CHAPTER-V

LAND REFORM AND IMPACT ON PRODUCTIVITY
PROBLEMS OF LOW PRODUCTIVITY IN AGRICULTURAL SECTOR

The Indian Economy predominantly remains agricultural economy. The economic indicators establish the reality that a vast majority of our population directly and indirectly depends on agriculture for livelihood. It is also known that in spite of massive growth of industrial and tertiary sector agriculture provides dominant support to population and one third of national income comes from agricultural sector. The prosperity of Indian Economy depends on agricultural progress. It is a sad fact that in spite of such a crucial importance of agriculture in Indian Economy the productivity of agriculture has been low.

Low Productivity of Indian Agriculture

When we make a comparative analysis of productivity of agriculture in various countries we find that Indian agriculture productivity is very low. The following table gives the accounts of this productivity differential.

Table-I Average per hectare in selected countries

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Country</th>
<th>1951-56</th>
<th>1961-65</th>
<th>1987-88</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice (Quintals)</td>
<td>India</td>
<td>8</td>
<td>10</td>
<td>17</td>
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<tr>
<td></td>
<td>China</td>
<td>17</td>
<td>18</td>
<td>35</td>
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<td></td>
<td>USA</td>
<td>19</td>
<td>29</td>
<td>41</td>
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<tr>
<td></td>
<td>Japan</td>
<td>26</td>
<td>33</td>
<td>40</td>
</tr>
<tr>
<td>Wheat (Quintals)</td>
<td>India</td>
<td>7</td>
<td>8</td>
<td>20</td>
</tr>
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<td></td>
<td>China</td>
<td>9</td>
<td>9</td>
<td>30</td>
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<td></td>
<td>France</td>
<td>21</td>
<td>29</td>
<td>61</td>
</tr>
<tr>
<td></td>
<td>Germany</td>
<td>28</td>
<td>33</td>
<td>68</td>
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</tbody>
</table>
In the case of Wheat, the average annual yield per hectare in India was 20 quintals in 1987-88 while it was 61 quintals per hectare in France and 68 quintals per hectare in West Germany. Between 1961 and 1988 yield of Wheat per hectare had gone up by only 150 per cent in India as against 233 per cent in China. In case of Cotton, our major cash crop, India's per hectare yield was 202 Kgs in 1987-88 as compared to 764 Kgs in China, 787 Kgs in USSR and 1100 Kgs in Mexico.

It is seen that there is commendable increase in average yield per hectare of the various crops in India since 1950-51 but then other countries too had recorded significant increase during this period. In basic conclusion flows from this discussion: Average yield per hectare in India is below the world average in all crops: It is much below when compared even with yield rates prevailing in less advanced countries of the world.

**FACTORS RESPONSIBLE FOR LOW AGRICULTURAL PRODUCTIVITY**

Since the productivity per hectare is one of
lowest in India. Even then there has some improvement in recent years, particularly during the planning period. But, we have not reached goal and the condition of the agriculture is still poor. The factor which are responsible for low productivity in Agriculture in our country are given here.

Over Crowding in Agriculture:-

About 70% of active population is engaged in agriculture. The proportion of people depending on agriculture remained constant since 1901. The agricultural population in 1981 was 480 million. While 163 million agricultural population was in the turn of this century or in the beginning of the century. The natural increase in the population could not be absorbed in the industries. The traditional handicrafts had been destroyed by the big Industries in India. As a result of this, the population in rural areas, which depended on traditional handicrafts, adopted agriculture. Thus the mounting pressure of population on land is the main reason for sub-division and fragmentation of holdings, decline in the area of land per capita, increasing unemployment in agriculture and marginal productivity of labour. Due to increasing pressure of population on land the area of cultivated land per cultivator has declined from .43 hectare in 1901 to .23 hectare in 1981.
This clearly shows that not much can be achieved unless the growth of rural population is checked and the pressure of population on land is reduced.

**Backward Rural Atmosphere:**

Backwardness and illiteracy characterise rural environment of India. The farmers are bounded by caste system and joint family. Farmers have belief in fate, and often they are fully satisfied with their primitive system of cultivation. The small and poor farmers are not materially motivated. The big farmers adopted quickly modern techniques of production but the poor farmers are illiterate and backward and also have no means to improve their economic conditions. Poor farmers are not able to spend money on modern techniques of production. This is evident that without removing poverty, illiteracy and backwardness of the rural farmers, there is no possibility of agricultural progress and increasing productivity.

**Lack of Adequate Non Farm Services:**

Indian agriculture has suffered because of the insufficient supply of such non-farm services as provision of finance, marketing etc. Mostly poor and small farmers depend on village money lenders and pay the high rates of interests. As a result of this, the
poor farmers are unable to pay the high interest. Thus due to lack of resources they can not pay and give their lands to money lenders and become landless labourers. According to the All India Rural Credit Survey undertaken in 1951, the money-lenders accounted for nearly 70 percent of all rural credit. In 1981 they accounted for 16 per cent of rural credit. The inadequate non-farm services is a very important factor responsible for low productivity and backwardness of agriculture in India.

Size of Holdings:

The average size of holdings was 2.28 hectare in 1970-71 and 1.68 hectare in 1985-86 in India. Thus it is clear that the average size of holding in our country is very small. The average size of holdings belonging to marginal holdings was .40 hectare in 1970-71 and it was .38 hectare in 1985-86. The agricultural holdings are not only small but they are fragmented too. Due to being small size of holdings, there are so many stagnations to increase the productivity in agriculture areas, like difficulty in proper utilization of irrigation facilities, quarrels and consequent litigation among farmers, wastage of time, impossibility to move even or ordinary plogh, wastage of crops in absence of fencing. These various institutional factors are responsible for low agricultural productivity.
Pattern of Land Tenure:

Under the Zamindari system, the absence of proper incentives was the main factor for low productivity in agriculture. Even now, the position of tenants, after Zamindari abolition, is far from satisfactory. The cultivators have to pay high rents for the land they cultivate. They have no security of tenancy. They may be turned out from their land at any time as the landlords desire. In the condition of absence of effective land reform implementation, the agriculture productivity is adversely affected.

Poor Techniques of Production:

There were 36 million no. of holdings or 51 percent of the total holdings in 1970-71 and 57 million no. of holdings or 58 percent of total holdings in 1985 belonging to the size category of marginal holdings in India. This figure clearly shows the poverty and backwardness of the cultivators. They have no means to adopt the modern methods like chemical fertilizers and quality seeds, steel plough, sugarcane crushers, pumping sets, waterlifts, barrows, hoes, seed drills, fodder cutters, etc. Increase in production is possible only if proper and adequate manures are used. 10 to 20 percent of productivity can be increased by using good quality seeds. But in India, mostly small and poor farmers are adopting the traditional methods. This gives us some satisfaction that this condition is gradually changing.
and there has been increase in productivity of farms but much remains to be done.

**Inadequate Irrigation Facilities:**

Before independence, only about 19 percent of land was irrigated. Now 36 percent of total cultivated area is irrigated in India. Since the irrigation is the basic need for increasing agricultural productivity. So without increasing the irrigation facilities, it is not possible to increase the agricultural productivity. The dependency upon rain fall of Indian farmers must abolished.

It is extremely unfortunate that Indian agriculture was considered to be gamble on rains. Whenever there was inadequate rainfall there was crop failure involving large loss to the agriculturists. The condition of the marginal farmers specially became miserable. The dependence of agriculture on vagaries of monsoon is considered to be most serious impediment of Indian agriculture. The uncertainties of monsoon resulted in uncertainties of agricultural production and fluctuations in the level of agricultural incomes contribution to the National Income. These unstable conditions are very detrimental for the economy of a country which is predominantly dependent on agriculture.
There are two sets of factors - technological and institutional on which the agricultural productivity greatly depends. The main objective of the institutions like land reforms measures is to make more rational use of scarce land by increasing the economic size of holdings, providing security of tenure for tenants. Confirming ownership rights and fixing fair rents. The economic holdings can be improved only by imposing ceiling limits on large holdings, consolidating the scattered land holdings and improving the organisation of co-operative farms. The redistribution of ceiling surplus land in favour of marginal and small farmers will also create the economic size of holdings. The security of tenure for tenants and confirmant of ownership rights will create the interest of cultivators to develop the land. When the surplus land will go in the empty hands of the landless poor then the more menpower will be absorbed and the such land will also be exploited more than before. Therefore, through land reforms the cultivation will be done in most economical manner without wasting scarce capital and labour resources. Consequently, the impact of land reforms on agriculture productivity will be in positive direction and the agricultural production will increase.

It has been observed by investigation that
whenever land has been redistributed among the landless labourers and marginal farmers more intensive use of land was made and agricultural productivity in these forms increased. In many cases it was found that even the infertile and banjar or usar land obtained by marginal farmers was used for agricultural purposes and some production was raised.

It is approximately estimated that in the case of relatively less fertile or even infertile land the productivity registered increase of 20 to 25 per cent. It is seen that in such cases if the small farmers and landless labourers were given proper financial aid and supply of inputs was made to them the productivity would have further increased. While comparing the productivity of various pieces of land after redistribution it should analyse the fertility of distributed land. The crops raised on these low fertility distributed land generally, belongs to the category of non cash crops. On the course of survey it was found that the productivity of wheat is 12 quintal per acre. In case of Rice, Bazra, Potato and Oilseeds the production is 15, 7, 80 & 7.5 quintal per acre respectively.

VARIOUS FACTORS DETERMINING THE RELATIONSHIP OF LAND REFORMS AND AGRICULTURAL PRODUCTIVITY :-

There are so many significant factors which increase the agricultural productivity through land reforms.
It is asserted that the present agrarian structure is such that there is absence of incentives for raising production, with small scattered holdings, with a system of no security of tenure and high rents rack renting and with extreme inequalities in land holdings, it is impossible to expect the tiller to put his heart into the business of cultivation. The Government of India was pursuing many land reform measures such as consolidation of holdings, ceiling on holdings, control and regulation of tenures and the formation of co-operative forms. Doubts however, have been expressed in our country about the success of land reforms to bring about increased agricultural productivity. The following factors are related to land reforms and agricultural productivity.

**Economic Size of Holdings** :-

The economic size of holding directly effects the agricultural productivity. To increase the productivity in agriculture there is urgent need to create economic size of holdings and the consolidation of scattered holdings. Thus, there are two methods for creation of economic holdings (i) The fixation of ceiling on holdings (ii) Consolidation of scattered holdings.

**Fixation of Ceiling on Holdings** :-

In 1985-86, the number of marginal and small holdings or uneconomic holdings were 90 per cent of all
land holdings in the country. While, the number of medium and large holdings were 10 per cent of the total number of holdings accounted the area of 49 per cent of the total area. Thus by the fixation of ceiling on holdings, the surplus land may be surrendered to the public authorities by those who have more than prescribed maximum limit in a village. The surplus land can be distributed among those who have uneconomic holdings. Consequently, the uneconomic holdings will be economic and agricultural productivity will increase. Thus, the creation of economic size of holdings is of crucial importance in raising productivity of Indian agriculture.

Farm management studies reveal that gross output per acre is greater on small farms than on large farms. According to Prof. Lewis, the size of farms is not a material factor in determining productivity levels. The experience of Japan - A Country of small farms - justifies that labour - intensive methods can result in higher productivity per acre. In Japan the average size of holding in 1.2 hectares and the yield per hectare for rice is 52.5 quintals. In U.S.A. whereas the average size of holdings is 124 hectares, the yield per hectare is 52 quintals, almost equal to that of Japan. Similarly, the large-sized collective farms of U.S.S.R. have not been able to produce yield rates comparable to those of Japan. The yield per hectare of rice in the U.S.S.R. was 40
quintals. Consequently, available evidence supports the imposition of ceilings because such a policy can enlarge employment and increase the agricultural production.

Consolidation of Scattered Holdings:

The problem of agricultural holdings in India is two-fold. Not only the average holdings are small but they are also fragmented, and are found not in one compact block but in tiny plots scattered all over the village. Each holding consists of many small pieces which are found in different parts of the village. Thus the proper solution of the problem of scattered holdings is consolidation of holdings. Consequently, there will be the improvement in agriculture productivity because the prevalence of sub-division and fragmentation of holdings is a hindrance in the use of improved agricultural practices such as better seeds, manures, use of modern techniques in ploughs, construction of wells, fencing of land, to use the pesticides for the production of the crops from pests and improvement of drainage systems. There is also wastage of land in boundaries and fencing. Thus these small and scattered farms clearly are impediment for the efficient organisation of agriculture and increase productivity in agriculture.

In conclusion there is no doubt to say that the consolidation of scattered holdings will surely increase
the productivity in agriculture. The beneficial impact of consolidation of holdings on productivity is apparent and is not a disputed fact.

**IMPACT OF TENANCY AND LAND CEILING LEGISLATION ON AGRICULTURAL PRODUCTIVITY**

It is well accepted reality that tenancy system and size of holdings have direct bearing on farms productivity, income of the agriculturists and levels of employment. The economic impact of these reform measures were not seriously analysed in India with the result that the reform measures were either not initiated or not sincerely implemented. The famous statement of Sir Arthur Young - "Give a man the secure possession of a bleak rock and he will turn it into a garden, give him a nine years lease of a garden and he converts it into a desert," was not well understood. The statement amply demonstrates the strong bond of security of tenure and productivity. The just and equitable tenure system is the basis of motivation and incentive for the farmers. Without motivation and whole-hearted devotion to land high agricultural productivity can never be achieved. The backward condition of agriculture during British Raj is evident in the context of backward tenancy system and exploitative intermediary system. During the pre-independence days no attention was given to the land reforms as agricultural productivity was not in the
priority list of the then Government.

Myrdal emphasized the fact that in the agrarian system there were various undesirable elements as absence of security of tenure, excessive rent beyond the capacity of agriculturists. The obvious consequence of these undesirable features was that, the farming became very uneconomic operation. With this background it is natural that the productivity of agriculture remained low.

It is an established fact well substantiated by agriculture research that for raising agricultural productivity important land reforms measures of abolition of intermediaries and giving land to the tillers ensuring security of tenure and fixation of fair rent, developing optimum size of farms and institutional/organisational improvements are of vital consequence. The agricultural productivity and land reforms are interdependent and should be the basis of agricultural strategy.

If the land reforms are sincerely implemented and there beneficial impact is transmitted to the farming community there is guarantee for increase in agricultural productivity. It is only unfortunate that because of faulty implementation of reform measures and various devices of evasion and subversion these measures fail to raise levels of farm productivity. It is worth mentioning that impact of land reforms depends on actual
implementation. It is unfortunate and painful that Indian comprehensive land reforms measures have not been able to exercise positive impact on productivity due to benami transactions involving fictitious transfers without actual transference of land, high rents, absence of security of tenancy, illiteracy and backwardness of farmers, lack of organisational institutional reforms like co-operative farming unawareness of the reforms.

It is of great satisfaction to observe that the importance of relationship of land reform measures and agricultural productivity are well realised and the various five years plans have expressed this importance. Efforts are being made to remove the various obstacles. Equitable distribution of land among the small and marginal farmers will exercise beneficial influence on agricultural productivity. It is accepted that in the context of the current socio-political climate redistribution of land would rather appear to be imperative.  

Other reform measures are also being initiated.

Measures Designed to Increase Agricultural Productivity Through Land Reforms:

The correlation between suitable land reforms and productivity is well acknowledged by all agricultural experts. Land reforms measures in poor countries like
India are of crucial importance from the requirements of social justice and equity in rural economy and raising productivity of farms. The second aspect of land reform programmes is not properly emphasized. It is generally thought that land reform measures will only improve the conditions of weaker sections of rural community. A well designed land reform programme and its successful implementation can be very helpful in increasing the agricultural productivity. This is important in many directions.

These reform measures must concentrate on creation of optimum size of agricultural holdings. With high incidence of pressure of population of agricultural land it is important that small but economically viable size of farms be created. It is well emphasized that small farms with good inputs and proper techniques can increase productivity. Japanese rice cultivation is an example in this regard. This will be suitable from both considerations of equity and productivity. Both very large farms and uneconomic very small farms will not be suitable for Indian agriculture. Thus, it will be most desirable that in any scheme of land reforms the optimum size of farms must be given high priority.

From the consideration of poverty removal, abolition of sub-division and fragmentation is important. The
consolidation of holding programmes must also be done effectively. Consolidation will also eliminate wastage of land and solve the problems of supervision and management and optimum beneficial utilization of agricultural inputs.

There should be more determined efforts with dedication to introduce co-operative farming. Co-operative farming will increase productivity by pooling resources of small farmers and proper availability of inputs. It is unfortunate that proper sincere efforts have not been made for promotion of comperative farming and removal of related difficulties. The co-operative farming in India has many times failed because of illiteracy backwardness, lack of organisational experience, domination of vested interests and corrupt administrative machinery. All these elements must be checked to make cooperative farming successful.

The agricultural productivity can also be increased by organisational improvements in farming community. The agriculturists must be well organised so that they can be made capable of utilising various inputs, specially acquiring financial assistance from various agencies.

Problems of Infertile Land Transfers:

The quality of the soil is a primary factor to
increase the agricultural productivity. The fertility of the land is a primary source of large scale production. It is important to distribute the fertile land among the weaker sections of the society for increasing agricultural productivity, through land reforms. The ceiling laws provide for declaration of surplus land of land owners choice. The large land owners generally surrender the worst land which is very inferior, barran and uncultivable. The declared surplus infertile land is distributed among most resource-less poor of the rural society. Such distributed land requires very heavy investment to bring barren land under the plough which is quite impossible for these poor allottees. In the latest study by Ministry of Rural Development, it has been sharply brought that - the implementation of the ceiling laws continuously face impedements of a serious nature and a lot still needs to be done so that the objective of the land reform can be achieved. According to the study in Karnataka, it was found that whatever land has been declared as surplus, is dry land of worst quality which is very difficult to put under cultivation.

In the case of Himachal Pradesh, the study stated that the declared surplus land is Banzar which cannot be put under cultivation. In case of Jammu & Kashmir, the landlord was given the option to select any land to the extent of ceiling limit of 22.5 acres, he
often selected the area which was irrigated, had good soil and well located, and the relatively poor land, in some cases almost uncultivable, was transferred to the tillers. In U.P. the allotted land is more often Usar or Banjar. In West Bengal, due to unproductive nature of assigned lands, paddadars are increasingly abandoning the lands and migrating as wage labourers to industrial areas.

The land donated by the landlords under Bhoodan movement, was also mostly infertile or uncultivable. "12.24 lakh acres are unfit for cultivation. Even taking the lower figure more than 58 per cent of land donated by eager landlords to khata of Vinobha were unfit for cultivation. Next in the line of such donations are U.P., Rajasthan and Andhra Pradesh." 4

Benami Transactions :-

It is observed that due to benami transactions proper and equitable land distribution could not be done. Due to Benami transactions the large landholders transferred their land in the names of distant relatives, but such distant relatives are non-existent persons. In this way the original landowners continue to retain the possession of this land. Consequently, the large holdings could not be changed into small economic holdings and productivity per acre declines and large holdings remain of the same size as were before the implementation of
land reforms. With abolition of benami transactions the surplus land will be transferred in the hands of small peasants through land reforms and the agricultural productivity will increase due to higher input of family labour in small farms.

It is rightly observed by Prof. Amartya K. Sen — "In a labour surplus economy such as India the opportunity cost of family labour is low and therefore, the small farms use abundant family labour and extend the cultivation up to the point where the marginal productivity of labour may approach zero or may even become zero, while in the case of large farms which use a high proportion of hired labour, the application of hired labour will be stopped at the point where the marginal productivity of hired labour equals the ruling wage rate. In the case of small farms, output per acre is maximised, while in the case of large farms using hired labour, output per unit of labour is maximised."

Poverty and Illiteracy of the allottees:

The illiteracy and poverty of the allottees are the main obstacles in implementation of land reforms, and increasing agricultural productivity. Due to these obstacles, the impact of land reforms on agricultural productivity could not be positive. Land reform measures do not succeed in increasing productivity due to illiteracy and poverty. There are other related problems
in this regard:-(i) The allottees do not have the means to adopt the modern methods to utilise the fallow and Usar land which is distributed among them through land reforms. In absence of cultivation there is no chance to increase the agricultural productivity. (ii) Due to illiteracy, the poor allottees are unorganised and also have no representation in land reforms committees at the village, Taluqa or district levels. Consequently, they are unable and unsuccessful to make the pressure on Government, Revenue Administrative Departments to get possession of surplus land through land reforms. (iii) The decision of the courts depend upon the production of documentary evidence and other related proofs. The experience shows that the surplus land owners have always been able to produce greater evidence by using all kinds of pressure both legal and illegal. While the poor and illiterate allottees are unable to do so. Consequently, the ceiling surplus land continues in the possession of big land owners. (iv) In absence of the knowledge of the existence of the tenancy and ceiling legislation, the allottees pay high rents for the land they cultivate and they have no security of tenancy and may be turned out of their land at any time as the landlords desire. Under these difficult conditions it is impossible to expect the either to increase agricultural productivity.

It is evident that land reform measures can
never be effective in promoting modernisation of cultivation and raising agricultural productivity in the context of illiteracy and poverty of small farmers and landless labourers. In the context of poverty and illiteracy of vast majority of tiller of the soil, there is impediment in utilisation of the full impact of these programmes. It is seen that in those areas where farmers are literate and relatively resourceful these reform measures have been able to register significant gains in agricultural productivity.

References

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