the basis of secondary data concluded that Indian agriculture is dominated by small and marginal farmers and the agricultural scenario is characterized by the incidence of tenancy, landlessness, high degree of fragmentation and skewed distribution of holdings. The knowledge of the trend and intensity of tenancy, terms of payment for leased-in land and factors influencing area under tenancy are of utmost importance to policy makers, administrators and economists.

**Tenancy laws in Haryana**

It would not be out of place here to mention the stress points of the existing tenancy laws of Haryana.

Tenancy laws of Haryana are governed by “The Punjab Security of Land Tenure Act, 1953”. The preamble of the Act provides that it is “an Act to provide for the security of land tenures and other incidental matters”.

The Indian National Congress before independence had resolved to bring about various land reforms and to usher in green revolution in the country. In this pre-dominantly agricultural country, the tenants were very often ejected from their tenancies by landlords. No tenant could ever feel protected in the hands of their zamindars (landlords). Consequently, no tenant was interested in making improvements in their tenancies for want of security to his tenures. The big landowners neither could themselves manage their big landholdings nor could the tenants holding land under them take interest in the improvements of the tenancies due to insecurity of their tenures. However, the main features of these laws may be explained or carved out as under:

a. Thus this act was passed mainly “to provide for security of land tenures and other incidental matters”.

b. To provide land to the landless.

c. To restrict and regulate the frequent eviction of tenants and to fix maximum rent payable by the tenants.

d. To vest rights in small land owners and tenants to pre-empt and to purchase their tenancies from the big landowners and become landowners.

e. Every big landowner was required to declare his surplus area beyond the permissible limit

f. No big landowner could retain more than 30 standard acres or 60 ordinary acres (The permissible area).
Utilization of surplus area vested in the state government for resettlement of ejected tenants. One of the main objects of the Punjab Securities of Land Tenures Act, 1953, is to save tenants from ejectment on arbitrary grounds and to protect their interests. Section 8 provides that the tenancy of a tenant shall not be affected by the following situations:

a. By the death of the landlord
b. By the death of the tenant except when the tenant leaves no male lineal descendents, or mother, or widow
c. By any change of tenancy area under the same landlord.

Thus, the change in ownership due to inheritance on the death of previous owner or otherwise will not stand in the way of the tenants or the eligible heirs of such tenants from purchasing or pre-empting the land under their tenancies

Section 9 of the Act lays down conditions without which the tenant can not be ejected.

Section 9A of the act provides the protection to accommodate the tenants liable to be ejected under the section 9 of this act.

Some other important aspects of this law have been mentioned directly in the concerned chapters.

**Important Definitions**

**Land:** means land which is not occupied as the site of any building in a town or village and is occupied or has been let for agricultural purposes or for
purposes subservient to agriculture, or for pasture, and includes the sites for buildings and other structures on such land (The Punjab Tenancy Act, 1887).

**Rent:** means whatever is payable to a landlord in money, kind or service by a tenant on account of the use of occupation of land held by him (The Punjab Tenancy Act, 1887).

**Landlord:** means a person whom a tenant holds land, and to whom the tenant is, or but for a special contract would be, liable to pay rent for that land (The Punjab Tenancy Act, 1887). The term lessor has been used in place of this term at most of the places in the present study.

**Tenant:** has the meaning assigned to it in the Punjab Tenancy Act, 1887. A tenant means a person, who holds land under another person and is, or but for a special contract would be liable to pay rent for that land to that other person; but it does not include:

a. An inferior landowner; or

b. A mortgagee of the rights of a landowner; or

c. A person to whom a holding has been transferred, or an estate or holding has been let in farm, under the Punjab Land Revenue Act 1887, for the recovery of an arrear of land revenue or of a sum recoverable as such an arrear; or

d. A person who takes from the government a lease of unoccupied land for a purpose of subletting it.
The term lessee has been used in place of this term at most of the places in the present study.

**Arrear of rent**: means rent which remains unpaid after the date on which it becomes payable (The Punjab Tenancy Act, 1887).

**Agricultural year**: means the year commencing on the sixteenth day of June, or on such other date as the state government may by notification appoint for any local area (The Punjab Tenancy Act, 1887).

**Contractual land agreements**: are the agreements between a tenant and the landowner on one hand and farmers and the agro-companies on the other hand. The farmer may be a tenant or a landowner and the tenant here may be a company or an individual.

This term has been used deliberately in this study instead of tenancy because the contractual relations will be expanding beyond the two existing players i.e. the landlord and the tenant. In the fully global scenario of the coming days, the agricultural production would be as per the demands of the international market along with the national market. This would involve a new class of agricultural entrepreneurs who would provide capital know-how on one hand and take up the marketing of agro-products on the other hand. Hence the relations of tenancy would also extend to the relations between this class and the tenants and the landowners as well. This term would cover all these relations.
Hypothesis of the study

Present tenancy laws and practices have positive effects on equity, productivity, employment and incomes in rural areas.

Objectives of the study

Objectives of the present study are as follows:

1. To study the nature of contractual land agreements. It includes:
   - Intensity of leasing in.
   - Mode of agreement, Violation of agreement & Knowledge of tenancy laws.
   - Mode of contractual land agreements.
   - Tenure of contractual land agreements.
   - Sources for payment of rent & time of payment of rent.
   - Excess rent paid by lessee.
   - The issue of reverse tenancy.

2. To study the factors affecting contractual land agreements. They include:
   - Factors affecting the leasing out of land.
   - Factors affecting the leasing in of land.

3. Determining the effects of contractual land agreements. They include:
   - Effect on employment and under-employment.
   - Effect on productivity.
   - Effect on income.
   - Effect on distribution pattern of land.

4. To study the implications of contractual land agreements. It includes:
The issue of reviewing the existing tenancy laws and its implications.

Response of lessors to entry of private companies in lease market.

Implications of the issues of time of payment and sources for payment of rent

The issue of the excess rent paid by lessee.

Implications of the issue of tenure of contractual land agreements

Implications of the issue of mode of leasing

The issue of permissible area

**Methodology**

The study pertains to whole of Haryana state. The state has been divided in three zones on the basis of cropping pattern, namely rice zone, cotton zone and bajra zone. It has been done so because the cropping pattern of any area evolves under the effect of many factors such as nature of soil, irrigation facilities, climatic conditions and demand and supply conditions of that particular crop in the national and international market hence can be treated as a more reliable and broad based criterion for division of the state in three parts. More over the cropping pattern decides the economic conditions, economic decisions and relations in that particular area.

a. Cereal crops are the major crops grown in Haryana. The agro-climatic conditions of Haryana suit wheat, the most. It is grown through out Haryana except parts of desert strip in south-west Haryana and parts of
shivaliks in north Haryana. This accounts for 55.8 per cent of the total arable land. Haryana produces 12 per cent of the total wheat grown in India. Other major crops are rice, bajra, cotton and sugarcane. Of the major crops in Haryana wheat is a Rabi crop while rice, bajra and cotton are Kharif crops. They need different soil and irrigation conditions hence are grown in different areas of Haryana (Sugarcane is grown in the same area where rice is grown). As a result the present study on Haryana has been divided in three zones namely rice, cotton and bajra zone which has been explained as below:

**Rice zone:** Karnal, Kaithal, Kurukshtra and Jind districts are the major producers of rice contributing 49.5 percent to the total rice production in Haryana hence are called the *rice bowl of Haryana*. These districts have achieved this distinction due to assured irrigation facility through tube wells which is necessary for a comparatively dry area like Haryana. The other important rice producing districts are Fatehabad, Ambala, Panipat, Sonepat, Yamuna Nagar and Sirsa which contribute 37 per cent to rice production. Rice is also grown in parts of Jhajjar, Gurgaon and Faridabad.

The data in the rice zone was collected from the following villages selected purposively:

a. Sarsawa (Kurukssetra)

b. Jamba (Kaithal)

c. Pundri (Kaithal)
RICE ZONE OF HARYANA
SAMPLE VILLAGES OF RICE ZONE

MAP: 1.2

1- Sarsawa (Kurukshetra)
3- Pundri (Kaithal)
*2- Jamba (Kaithal)
*4- Bajida Jatain (Karnal)
5- Babail (Panipat)

*1- Sarsawa (Kurukshetra)  
*2- Jamba (Kaithal)  
*3- Pundri (Kaithal)  
*4- Bajida Jatain (Karnal)  
*5- Babail (Panipat)
Cotton zone: Sirsa, Hisar and Fatehabad are major producers of cotton accounting for 80 per cent of total production as a result of which they are termed as the cotton tract of Haryana. Cotton is grown in 20-40 percent of arable land in this area. Other cotton producing districts are Bhiwani and Jind. Cotton needs maximum irrigation after sugar cane, a loamy soil and frost free climate for its proper growth. The above districts fulfill these conditions with a network of canals as the source of irrigation.

The data in the cotton zone was collected from the following villages selected purposively:

a. Kharak Poonia (Hisar)
b. Kirori (Hisar)
c. Gorakhpur (Fatehabad)
d. Dhangar (Fatehabad)
e. Badopal (Fatehabad)

Bajra zone: Bajra is a coarse grain grown in light sandy soil with rain fall up to 40-50 centimeters and temperature up to 25-30 degree Celsius. Bhiwani is the largest producer of Bajra contributing 20 percent of the total production. Other bajra producing districts are Mahendergarh, Hisar, Rewari, Gurgaon and Jind. Above 6 districts contribute to 84 per cent of the total production of bajra.
SAMPLE VILLAGES OF COTTON ZONE

MAP: 1.4

*1-Kharak Poonia (Hisar)        *2-Kirori (Hisar)
3*-Gorakhpur (Fatehabad)        4*-Dhangar (Fatehabad)
*5-Badopal (Fatehabad)
The data in the bajra zone was collected from the following villages selected on the basis of random sampling technique:

a. Gurera (Bhiwani)
b. Naloi (Bhiwani)
c. Barwa (Bhiwani)
d. Dalawas (Bhiwani)
e. Badra (Bhiwani)

The Villages and their number have been selected on the basis of purposive selection in such a way that the characteristics of a particular zone are fully reflected.

Indicators of the study

- Indicator for distribution pattern of land: Net effect on the movement of land within different categories of landowners due to leasing and standard deviation method.
- Indicator for productivity: Net effect on the quantity and costs of the crops produced on the leased in land.
- Indicator for employment: Net effect on farm employment in the rural population involved in agriculture in terms of change in size category of farms due to leasing and the level of mechanization in various category of farms.
The study is primarily based on primary data.

**Sampling design of the primary data:**

The districts and the sample villages have been selected purposively. As shown earlier, Haryana is divided in three zones on the basis of cropping pattern. The districts and the villages have been selected in such a way that the characteristics of a particular zone are fully reflected. Farmers participating in the lease market have been classified in landless, marginal, small, medium and the large farmer. The word farmer while mentioning the category of farmer represents the quantity of self owned land and not the quantity of the operational land as is used generally in the existing literature. A list of all the farmers entering in to contractual land agreements was prepared from the sample villages. The total number of such farmers came out to be 856 for the villages of rice zone, 838 for the villages of cotton zone and 830 for the villages of bajra zone. One fifth of such farmers were selected by random sampling. A sample of 168 households has been taken from each zone comprising of 84 households leasing-in and 84 households leasing-out. In all (at the state level) the sample consists of 504 households.

**Data Collection and Analysis:**

Primary data has been collected from the respondents i.e. lessee’s and lessors for the agricultural year 2001-2002. To reach some conclusions regarding the objectives of the study, relevant information pertaining to different aspects of

- Indicator for income: Net income (i.e. Total income - Total costs including rent) generated by the tenants.
the study has been noted down from each respondent on a pre-structured schedule (questionnaire) through personal interview method.

Techniques of analysis:

Techniques such as regression analysis, simple tabular analysis, bar diagrams; pie charts etc. have been used for the analysis.

Limitations (weaknesses) of the study

The study suffers from following weaknesses:

1. The data has been collected by an individual and it is difficult for an individual with time and resource constraint on him to gather large data set for obtaining a robust result.

2. The farmers are not in a habit of book-keeping for the cost of inputs incurred in terms of money, quantity of production and labour hours invested in the agriculture. As a result much information has been gathered on the basis of memory and as such does not reflect the exact data. Besides, certain information can not be checked from other related parties because of migration of a party to a distant place for the purpose of business, service or any other reason.

3. As would be discussed in the last chapter, Indian agriculture would witness tremendous changes under the effect of sweeping economic changes both at national and international level in the coming days. As a result the Indian farmer would have to produce as per the demands and standards of the
international market Export in agriculture. Export in agriculture would be of value added products. The companies producing these agro-products would do so by maintaining direct links with the farmers. This would require an extensive set up of “Laws of contract in Agriculture” to safeguard the interests of farmers. Thus contractual land agreements are a wider phenomenon than the tenancy laws. It includes:

a. Contract between landowner and tenant.

b. Contract between agricultural entrepreneurs/agro-companies and the farmer (The farmer may be a landlord or a tenant).

The first part of this phenomenon has been discussed at length; while the second part has not been touched. This would require another full-fledged study to take up this issue.

**Chapterisation of the study**

The entire study has been divided in to seven chapters which are as follows:

- Chapter 1 – Introduction.
- Chapter 2 – Review of Literature.
- Chapter 3 – Nature of contractual land agreements.
- Chapter 4 – Factors affecting contractual land agreements.
- Chapter 5 – Effects of contractual land agreements.
- Chapter 6 – Policy implications of contractual land agreements.
- Chapter 7 – Summary and Conclusions.