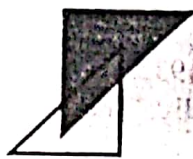


Land Reforms



1. THE NEED AND SCOPE FOR LAND REFORMS IN A DEVELOPING ECONOMY

Productivity in agriculture is mainly dependent on two sets of factors--technological and institutional. Among the technological factors are the use of agricultural inputs and methods such as improved seeds, fertilisers, improved ploughs, tractors, harvesters, irrigation, etc., which help to raise productivity, even if no land reforms are introduced. The institutional reforms include the redistribution of land ownership in favour of the cultivating classes so as to provide them a sense of participation in rural life, improving the size of farms, providing security of tenure, regulation of rents, etc. In other words, the institutional factors, such as the existence of feudal relations, small size of farms, sub-division and fragmentation, insecurity of tenancy rights, high rents, etc., act as disincentives to the peasantry to raise production. They weaken the capacity of the farmers to save and invest in agriculture as also to enjoy the fruits of their labour. Consequently, two schools of thought emerged. The Socialists believe that the existence of feudal or semi-feudal relations was the real cause of backwardness and poverty in rural communities. The emancipation of the peasantry from the bondages of institutional depressors will unleash forces which shall automatically raise levels of production in agriculture. The other school of thought believes that agricultural productivity is purely a technological phenomenon and that it can be raised by the application of superior agricultural methods. Thus, whereas the key to higher productivity lies in technological change according to one school, it lies in institutional reform according to the other. Quite recently, both the schools of thought are con-verging and opinion has come to centre round the idea that land reforms and technological change are not mutually exclusive factors but are complementary in the process of agricultural development. It is held that technological change can work more effectively in a congenial agrarian structure and in this way the process of development can be accelerated.

"On this anniversary of our Republic we must resolve to complete the unfinished task of land reforms that we have embarked upon years ago and empower the landless poor and small farmers who have not got any benefits from the Green Revolution. Much of the poverty and unrest in rural India — the class conflicts and the economic violence — can be traced to gross injustice in the distribution of land and some kind of counter-revolution that is taking place holding up the implementation of land reforms and snatching away of whatever benefits progressive legislations had bestowed upon the poor."

**— K.R. Narayanan, President of India,
Presidential Speech broadcast
on 25th January 1998.**

The purpose of land reforms is, therefore, twofold. On the one hand, it aims to make more rational use of the scarce land-resource by affecting condition of holdings, imposing ceilings and floors on holdings so that cultivation can be done in the most economical manner, i.e., without any waste of labour and capital; on the other, it is a means of redistributing agricultural land in favour of the less privileged classes, and of improving the terms and conditions on which land is held for cultivation by the actual tillers, with a view to ending exploitation.

The Indian National Congress in 1935 in a Resolution on land reforms stated unequivocally: "There is only one fundamental method of improving village life . . . namely, the introduction of a system of peasant proprietorship under which the tiller of the soil is himself the owner of it and pays revenues direct to the government without the intervention of any zamindar or taluqdar."

Scope of Land Reforms

Land reforms aim at redistributing ownership holding from the viewpoint of social justice, and reorganising operational holdings from the viewpoint of optimum utilisation of land. Besides this, there is the problem of conditions of tenancy, i.e., the rights and conditions of holding land. Land reforms aim at providing security of tenure, fixation of rents, conferment of ownership, etc. The entire concept of land reforms aims at the abolition of intermediaries and bringing the actual cultivator in direct contact with the state. The provisions of security of tenancy and rent regulation provide a congenial atmosphere in which the agriculturist feels sure of reaping the fruits of his labour.

The scope of land reforms, therefore, entails :

(a) abolition of intermediaries; (b) tenancy reforms, i.e., regulation of rent, security of tenure for tenants and conferment of ownership on them; (c) ceiling and floors on land holdings; (d) agrarian reorganisation including consolidation of holdings and prevention of sub-division and fragmentation; and (e) organisation of cooperative farms.

Basically, land reform measures are aimed at alleviating rural poverty in the following manner:

(i) By distributing land among the landless by taking possession of surplus land from large land holders;

(ii) By providing security of tenure and ownership rights to tenants and share-croppers and by regulating rent payable by them to the landlords.

(iii) By protecting the interests of tribals in land and preventing non-tribals to encroach upon tribal lands

(iv) By promoting consolidation of holding to improve the size of operational holdings thereby paving the way to raise productivity

(v) By development of public lands thereby providing better access to the rural poor to obtain fuel wood and fodder.

(vi) By providing access to women to land and other productive assets.

(vii) By protecting homestead rights of the rural poor on lands owned by them and providing them with house sites to enable them to construct residential houses.



2. THE ABOLITION OF INTERMEDIARIES

It is customary to classify the various categories of land tenure systems before independence into three broad heads : Zamindari, Mahalwari and Ryotwari.

(i) Zamindari Tenure. Under the Zamindari system, which was introduced by Lord Cornwallis in 1793 in Bengal, land was held by one person or at the most by a few joint owners who were responsible for the payment of land revenue. The system was introduced by the East India Company to create vested interests in land and thereby cultivate a privileged and loyal class. The various forms of tenure such as Zamindari, Jagirdari, Inamdari, the princely States etc. were artificially created. The revenue collectors were raised to the status of landowners. Earlier they were responsible for collecting land revenue for which they received a commission. The Zamindari settlements made them owners of land, thereby creating a permanent interest in land.

The Zamindari settlements were of two types— permanent settlement and temporary settlement. The permanent settlement fixed land revenue in perpetuity. This system prevailed in Bengal, North Madras and Banaras. Under temporary settlement land revenue was assessed for a period ranging between 20 and 40 years in various states. Land revenue, therefore, was subject to revision. Temporary settlement was effected with remaining zamindars of Bengal, taluqdars of Oudh, etc. Since the period of assessment was fairly long, temporary settlement was not really temporary. Land revenue was thus fixed and in doing so, the primary object of the East India Company was to fix responsibility for the punctual payment of land revenue.

The British Government pleaded that the zamindars represented the most enlightened section of the rural population and the conferment of tenurial rights could result in improvements on land and better agriculture. But these expectations were not fulfilled. With growing population and decaying village industries under the

British rule, the demand for land grew and it was possible for the landlords to charge very heavy rents from tenants. Zamindari system supposedly introduced to foster progressive agriculture, degenerated into absentee landlordism. Thus, between the state and the actual tiller there grew an intermediary who was interested in land only to the extent of extraction of exorbitant rent. Historically, the landlords as a class are known for their extravagance on women, wine and vices. The landlords of India were no exception. Thus, the money extracted from the cultivators by these parasites did not result in capital formation but increased conspicuous consumption. The zamindari villages were thus divided into two agricultural classes--the absentee owners and non-owner cultivators. The absentee owners exploited the actual tillers. Absence of state intervention of any type gave a free hand to the exploiting classes to indulge in rack renting, evictions, *begar*¹ and many other social evils. The landlords symbolised oppression and tyranny. Indian agriculture was reduced to a form of subsistence farming. It was disincentive-ridden, but there was no escape from it, since it represented the principal source of livelihood for the masses.

(ii) **Mahalwari Tenure.** Under the Mahalwari tenure, the village lands were held jointly by the village communities, the members of which were jointly and severally responsible for the payment of land revenue. The system was first introduced in Agra and Oudh and later on in Punjab. Under the system, the village common or *Shamlat* is the property of the village community as a whole. Similarly, the waste lands also belong to the village community and it is free to rent it out and divide the rents among the members of the community or partition it to bring it under cultivation without any leave of the Government. The system is the product of Muslim tradition and development, particularly in Punjab.

A certain sum is assessed as land revenue for the whole village for which the whole body of co-sharers are jointly and severally responsible. The village *lumberdar* collected revenue for which he received panchotra, i.e., 5 per cent as commission.

(iii) **Ryotwari Tenure.** Under the Ryotwari tenure, land may be held in single independent holdings. The individual holders were directly responsible to the state for the payment of land revenue. The first Ryotwari settlement was made in Madras in 1772. It was the product of Hindu tradition. This form of tenure was prevalent in Bombay, Berar and Central India. The ryot is at liberty to sub-let his land and enjoys a permanent right of tenancy so long as he pays the assessment of land

revenue. Some elements of zamindari tenure did appear in this system too because the peasants in ryotwari areas could sublet their land.

The popular nomenclature of ryotwari, mahalwari and zamindari concealed the vast transformation that had taken place during 150 years of practice. Emphasizing this point, H. Venkatasubbiah mentions : "If Lord Cornwallis and Sir Thomas Munro, the respective protagonists of the zamindari and the ryotwari, were to look at the system in 1940 they would barely recognise them as such."² The co-existence of zamindari, ryotwari and mahalwari led to an intermixing of characteristics. But the three systems gravitated towards the tendencies of the zamindari system. Sub-letting, rack-renting became a common characteristic even in the ryotwari areas. The mahalwari system acquired the characteristics of the zamindari system in states like Madhya Pradesh and U.P. (Agra) where the Government laid emphasis on joint responsibility of the village for land-revenue assessment; at the same time, it acquired the characteristics of absentee landlordism of the ryotwari areas in Punjab where emphasis was on several responsibility for the payment of land revenue. Similarly, in inams and jagirdari areas, the zamindars demanded between a half and two-thirds as settlement. As there were no records, they could charge quit rents from the cultivators. Thus, on the eve of independence, on the one extreme, there were landless labourers and tenants-at-will and on the other, were big landlords owning huge estates. But a very disquieting feature of the situation was the absence of the proper revenue records which made the task of abolition of intermediaries more difficult. Consequently, the need for a complete census of holdings was felt. The intermixing of the various systems made it difficult to know the rentier class as defined by the earlier acts.

Abolition of Intermediaries—The Policy and Measures

Although steps were taken earlier the actual abolition of intermediaries started in 1948 with the enactment of legislation in Madras. Legislation was passed in all states, but for a few minor tenures and inams as in Assam, Gujarat, Madras and Maharashtra. Incidentally it may be mentioned that West Bengal--the state worst affected by the ravages of absentee landlordism--was among the late comers to adopt legislation in 1954-55. As a result of the conferment of rights, about 30 lakh tenants and share-croppers acquired ownership rights over a total cultivated area of 62 lakh acres throughout the country.

While the aim was to abolish intermediaries

1. A service for which no payment is made.

2. Venkatasubbiah, H., *Indian Economy since Independence*, p. 51.

between the 'tiller and the State,' in actual practice the legislative enactments equated intermediaries with zamindars and, consequently, the legislation left a class of rent-receivers and absentee landlords under ryotwari untouched. Venkatasubbiah writes : "The Party and the Government at the Centre and in the States began to give thought to curtailing the power of non-zamindari rentier only at a subsequent stage of their agrarian policy."³

Compensation to Intermediaries

Unlike Communist countries, abolition of intermediaries was not done in India without compensation. In Russia, China, Yugoslavia, etc., landlords were expropriated from land without any compensation. They were reduced to the position of wage earners at the collective farms. But the Congress Party which assumed power after independence was committed to the payment of compensation to the landlords. Although the makers of the Constitution provided for compensation they did not clearly mention 'just and equitable compensation.' Consequently, the Zamindari Abolition Acts were challenged in the High Courts and later taken to the Supreme Court for adjudication. The Supreme Court while upholding the right of the legislatures to acquire lands for a public purpose, ruled that compensation is a justiciable issue. The rates of compensation, the ceiling limit of compensation and even the principles determining compensation were revised and the landlords were quite successful in getting equitable and in some cases more than equitable compensation.

The basis and rate of compensation varied from state to state. Compensation was fixed as a multiple of net income of the proprietor at the time of expropriation. This multiple was high in the case of lower income brackets and declined in upper income brackets. In some States, uniform multiple of net income was introduced as compensation, but proprietors with small incomes were, in addition, to be paid rehabilitation grant. In some States compensation was a multiple of the revenue assessment. Yet in some other States compensation was correlated with the market value of land, (e.g., in Kerala).

The compensation was, however, to be paid in cash or in bonds. These bonds were to be redeemed in equal instalments spread over a long period ranging between 10 to 30 years in various states. The big proprietors were to be given bonds but the comparatively small proprietors were to be paid in cash. The ex-intermediaries were given compensation amounting to Rs. 670 crores in cash and in bonds.