Land Reforms and Corporatisation of Agriculture

Gangotri Chakraborty

The School of Economic and Business Laws
West Bengal National University of Juridical Sciences
KOLKATA

Series Editors:
Aasha Kapur Mehta, Pradeep Sharma
Sujata Singh, R.K. Tiwari

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I am indebted to many for their kind cooperation, generous assistance and encouragement in the preparation of this work. I am in particular grateful to Prof. N.R. Madhava Menon, the founder Vice Chancellor of NUJS for initiating me into this research work, for his enthusiasm and patience in reading through my earlier drafts of this work and invaluable guidance. I am grateful to the staff, the Principal Secretary and the Minister of Agriculture, Shri Kamal Guha for all the help I received from them. I am deeply indebted to Shri Debabrata Bandyopadhyay, former principal Secretary, Ministry of Agriculture, Government of India, for his guidance and invaluable suggestions. I will always remember gratefully the brainstorming sessions with Prof. Madhura Swaminathan and Prof. V.K. Ramachandra. I will be failing in my duty if I do not acknowledge and thank Ms. Sheela Rai, who had done some preliminary work before she left NUJS and I took off from there.
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The genesis of the structure of power and authority in rural India can be traced to land. There is an ever-changing relationship between land, power and people. The shifting nexus between the rural elite and agrarian power structure centres around issues relating to land, which is one of the primary sources of existence in as much that land provides basic necessities like food, clothing and shelter to man. The value of land is ever increasing and requires little renewal and replacement. Due to this basic utility, economists tend to treat land as a special kind of property. In a narrow sense, land reform means the distribution of surplus land to small farmers and landless tillers, accrued as a result of the implementation of the ceiling on agricultural holdings.

Land reforms have been major instruments of social transformation, especially in an economy based on feudal and semi feudal production relationships. The main objective of land reform programme is not only to increase agricultural production, but also to build an egalitarian social order as contemplated under the Constitution of India. Thus, land and land reform issues are the focal point of the political and economic agenda of the country. This also lays a sound foundation for variable growth, to enable India to compete in the global market. A land reform policy is fundamentally a politico-economic issue and in most cases it is the result of a peoples’ movement. In India, the need for land reform can be traced to peasants’ aspirations to own the land they cultivate, obtain tenancy rights thereupon, or seek rationalisation and reduction in rent. Land reform generally reflects public policy of land redistribution for the benefit of the landless, the tenants and the small farmers. It aims at diffusion of wealth, increase in income and productive capacity. There is a shortage of land and uneven distribution of ownership. Agriculture in India is small peasant based and as such land reforms assume greater importance, not only in the context of social justice and equitable distribution, but also from the point of view of production and agricultural trade.

History shows that in India the ruling power has always held itself entitled to a certain portion of the agricultural produce. It was recognised that the occupier or cultivator could retain everything after paying a share of the produce.
to the ruler. The share given to the ruler then became one of the main sources of revenue. There has always been a question regarding the ultimate owner of the land. The Report of the Indian Taxation Enquiry Committee (1925) contains a summary of the main views on the subject (U.N. Ghosal, 1973).

In ancient India:

1. Rig Veda Samhita shows that among the Indo-Aryans, arable land was held in individual ownership or family ownership. Communal ownership was confined only to grass land. Private ownership of land was a recognised institution.

2. Land belonged to the person who cleared the jungle and brought the land under cultivation and he could sell, give, bequeath, or otherwise alienate it at his individual discretion.

3. There was a clear distinction between ownership rights and restricted real estate rights (U.N. Ghosal, 1973).

It appears from the above that in India the principle of private property and private ownership of land has been recognised from ancient times. At the same time, there was nothing called absolute ownership of land. Individuals or groups of individuals enjoyed ownership with respect to land, but the ruler had the supreme power to levy taxes as a price of protection and not ownership.

During the Hindu period (1200 BC-1200 AD) as well as during the Muslim period (1540 AD-1750 AD), the principal unit of land settlement in India was the village. Land was never considered to be the property of the King or the Sultan; it was the property of the village, the entitlement of the King being limited to a share of usufruct for the protection he gave in return. Since land revenue was the main source of state revenue, the village became the agency for collection and unit of revenue assessment. The village chief or the village leader was entrusted by the King to collect land revenue. During the Muslim period the assessment of revenue was systemised and methods of measurement of parcels of land and classification of land depending on survey of productivity were introduced. Tax in kind was commuted into cash and a system of "revenue farming" grew up. The latter development ushered in a new class of tax collectors as functionaries of the administration. Settlements were made in terms of individual tenants or cultivators, recognising no intermediate interest between the government and the cultivator, even though the revenue was collected through a village leader or Chief or Zamindar.

There were chiefly two components of revenue administration:

(i) Assessment of revenue; and

(ii) Collection of revenue.

Assessment of revenue used to be decided upon according to defined and accepted rules; the zamindari system emerged out of revenue collection. This function could be delegated to a class who can be collectively termed intermediaries. The intermediaries can broadly be divided into four categories.

The Chiefs: Hindu Chiefs who had some claim to sovereignty, but had submitted to Muslim rulers on terms of payment of a fixed tribute were known as Chiefs. The Muslim rulers generally did not interfere with either tax assessment or with revenue collection as long as they received their fixed tribute on time.

The Headman: It was a common practice for revenue assessors to come to terms with the village headman for the revenue to be paid by the village as a whole.

Farmers: A farmer would agree to pay a certain lump sum to the state, but would collect more from the peasants and make a profit for himself.

Assignees: The Kings and Sultans would grant important officers of the state, the assignment of the revenue of an area estimated to yield the incomes due to them. The assignee then took over the administration of that area including the task of assessment and collection of revenue (Bikram Sarkar, 1989).

Needless to say, the above functionaries, whose function was to collect land revenue and to account for the same, frequently acquired great authority over the revenue pay-
ers. They eventually became so powerful that their function of accounting to the state for the revenue collected by them became nominal and in many cases were altogether ignored. As a result, they exploited the peasants and extracted as much as possible from them and paid a nominal sum to the state, yet, at the same time they remained government functionaries and hence wielded great authority.

Bengal was the first province to come under British administration. The British made use of the intermediaries and for the first time proprietary interest was attributed to them. The system, which customarily evolved into a hereditary system, was formally made hereditary by recognising them as proprietors (Bikram Sarkar, 1989). This was a deliberate policy to gain political support for the newly established British administration on one hand and on the other hand, to establish a class of people who would ostensibly take interest in increasing productivity and reclaiming land for cultivation and agricultural activity. As a result, a functionary merely entrusted with the function of revenue collection was elevated to the rank of landlord or Zamindar. The result was the inevitable exploitation of tenants and cultivators. A new class of Zamindars thus emerged.

The main provisions of the Bengal Permanent Settlement Regulation were:

(i) The total amount of revenue was fixed for each locality.

(ii) The amount was fixed in perpetuity and was unalterable.

(iii) The Zamindar retained one eleventh of the total income.

(iv) Zamindars had the power to evict a defaulter.

To this extent the Regulation proved to be rather oppressive. Although on paper it appears that the security of tenure and the fixing of rent rates were secured for the individual tenants and the cultivators, in reality the Zamindars could become oppressive and place an exorbitant revenue burden on the peasant. As a result the Zamindars emerged as a very powerful class because of the immense bargaining power in their hands. All the political and economic benefits accrued to them.

The other objective of the Permanent Settlement Regulation was to record all rights in respect of land and to maintain an up-to-date Record of Right. This was a Herculean task and there was a delay in carrying it out. The English idea of governmental non-interference began to prevail in Bengal. The Government's executive organ virtually renounced its function of recording rights and left all relevant and incidental issues of protecting individual tenants and cultivators to the judicial tribunal and Diwani Adalats. Cumbrous and time-consuming legal procedures totally frustrated the uncomprehending tenants and cultivators. The institution of Patwaris fell into disuse and they became servants of the Zamindars. The institution of Kanungs was abolished. Thus, no record of right was ever made and the quinquennial register of interest fell into disuse. The important objective of maintaining Record of Rights and obtaining security of tenure for the tenants was never achieved and cultivators were at the mercy of the Zamindars (Bikram Sarkar, 1989).

The cumulative effect of the above was manifold:

(a) Increasing poverty of tenant cultivator, peasants;

(b) Lack of initiative in increasing agricultural productivity; and

(c) Tribal dissatisfaction due to overzealous reclamation of land.

Therefore, despite its sound principles, the Permanent Settlement Regulation failed in Bengal. The British government ultimately withdrew the earlier order of adopting the Bengal system elsewhere. The Madras authorities reverted to the Raiyatwari Settlement. Eventually the whole of British India either followed the Raiyatwari system or the Zamindari system.

Under the Raiyatwari system each peasant had a separate tenure of settlement and revenue demand was assessed and fixed separately. Each holder was given the right to sublet, mortgage or transfer land by gift or sale. There was another system prevailing in some parts of India known as Mahalwari system in which revenue demand was calculated and fixed based on the total land held in that village, which was later shared among the peasants.
Another terrain specific system prevails in the hilly parts of India known as *jhum* or shifting cultivation. This is an administrative system in which every village is a unit. Land boundaries are clearly demarcated and time honoured. The village authorities distributed the cultivable land within the village to different cultivators inhabiting the village. Thus, the cultivators cannot acquire any ownership rights and therefore have no right of conveyance. The greater landlord is the village authority.

The British also failed to understand that although the individual tenant cultivator (called *raiyat* for the sake of convenience) appeared at the bottom of the tenure ladder, they themselves might have been sub-lessees. So when they prepared the Tenancy Act to safeguard the interest of the *raiyat*, those sub-lessees were left out.

The failure of the Permanent Settlement Regulation of 1793, led to the enactment of the Rent Act 1859. The Rent Act recognised that the interest of tenants (*raiyats*) had been neglected; agricultural growth as a result was seriously prejudiced. The Act sought to rectify the situation by granting permanent occupancy to a *raiyat* on proof of twelve years of continuous cultivation on a plot of land. The landlords easily defeated its implementation by forcefully shifting the tenants from one plot to another. In 1879, a Rent Law Commission was set up. The Bengal Tenancy Act came into existence in 1885, which was subsequently amended in 1898, 1907, 1930, 1938 and 1940. None of the amendments or the 1885 Act, proved to be of any help to the *raiyats*.

The Bengal Land Revenue Commission was set up under the chairmanship of Sir Francis Rond in 1939, which is a landmark in the abolition of the *Zamindari* system. It made some major recommendations.

1. Abolish the *Zamindari* system;
2. Bring the government into direct relation with actual cultivators by acquiring superior interest in agricultural land;
3. Eliminate sharecropping (so prevalent in Bengal); and
4. Regard the *bargadars* (sharecroppers) as tenants with definite right on the property.

In 1945 the Rowland Committee (Bengal Administration Enquiry Committee) also made similar recommendations.

It is now clear that the *Zamindari* system (read intermediary) gave rise to and restructured a feudal society leading to the concentration of wealth in certain hands. Despite agriculture being the largest raw material market the agrarian sector largely remained a laid back, low profile victim of a social hierarchism leading to total stagnation. With Independence, however, land reforms and agriculture did receive attention though the focus of the plans was on the industrial sector.
India’s development strategies have evolved from Plan to Plan to meet the immediate objective conditions of the economy and the challenges of the moment. Since Independence the emphasis has been on industrialisation. Agriculture has been treated as a symbol of backwardness.

The First Five Year Plan addressed agriculture and related economic activities as long-term issues. However, the main provisions contained therein were:

(i) High priority to be given to the increase of agricultural production in the planning process over the next few years;

(ii) A land policy, which reduces disparities in wealth and income, eliminates exploitation, provides security for tenants and workers and promises equality of status and opportunity to different sections of the rural population;

(iii) Abolition of intermediary rights as a major programme in land reforms;

(iv) Recognise that small and uneconomic holdings were the root cause of many difficulties in agricultural development;

(v) There should be an upper limit to the amount of land that an individual may hold (Planning Commission, First Five Year Plan, 1953).

In May 1955, the Planning Commission set up a panel on land reforms under the chairmanship of Gulzarilal Nanda for reviewing the progress of land reforms in the country. The committee made the following recommendations:

(i) There should be an absolute limit to the quantum of agricultural land, which an individual might hold;

(ii) The policy of implementing ceiling should meet the following objectives:

- Meet the widespread desire to possess land,
- Reduce inequalities in ownership and use of land,
- Reduce inequality in agricultural income,
- Enlarge the sphere of self-employment.

(iii) Induct capital investment of land;

(iv) Encourage personal cultivation;

(v) End uncertainty in land sector; and

(vi) Provide work and security to the landless (Planning Commission, 1959).

The Second Five Year Plan set the stage for immediate and essential development strategies for two decades. The plan emphasised the establishment of heavy industries as an instrument of rapid industrialisation and for increasing the low savings rate of the economy. The Industrial Policy Resolution provided the conceptual framework of the plan, especially regarding the role of the public sector. The Second Plan was successful in this prime target area.
On Land Reforms Policy, the Second Plan was not in complete agreement with the Nanda Panel, but did not provide a uniform policy directive on the issues and left the question to the states. The state governments did not pay much heed to the panel report and each state appointed panels for formulating land reforms policy and measures (Government of India, Ministry of Agriculture and Irrigation 1976). This failed to bring about parity in state legislations. Perhaps the priority for development in the Second Five Year Plan was agricultural production, but the requirement of social justice, for which it was necessary to build up a cooperative rural economy, was given a back seat (P.S.Appu, 1972). Some difficulty also lies in the centre-state relationship under the Constitution of India. The subject of land reforms finds a place in the state list of the Constitution. The responsibility for enacting laws regarding land reforms and framing a policy therefore lies with the state (Planning Commission, 1973). Hence, each state legislation reflects regional variations and diversities in socio-economic and political conditions. Thus, land reforms viewed as a national policy, presents a very complex picture. The Second Five Year Plan might have been able to ensure some uniformity had it been able to provide at least a guideline to ensure some parity in the state legislations.

During the Third Five Year Plan period there was a serious balance of payment problem. Prices of primary products were also falling in the international market. The Plan introduced the concept of import substitution as a strategy of industrialisation. However, the success of the Plan cannot be judged as it was born and concluded at the most difficult time in Indian economy. Even then, the Third Plan restated the twin objectives of land reform:

(a) removal of impediments to increased agricultural production, arising out of skewed agrarian structure; and

(b) elimination of exploitation and social injustice in the agrarian system.

The traumatic experience of the Third Plan brought issues of food security to the forefront. This was further supported by the realisation that sustained industrialisation would not be possible without adequate provision of wage goods.

The Fourth Five Year Plan, conceived after three years of a Plan holiday, had food security as its central theme. Yet, the Plan only reviewed the progress of land reforms and remarked that the laws were not perfect and the implementation was tardy. The Fourth Plan also cannot be considered to have been a success. However, a change in thought and planning could be perceived. There was a belief that growth does not always emanate from the modern, organised sector of the economy. Traditional and small-scale sectors were also important contributors.

The Fifth Five Year Plan reflected this change in the policy imperatives. It recognised that growth and industrialisation do not necessarily improve the living conditions of the people. It evolved a concept of "minimum need" and undertook direct anti-poverty programmes. The subject of land reforms received slightly better treatment under this plan. The recommendations made by the Task Force on Agrarian Relations were incorporated into it. The Sixth Five Year Plan for the first time recognised that the success of the heavy industrialisation strategy in raising the savings rate of the country had created a situation where excess capacity was becoming evident in certain industries. Thus, a need was felt for shifting the emphasis from heavy industrialisation to infrastructure. The Sixth Plan felt that the slow progress of land reforms was due to unsatisfactory implementation of land ceiling laws. It directed its attention towards eliminating legal bottlenecks and circumvention of ceiling laws. It was felt that an effective land reforms programme designed to redistribute surplus land among the landless and farmers with uneconomic holdings, could make a significant contribution to raising the incomes and productivity of the rural poor. The shift was complete in the Seventh Five Year Plan. More emphasis was laid on infrastructure. The reappraisal of import substitution strategy began under this Plan. Liberalisation of the Indian economy was also initiated.

1 The Task Force on Agrarian relation was set up in 1972 by the Planning Commission, Government of India, for the purpose of appraising the progress and problems of land reforms and working out a Fifth Five Year Plan proposal vide Planning Commission letter no. 74-(LR)/72 dated 1st February 1972.
There was a two-year Plan holiday during which a full reappraisal of the planning methodology was undertaken. The Eighth Five Year Plan represents the first efforts at planning for a market-oriented economy. The economy performed well under this Plan, but the momentum could not be sustained during the Ninth Five Year Plan. The Ninth Plan recognised that demand rather than investable resources could become the main constraints to growth. However, this was not taken seriously. Pressures of fiscal rectitude and agricultural failure in three out of five years exacerbated the problem.

A subtle shift in development perspectives can be noted in the Tenth Plan. For the first time the Plan conveys a message that the agricultural sector can no longer be treated as a residual or peripheral component of the growth path, but must be brought centre stage of all developmental efforts.

This recognition stems from two important observations:

1. The experience of the 1980s and the economic reforms initiated in the early 1990s indicate that the Indian industrial sector has reached maturity and does not need the government’s focused attention for promotion or protection.

2. There is an untapped tremendous potential in the agricultural economy.

The Plan highlights its importance in the following distinct components.

1. Agricultural growth is viewed as essential for the acceleration of overall growth rate of Indian economy, not only by achieving a high growth rate itself, but also by pulling up the growth rate of other sectors. In other words, a trickle down effect is envisaged wherein agricultural growth would be the engine of growth.

2. Agricultural growth, it is presumed, is the surest way to bring about equity in wealth and income distribution leading to rapid reduction in poverty.

3. Agricultural growth is central to all efforts at self-reliance.

An infrastructure that supports not only agriculture, but also all rural economic activities is needed immediately. Sustainable agricultural production calls for effective planning, environment friendly technologies and policies.

Declining public investment in agriculture is another area of concern. During the early 1980s about nine percent of the net domestic product was ploughed back for capital formation in agriculture, which came down to five percent in the 1990s (K.C. Pant, 2003). This trend needs to be reversed to avoid a potentially adverse effect on agricultural growth and regional performance. The planning process has been laying emphasis on the development of irrigation, roads, transport, credit facilities, markets, warehousing, cold storage facilities, electrification etc. The existing allocations are relatively scanty and inadequate. A solution to this is greater private sector investment and partnership in developing supportive infrastructure and in the processing industry.

One cannot but accept the fact that the scope for the expansion of the area available for cultivation is limited, and there is a possibility that the cultivable area will shrink because the demand for increasing the area under forest cover can no longer be ignored. Demand for urbanisation and industry is already eating into the cultivable land. To complicate matters further, there is the need for implementing the "ceiling" on agricultural holdings on the one hand and almost saturated agricultural growth on the other. High yielding varieties have already spread widely. Against this backdrop, increasing agricultural production is a challenge.

In the wake of the implementation of WTO agreements the international market has opened up for agricultural commodities. Quantitative restrictions have to be removed and tariff has to be reduced. Changes are taking place in the import regime. This will affect domestic producers and consumers in terms of efficiency gains and equity aspects. Growth in the agricultural sector depends on a clear-sighted pursuit of the national interest.

This chronological analysis of the ten five-year Plans makes it clear that since the inception of planning in India,
industrialisation was equated with development Agriculture has always been a secondary sector. It must be noted that a majority of the people in India belong to rural areas, deriving their livelihood from agriculture. This vast population remained unaffected and untouched by the trickle down effect of industrialisation. Poverty is highest in rural India. Despite record food stocks, people in rural India are undernourished and suffer from malnutrition. There is a high incidence of underemployment and evidence of casualisation of the rural labour force. Women and children are the worst affected.

The agriculture sector is pivotal to development activity and includes associated activities like agro-forestry, animal husbandry, etc. An increasing labour force will have to be absorbed in these activities, which is also "agriculture" in its broader sense. If the income of the people engaged in agricultural activities is increased, their purchasing power for industrial goods will also increase, which in turn will accelerate the growth of industry. Stagnation in agricultural growth on the other hand would mean increasing unemployment and underemployment, threatening all development efforts (K.C. Pant, 2003).

The National Agriculture Policy seeks to actualise the vast untapped growth potential of Indian agriculture; strengthen rural infrastructure to support faster agricultural development; promote value addition; accelerate growth of agro business; create employment in rural areas; secure a fair standard of living for the farmers, agricultural workers and their families; discourage migration to urban areas; and face challenges arising out of economic liberalisation and globalisation. The policy, over the next two decades, aims to attain:

- A growth rate in excess of four percent per annum in the agriculture sector;
- Growth based on the efficient use of resources, conservation of soil, water and biodiversity;
- Growth with equity i.e., growth, which is widespread across regions and farmers;
- Growth that is demand driven, caters to domestic markets and maximises benefits from export of agricultural products in the face of challenges arising from economic liberalisation and globalisation; and
- Growth that is sustainable technologically, environmentally and economically.

The policy proposes to contain biotic pressure on land and control indiscriminate diversion of agricultural land for non-agricultural purposes. Unutilised wasteland is to be put to use for agriculture and afforestation. Abiding importance is accorded to improving the quality of land and soil. Priority is given to reclamation of degraded and fallow land. Areas of shifting cultivation will receive particular attention for sustainable development.

The approach to rural development and land reforms will focus on the following areas:

- Consolidation of holdings all over the country on the pattern of the north-western states;
- Redistribution of ceiling surplus lands and wastelands among the landless farmers, unemployed youth, with initial start-up capital;
- Tenancy reforms to recognise the rights of the tenants and sharecroppers;
- Development of base markets for increasing the size of the holdings by making legal provision for giving private land on lease for cultivation and agri business;
- Updation and improvement of land records, computerisation and issue of land pass books to the farmer; and
- Recognition of women’s rights in land.

Under the policy the rural poor, will be increasingly involved in the implementation of land reforms with the help of Panchayati Raj institutions, voluntary groups, social activists and community leaders.
A ceiling on holdings signifies a statutory limit on the amount of land which an individual may hold. The original idea was to ensure that the actual cultivators might become tenants holding land directly under the state government. This would allow a large number of people to hold and cultivate land in the interest of social justice. It was expected that this would address the issue of absentee landlords where land was being cultivated by landless peasants and labourers.

The First Five Year Plan identified small and uneconomic holdings as the root cause of many difficulties in the way of agricultural development. Despite concern for agricultural growth, not much attention was paid to the issue of fixing the ceiling on holdings. It only stated in general terms that the question regarding the amount of land an individual may be allowed to hold was to be answered in terms of a general principle rather than in relation to the possible use that could be made of the land in excess of any limit that may be set. In relation to land, individual property in excess of any norm that may be proposed has to be justified in terms of public interest and not merely on grounds of individual rights or claims. Therefore, there should be an upper limit to the land an individual may hold (Planning Commission, 1953).

It is apparent that the First Plan did not want to disturb the big farmers or land owners who were ostensibly helping to increase agricultural growth. The reason perhaps also lies in the fact that not much data was available on farm management, the size of the farm and production relationship.

The authors of the Second Five Year Plan did not fully endorse the views of the Nanda panel and instead of evolving a national policy on the issue of land ceiling, the matter was largely left to the states, who set up their own committees to study the conditions specific to their region and evolved policies of their own (Planning Commission, 1973).

The Third and Fourth Plans, because of the fiscal problems, war, stoppage of aid and other problems had very little to say on the issue of land reforms in general and land ceiling in particular. The Fifth Five Year Plan observed that laws imposing ceiling on agricultural holdings were enacted in all the states except in Haryana and Punjab. The results achieved were meagre due to high ceiling levels, a large number of exemptions from law, malafide transfers and partition and poor implementation (Planning Commission, Draft Fifth Five Year Plan, 1974-79).

The Sixth Plan largely reiterated the above and recommended vigorous enforcement of ceiling legislations, so that an effective land reforms programme designed to redistribute surplus land among the landless and farmers with uneconomic holdings, could make a significant contribution to raising the income and productivity of the rural poor (Bikram Sarkar, 1989).

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The ‘To be or not to be’ Debate

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Land Ceiling: The ‘To be or not to be’ Debate

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It may not be out of place to mention here that the programme of land ceiling finds credence in the philosophy, objectives and framework of the Constitution of India even today during the liberalisation era. The Constitution enshrines certain principles, which are fundamental to the governance of the country and makes it mandatory for the state to apply these principles while formulating policies and laws (Article 37, Constitution of India). These principles, inter alia, provide that the state shall strive to minimise the inequalities of income and eliminate inequality in status, facilities and opportunities (Article 38, Constitution of India). Not least within this agenda is the principle to ensure that the operation of economic system does not result in the concentration of wealth and means of production to common detriment (Article 39, Constitution of India). The programme on land ceiling and distribution of surplus land to the landless is directly in keeping with these principles. These principles are further strengthened by the fundamental right of a person not to be denied equality before law or the equal protection of law within the territory of India (Article 14, Constitution of India).

Article 31A, Constitution of India provides "that where any law makes any provision for the acquisition by the State of any estate and where any land comprised therein is held by a person under his personal cultivation, it shall not be lawful for the State to acquire any portion of such land as is within the ceiling applicable to him under any law for the time being in force... unless the law relating to acquisition of such land provides for payment of compensation at a rate which shall not be less than market value thereof".

In this article "the expression 'estate' shall in relation to any local area, have the same meaning as that expression or its local equivalent has in the existing law relating to land tenures in force in that area and shall also include:

(i) Any jagir, inam or muafi or other similar grant in the states of Tamil Nadu and Kerala, any jannam right.
(ii) Any land held under raiyatwari settlement.
(iii) Any land held for the purpose of agriculture or for purposes ancillary thereto, including waste land, forest land, land for pasture or sites of buildings and other structures occupied by cultivators of land, agricultural labourers and village artisans."

Thus, laws providing for acquisition of estate etc., have been saved by Article 31A against challenge on the ground of infringement of Articles 14 and 19. However, the state is also empowered to acquire any "estate" held in excess of the ceiling permitted to the individual. The rights in relation to estates have been enlarged to include the rights of intermediaries, raiyats and under-raiyats.

The idea of land reforms is thus incorporated within the constitutional action plan of governance, although the expression, land reforms, has not been used.

The Supreme Court has played a very dynamic role by adopting a novel doctrine of prospective overruling by declaring that although the First, Fourth and Seventeenth Amendments were in contravention of Article 13(2), they would continue to be valid not withstanding the abridgement of fundamental rights (Case: I.C. Golak Nath v. State of Punjab, 1967). The Supreme Court rose to the occasion and contributed its due share in furthering the cause of agrarian reform. Chief Justice Subba Rao observed that the agrarian structure of our country has been revolutionised on the basis of the said laws. However, it would create chaos if applied retrospectively (Upendra Baxi, 1967). The validity of ceiling legislations enacted in furtherance of Directive Principles contained in Articles 38, 39(b) and 39(c) have been upheld by the Supreme Court.

Like the land reform movement itself, the movement and efforts at distribution of surplus land were not very successful. A large chunk of land which was recovered remains undistributed and uncultivated. In other words, where there is no return from the land and the government has already compensated those from whom it has been acquired, such land can be developed with little investment and effort. There are some cases where assignments on benami basis have been made. In many cases the fear of reprisal from landlords and benami holders are very palpable (Aramane Giridhar, 1996). P. S. Appu sums up the situation saying that land reform has practically disappeared from the agenda of most political parties. This is an inevitable consequence of the far reaching changes that have taken place in social and economic fields; with the abolition of intermediary interests, the erstwhile superior tenants belonging mostly to the upper and middle castes.
acquired a higher social status. Rise in agricultural productivity, rising land values and higher income from cultivation have added to their economic strength. Substantial landowners who wield great authority in rural India are bitterly opposed to a ceiling on agricultural holdings. They are able to have their way because no serious effort has been made to organise the landless and the landed poor and enlist their support in favour of reforms.

As far as tenancy reform is concerned, there is a certain commonality of interest between landowners - large, medium, small or marginal. All are passionately attached to their land and aware about conferring benefits on insecure tenants. No political party that wishes to win an election can afford to alienate this group. Thus, it has become almost impossible to carry out reforms (P.S. Appu, 1972). V. M. Dandekar, 1994, prescribes that the existing ceiling on land holdings and tenancy lands should be removed altogether and may be relaxed in stages. This will enable the enterprising farmer to enlarge his holding by buying or leasing lands of small farmers, who may be finding it difficult to survive in agriculture. Consequently, landlessness will increase as will the employment of hired labour in agriculture. Generally, this position is highly disfavoured. There is a belief that the population presently existing on agriculture, must as far as possible be held in agriculture, kept self employed, even if on small and marginal farms. This may have a moral value, but may not be economically viable. There is an inherent possibility that this may lead to "capitalist farming", which is the beginning of the inevitable exploitation of labour. Yet, on the other hand, as a prerequisite of capitalist agriculture much capital investment will flow into agriculture, which in turn is a sine qua non for adopting and exploiting modern technology, scientific breakthroughs, etc. If capital is generated within agriculture, i.e., surplus value in Marxian terminology, which is at the bottom of what Marx called exploitation of hired labour, but without surplus value to plough back into agriculture and production the economy will stagnate (V. M. Dandekar, 1994). S.K. Ray criticises Dandekar on the grounds that he fails to completely recognise the ground realities of the environment in which the proposed policy changes seek acceptance and a fair chance of implementation. While it is true that the crisis at the beginning of the 1990s from acute domestic and international economic pressure, threatened to destroy the credibility of the country in the international financial market, now there is an environment for initiating economic reforms. However, according to S.K. Ray, economic compulsions per se are not enough basis for such a reform. Social and political compulsions are equally important factors, which would lead to policy change. He further argues that modern technology is, in general, capital intensive. This has led to agricultural unemployment. Unbridled growth through technology and modernisation can only be at the cost of human exploitation and unemployment. According to him Dandekar is aggressively promoting this situation.

If agriculture ceiling were to be repealed and agricultural income were to remain exempt from tax, there will be a rush to invest in land, which would benefit only the large farmers, businessmen and moneyed people from all walks of life. The land prices then would soar. Another intermediary group of speculators would emerge, but millions of small and marginal farmers will be pushed off their land. In the absence of alternative employment opportunities, such marginal farmers with smallholdings will turn into landless agricultural labour working for wages. Such social and political costs require close examination, especially when the incidence of poverty is so high in India. The gap between the rich and poor will further widen and social friction will intensify. Thus, according to Ray, the time is not yet ripe to bring forth such drastic reforms.

A plea is being made to relax the ceiling laws in order to encourage the corporate sector to enter the agriculture sector for commercial production of high value and processed agricultural products, thereby earning valuable foreign exchange for the country. Ray suggests that rather than repealing the existing ceiling laws, it would be better to consider the command area approach that is followed by the sugar industry or the area-based contract farming approach, as adopted by Pepsi - both provide an opportunity to earn foreign exchange without the corporate sector’s direct involvement in the production of the required agricultural raw materials. The corporate sector may be encouraged to set up contract farming, agro-processing units or provide distribution facilities, but their direct involvement in agricultural production must be firmly resisted.
The ceiling on land holdings may lead to small farm sizes, which may not be economically desirable. One argument is that small farms are not productive because they hinder mechanised farming and the farmers have limited resources to invest. Supporters of land reforms contend that the above proposition needs to be scrutinised. They maintain that productivity per acre is high in small farms and it declines with the increase in the size of farm. In a small farm, farmers use only family labour, which is cheap. In large farms, in addition to the labour contributed by the family members, hired labour is also used at a specific cost of production. A large farmer will employ wage labour only to the extent where marginal productivity becomes equal to the wages paid to the labour. He cannot proceed beyond this point since his marginal productivity will be lower than the wages paid and he will suffer a loss. The small farmer who employs only family labour will keep on using labour till the point where marginal productivity reduces to zero. Therefore, labour and land ratio is higher for small farms, which keeps the productivity mark high compared to the large farms. The small farmer also makes more intensive use of inputs as compared to large farmers. As a result of fragmentation small farmers are left with better quality of land. Moreover large farms tend to prefer monoculture (single crop), because they can be easily managed with heavy machinery. Small farmers usually have mixed crops (intercropping), combine and rotate crops and livestock, with manure helping to replenish soil fertility. Moreover poverty drives the small farmer to intense farming activity (A.M. Khusro, 1968 and Jagadish Bhagwati and S. Chakraborty, 1982).

Opponents of the inverse relationship theory contend that it does not hold ground after the introduction of the green revolution technology. The green revolution has been characterised basically by capital-intensive technology in which hybrid seeds, chemical fertilisers, creation and/or existence of assured irrigation etc., play a significant role. G.K. Chadha looked at farm level data for three agro-climatic regions in Punjab for the year 1969-70 and found that the inverse relationship had ceased to hold good particularly in the central zone dominated by tube well irrigated maize cultivation. Economists G.R. Saini and N. Bhattacharya who looked at farm management data for the states of Punjab and Uttar Pradesh to determine the impact of the green revolution, were of the view that the comparison of the coefficients over time shows that the relationship had moved nearer unity in the late 1960s indicating a gradual closing up of the productivity gap between small and large farmers (A.K. Ghose, 2001; G.K.
The basic argument is that the impact of the green revolution was much more beneficial for the large farms and the technology is much better suited to it. According to this school, the inverse relationship which may exist in traditional agriculture, does not do so any more under modern technology. According to Graham Dyer, the introduction of green revolution technologies and intensification of capitalist agriculture first increases the intensity of cropping and labour input on larger farms, thereby weakening the inverse relationship by raising the output per hectare on large farms. Later with capital intensification and mechanisation of the larger farms, significant scale economies result in reversal of the size-productivity relation, the larger capitalist farms generating higher output per hectare than the smaller peasant farms. According to him this is true of both India and Egypt (Graham Dyer, 1997). Dyer submits that the inverse relationship is a phenomenon characteristic of peasant agriculture where techniques of production are the same for small and large farms (Graham Dyer, 1998).

Productivity, agricultural patterns and agrarian structures connote more than agricultural holdings and farm size. Importance of land as an input to agricultural production has declined considerably and non-land inputs have gained greater importance. In India, however, ownership and access to land still determines to a large extent the access to non-land inputs like credit. The exploration of farm size and productivity could also be misleading, because of the significant difference in quality of land from one region to another and the corresponding climatic effect. Still, changes in the pattern of land holdings and rights in land can be indicative of the changes in agrarian structure. The National Sample Survey Report 1992, complemented by the Agricultural Census Report 1990-91, reveals some very significant information.

The categories of land holdings as revealed by National Sample Survey Report are (V.S. Vyas, 2001):

(i) Marginal farmers – those who own or operate areas between 0.01 acres to 2.49 acres;

(ii) Small farmers – those who own or operate land between 2.5 acres to 4.99 acres;

(iii) Semi-medium farmers – those who own or operate land between 5.00 acres to 9.99 acres;

(iv) Medium farmers – those who own or operate land between 10.00 acres to 24.99 acres; and

(v) Large farmers – those who own or operate land over 25.00 acres.

The pattern of holdings by the above category of farmers till 1992-93, is given in Table 1.

It appears from Table 1 that the trend towards landlessness seems to have stabilised at 11 percent during the 1980s and 1990s and the proportion of the marginal holding stabilised at 60.6 percent during the 1990s. This means that the farm sizes owned/held by each category is not very high as is revealed in Table 2.

The highest average holding in the 1990s appears to be about 2.81 acres. This suggests that perhaps there is a continuing tilt towards smaller holdings, although a decelerating trend can also be seen. It can thus safely be assumed that marginal and smallholdings dominate Indian agriculture. This group has improved its cumulative holding from

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<thead>
<tr>
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<tbody>
<tr>
<td>Landless (0.00 acres)</td>
<td>9.64</td>
<td>11.33</td>
<td>11.25</td>
</tr>
<tr>
<td>Marginal (0.01-2.49 acres)</td>
<td>52.97</td>
<td>55.31</td>
<td>60.60</td>
</tr>
<tr>
<td>Small (2.5-4.99 acres)</td>
<td>15.49</td>
<td>14.70</td>
<td>13.40</td>
</tr>
<tr>
<td>Semi-medium (5.00-9.99 acres)</td>
<td>11.94</td>
<td>10.78</td>
<td>9.30</td>
</tr>
<tr>
<td>Medium (10.00-24.99 acres)</td>
<td>7.83</td>
<td>6.45</td>
<td>4.50</td>
</tr>
<tr>
<td>Large (25 acres and above)</td>
<td>2.12</td>
<td>1.43</td>
<td>0.88</td>
</tr>
</tbody>
</table>

Source: NSS various reports as cited in V.S. Vyas, Changing Contours of Indian Agriculture in Changing Environment, Vol I.
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Table 2: Percentage of Land Owned by Each Category of Farmers between 1971-72 and 1992-93

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>1971-72</th>
<th></th>
<th>1982-83</th>
<th></th>
<th>1992-93</th>
<th></th>
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<tbody>
<tr>
<td></td>
<td>%</td>
<td>Acre</td>
<td>%</td>
<td>Acre</td>
<td>%</td>
<td>Acre</td>
</tr>
<tr>
<td>Marginal</td>
<td>9.76</td>
<td>0.69</td>
<td>12.22</td>
<td>0.70</td>
<td>16.93</td>
<td>0.69</td>
</tr>
<tr>
<td>Small</td>
<td>14.67</td>
<td>3.57</td>
<td>16.49</td>
<td>3.55</td>
<td>18.59</td>
<td>3.41</td>
</tr>
<tr>
<td>Medium</td>
<td>30.74</td>
<td>14.79</td>
<td>29.84</td>
<td>14.62</td>
<td>26.07</td>
<td>14.26</td>
</tr>
<tr>
<td>Large</td>
<td>22.91</td>
<td>40.76</td>
<td>18.07</td>
<td>40.04</td>
<td>13.83</td>
<td>39.07</td>
</tr>
<tr>
<td>Average holding of all sizes</td>
<td>100.00</td>
<td>3.77</td>
<td>100.00</td>
<td>3.16</td>
<td>100.00</td>
<td>2.81</td>
</tr>
</tbody>
</table>

Source: NSS various reports as cited in V.S. Vyas, Changing Contours of Indian Agriculture in Changing Environment, Vol I.

24.43 percent in the 1970s, to 35.52 percent in the 1990s. The semi-medium and medium group however constitute the backbone of Indian agriculture. Their holding in the 1970s, was 52.66 percent, but it declined to 50.65 percent in the 1990s. Between these two categories, the semi-medium farmer has improved his holding from 21.92 percent in the 1970s, to 24.58 percent in the 1990s, whereas that of the medium farmer has marginally declined from 30.74 percent in 1970s, to 26.07 percent in the 1990s. A significant decline is seen in large farmers’ holdings from 22.91 percent in 1970s, to 13.83 percent in the 1990s.

In other words, it can be safely assumed that despite the propositions and arguments in favour of large holdings to enable technology friendly agricultural practices to develop, the ground reality is that smallholdings dominate the Indian agricultural scene. Marginal and small holders hold about 36 percent of the land and semi-medium and medium farmers hold about 51 percent. Only 13 percent land belongs to large farmers. Any policy decision that encourages large holdings, translated in real terms will mean that the marginal, small, semi-medium categories of farmers may merge to form a single landless or marginal category leading to rise in unemployment and poverty.
Patterns of agricultural institutions as they exist in the modern world can be grouped into five categories depending on the scale and type of management (Durgadas Roy, Undated).

1. Subsistence Farming

This category has two main variants:

(a) **Small Family Farms:** In this type of farming the scale of operations is usually small and the farm family constitutes the basic unit of production. The family owns the land and cultivation is carried out mainly with family labour. In this type of family farm the degree of mechanisation generally noticed is negligible or small as the unit of cultivation is small and does not facilitate the use of machines.

(b) **Tenant Farms:** Unlike small family farms, the land is not owned by the farm family; instead it is leased from the owner in return for a fixed rate of rent or fixed share of output. The farmer is also not wholly independent in controlling and managing the farm since some of the principal decision-making powers, especially those involving patterns of land use, are typically retained by the landowner. A large proportion of the farms in the developing countries fall under this category.

There are instances, especially in the more developed regions, where large holdings are leased under fixed rentals or where those who operate the farm have relatively high incomes. Moreover, most tenants and sharecroppers in the poorer countries share their output with landowners and often operate under insecure tenancies.

2. Private Large-Scale Farming

At present there are two alternative forms of private large-scale farming:

(a) **Capitalist Farming or Estate Farming:** In this type of farming, capitalists, corporations or syndicates hold large areas of land and manage them like modern enterprises. Business capital is supplied by one or a few persons or by many persons in which case the farm runs like a joint-stock company. Sometimes it is called corporate farming, which is based on the capitalist method. The plantations in America are an example of this kind of farming. It has the advantages of large-scale enterprise and leads to larger production and better marketing, its main motive being profit and not the interests of the actual cultivators. It suffers from all the defects associated with absentee landlordism. The unit of organisation is large and work is carried on by hired labour with the extensive use of mechanisation. The capitalists or the corporate personnel appointed by them take all the decisions related to production. The workers have no role to play in the control and management of the farm. Examples of this system of farming in India are the plantations of coffee, tea, rubber and sugarcane.

(b) **Large Peasant Farms:** Family farms and tenant farms that are fairly large in size constitute this type of farming. The distinguishing feature of this type of farming is its semi-capitalistic mode of production. Like the subsistence farms, these farms are also family based,
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but being somewhat larger in size, require a considerable amount of hired labour in addition to family labour. Also, a substantial portion of the farm’s produce is available for sale in the market after meeting the needs of the family. There is again, only partial participation by the workers in the control and management of the farm. This type of farm is commonly seen in the underdeveloped countries.

3. Service Cooperatives

A service cooperative is not a distinct category of farming by itself, but actually exists as a hybrid of one or more of the farming varieties. As defined by the Ministry of Community Development and Cooperation, “A service cooperative is an organisation of villagers, who have willingly united for mutual help and cooperation in meeting their common economic requirements and in increasing agricultural production.”

The main difference between service cooperatives and cooperative farming is that while the former is concerned with the provision of services, with members working independently on their individual farms, the latter is concerned with joint production, which consequently means the pooling of land for achieving economies of large scale farming.

The cooperatives considered to be most successful are those in Egypt, some areas of India, Israel, Southern Brazil, the Republic of Korea and The Republic of China. Cooperatives and farmer groups, which are truly locally controlled, have proved to be difficult to establish. Many societies are quite individualistic and small farmers everywhere tend to shy away from being organised. Cooperatives tend to work best in areas where landholdings have been homogeneous, tenant farmers have equal status, some social cohesion exists at the grass roots and where literacy has attained a reasonable level.

4. Cooperative Farming

Cooperative farming refers to a type of agricultural organisation in which groups of farmers cooperate among themselves not only in non-farm activities, but also in all other agricultural operations including the actual act of farming. The cooperative functions as a single unit of production and all those who work in the cooperative constitute its members (Durgadas Roy, Undated). The members democratically elect a managing committee to direct the activities of the cooperative. The income of the cooperative is shared among its members in a pre-specified manner. A cooperative farming society may take one of the following four forms.

(a) Cooperative Joint Farming Society: This suggests pooling of land on the part of society owners, whose separate holdings are not large enough to permit economic farming. Members work on the pooled land in accordance with the directions of an elected committee and the manager appointed by it. They work jointly and each member is recognised by the payment of a dividend in proportion to the value of his land. The produce which is raised collectively and the proceeds after meeting all the expenses of cultivation including payment for the use of land, wage and cost of cultivation and providing for a reserve fund, are shared by members in proportion to the wages earned by them.

(b) Cooperative Better Farming Society: The society is designed to introduce improved methods of farming. The members agree to follow a plan of cultivation laid down by it. For insecure and hilly areas, Tarlok Singh suggests organisation on the lines of cooperative better farming society with the villages as the unit. According to Tarlok Singh, the village community will meet its common obligations and will incur necessary common investment and will be able to distribute the balance as ‘ownership dividend’ to each of the owners in proportion to the value of the land, etc., contributed by him in advance to the village farm. As technical changes take place and the village organisation becomes stronger and more integrated, in place of work units operated by families, work will be allotted to individuals.

(c) Cooperative Tenant Farming Society: This type of land is freehold, but its holding is divided into smaller holdings, each of which is leased to an individual tenant
cultivator who is a member of the society. The whole area is cultivated in accordance with a plan laid down by the society, but the manner in which the plan is executed is left to the discretion of each individual tenant. The society undertakes to supply credit, seed, manure and expensive agricultural implements and even to arrange the marketing of the tenant member’s produce, but it is up to each tenant member whether or not he avails these facilities. Each tenant pays a fixed rent for his holding, but the produce of the holding is his own and entirely at his disposal. This type of society replaces the superior landlord and profits after meeting all expenses and providing for a reserve fund, are distributed among the tenant members in proportion to the rent paid by each.

(d) Cooperative Collective Farming Society: In this type of farming, commonly known as collective farming, land is usually owned by the state or by the cooperative. Distribution of income in this case is based mainly on labour contributions of the member workers. The collective farm is an "economic community of farming families" pooling their resources and undertaking work together under a management committee chosen by themselves. This committee is responsible for farm management, allocation of work, distribution of income in kind and in money and disposal of surpluses. Large-scale cultivation facilities and mechanisation of agricultural production, is the society’s most important gain. The profits are worked out at the end of the year after deducting wages, cost of management and allotment of reserves and divided in proportion to the wages earned by each member.

5. Scale Farms

Land is owned by the state, which also provides the capital. Workers are hired at a fixed rate of remuneration and production is carried out under the direction of state appointed managers.

The main difference between a state farm and a collective farm is that the workers on a state farm are wage earners, while those on a collective farm are peasant members.

In India, the Congress Agrarian Reforms Committee was set up in 1947, with Sri J.E. Kumarappa as its chairman. The Kumarappa Committee carefully considered the question of the ultimate pattern of an agrarian society in India. It examined the following alternative forms of agrarian economy:

- Capitalist farming or estate farming;
- State farming;
- Collective farming; and
- Individual peasant farming.

The committee rejected the concept of capitalist farming as a general method of utilisation of agricultural resources. The committee also did not approve of the general extension of state farming, but thought that state farming to a limited degree may be necessary when wastelands are reclaimed and agricultural labourers are settled thereon.

Collective farming was considered by the committee to be suitable essentially for the development of reclaimed wastelands, on which landless labourers could be settled. The committee observed that in a collective farm of landless labourers on reclaimed wastelands, neither would there be any suppression of individual freedom nor any loss of incentive to production (All India Congress Committee, 1949).

The committee favoured individual peasant farming as representative of the general pattern of socio-economic structure of Indian agrarian society. It held that peasant farming on proper units of cultivation, under a scheme of rights, would be the most suitable form of cultivation. The committee however recommended that individual farming should be limited to holdings above the basic holding. Holdings smaller than the basic holding should, in course of time, be brought under a scheme of cooperative joint farming.

The committee had, on the size of the holding, evolved three types of holdings:

(a) Economic holding;
(b) Basic holding; and
(c) Optimum holding.
The committee defined that an economic holding would be a holding which affords a reasonable standard of living to the cultivator and provides full employment to a family of normal size and at least a pair of bullocks. Recognising that many holdings are below the size of an economic holding, the committee evolved the concept of a basic holding, which is smaller than the economic holding, but larger than those holdings which are palpably uneconomical from the point of efficiency of agricultural operations. According to the committee, the basic holding as conceived by it, though uneconomical in the sense of being unable to provide a reasonable standard of living to the cultivator, may not be inefficient for the purposes of agricultural operations.

As for the implementation of land reform policy in India, although the Constitution of free India, envisaged an egalitarian society, there were constitutional hurdles waiting for the executive, which finally ended with the abolition of fundamental right to property.
The idea of cooperative farming was supported in India to match the land-reform process with the advantages of large farms. Thus, cooperative farming is based on the presumption that large farms are economically more beneficial than small farms.

Moreover, cooperative farming in India is not a new concept. From time immemorial, mutual aid at the time of harvesting, weeding and other farm operations has been common. The 'phad' system of Kolhapur and the 'gallshi' system of Andhra Pradesh, represent two traditional forms of cooperative farming. However, formal agricultural cooperatives did not come into existence until about the 19th century (Durgadas Roy, Undated). These cooperatives were created mostly by private initiative and were mainly the service type cooperative and did not involve joint farming. Interest in group farming began to grow in various circles in the 1940s. Gandhiji also opined in favour of joint farming.

As a matter of policy, cooperative farming was first considered in 1944, by the Advisory Board of the Imperial Council of Agricultural Research, in their memorandum on the development of agriculture and animal husbandry in India. Almost simultaneously the subject received attention in the plan of Economic Development, formulated in 1944. The Bombay Plan, as it was originally known, not only recommended cooperative farming as the only means of combating the dangers of sub-marginal cultivation, but also suggested a degree of compulsion to ensure that sub-marginal cultivators undertook joint farming.

The Cooperative Planning Committee, which examined the subject in 1945, was of the view that for a permanent solution to the problem of increased agricultural production, some form of large-scale cultivation was necessary. It therefore suggested the organisation of four types of 'cooperative' farming societies namely:

(a) better farming;
(b) tenant farming;
(c) joint farming; and
(d) collective farming society.

Publications of the Reserve Bank of India (1949), and the Ministry of Agriculture, also supported cooperative farming. The Agrarian Reforms Committee, appointed on the recommendation of the State Revenue Ministers' Conference (1947), suggested that individual farming should not be allowed on holdings which are smaller than basic holdings. Instead, such holdings should in course of time be brought under a scheme of cooperative joint farming. The committee made the following recommendations:

(a) Cooperative joint farming for cultivators whose holdings were below the basic size and who formed 40 to 50 percent of the total Indian cultivators.
(b) Some form of cooperative better farming for the rest.

The committee also observed that at that stage association with cooperative farming should be voluntary and a fair trial should be given to it, in conjunction with some gov-
In the First Five Year Plan (1951-56), the Government of India suggested 'Cooperative Village Management' as a more comprehensive goal towards which the rural economy should be developed. As an immediate step the plan adopted a policy of encouraging the formation of cooperative joint farming societies and suggested that small and middle farmers in particular, should be encouraged and assisted to group themselves into cooperative farming societies.

In all, 1,937 cooperative farming societies came into existence during the First Plan period. A sample survey of some of the cooperatives by the Programme Evaluation Organisation of the Planning Commission, found that the societies fell into two broad categories, viz. those formed by land owners and those formed by landless agricultural workers with government assistance. A good proportion of the societies formed by the landowners were found to be fake, since they were formed mainly to evade tenancy legislations. The cooperative societies also received inadequate support from the state.

In the Second Five Year Plan (1956-61), a strong opinion was expressed to develop cooperative farming as soon as possible. The Plan defined cooperative farming as a society, which necessarily implied pooling of land and joint management. The Plan provisionally recommended that at least one cooperative farm in every National Extension Block, or about 5000 for the whole country, should be established during the Plan period. At the commencement of the Second Five Year Plan, about a thousand cooperative farming societies were functioning in different parts of the country. By the end of the Plan period, the number of societies went up to 2,475 of which 1,597 were cooperative joint farming and 378 were collective farming societies.

The draft of the Third Five Year Plan once again reaffirmed the government’s faith in cooperative farming. For the Third Plan (1961-66) the Government of India accepted a programme for the organisation of 318 pilot projects in selected areas at the rate of one per district, each project having 10 societies. The societies were to be organised voluntarily without any element of compulsion in any form. In addition to the organisation of societies in pilot areas, the growth of societies in other areas was also to be encouraged and assisted. There was a slight modification in the policy of admission of absentee landholders as members of cooperative farming societies. While in the First Five Year Plan a recommendation had been made to provide that no adverse tenancy rights would accrue against those members of cooperative farming societies who might not engage in personal cultivation, in the Third Plan it was clearly laid down that ordinarily, absentee land holders should not be admitted as members of cooperative farming societies. Towards the end of the Second Plan, i.e., in June 1960, there were 2,475 cooperative farming societies in the country. By 31st March 1966, the number went up to 5,501.

To assess the progress made by the cooperative farming programme and to evaluate the working of the pilot projects, a Committee of Direction was established in July 1963. The committee made detailed studies of 127 cooperative farming societies in 30 pilot projects and submitted its report in September 1965. The committee observed in its report that the performance of cooperative farming societies was of a mixed nature. The case studies revealed notable progress in respect of some pilot as well as non-pilot societies and, at the same time highlighted failures.

The committee further observed, that cooperative farming has not yet taken firm root; it is necessary to emphasise that the programme is still in its infancy. By its nature, cooperative farming will require some time before it can make a significant impact on the entire country.

The committee listed the following as the important achievements of the programme:
- As a result of the pilot projects, certain areas or clusters of potential growth developed, as in Ohulia (Maharashtra), Sambalpur (Orissa), Bhavnagar (Gujarat) and Jalandhar (Punjab).
The majority of societies included in the study took measures to increase irrigation potential and to improve the land, which the members would not have been able to do individually.

The capacity of the cultivators to adopt improved practices increased with the formation of societies.

The case studies generally pointed out that there was an increase in the gross value of per-acre production.

The committee also drew attention to the following problem areas in the programme.

- The programme was officially inspired and guided in most areas and there was special need to draw upon non-official leadership.

- Bigger farmers had sometimes dominated the societies. At times, non-working members had been enrolled in order to fulfil the minimum requirements of registration. Sometimes societies had been organised with members of one or two families with a view to availing special assistance provided to these societies. In certain cases, cooperative farming societies were formed to evade legal provisions relating to land ceilings.

- Inadequate technical and financial support from the government and other outside agencies.

In 1966, the Programme Evaluation Organisation undertook a study of the resettlement programmes for agricultural labourers. The report published in 1968 makes the following observations regarding cooperative farming.

In six or seven selected areas, colonisation scheme studies pertained to the settlements organised on government land, while in the case of Bihar, the Bhoodan Colonies were selected. In Gujarat and Bihar, the settlers had organised themselves into Joint Farming Societies, while in all other cases, the allotments were made on an individual basis. In both the selected colonies of Bihar, it was found after some time joint cultivation was unacceptable to the settlers. Hence, they were given individual land, though officially the land still continues to be in the name of the societies. In the case of Gujarat, the very character of the said joint farming society is questioned, as the whole show is said to have been created and managed by the individuals who enjoy political patronage.

At the end of June 1968, there were 8,048 cooperative farming societies with a membership of 2.12 lakh and covering an area of 4.21 lakh hectares; the number of joint-farming societies was 5,302 with a membership of 1.18 lakh and covering an area of 2.65 lakh hectares; and the number of collective farming societies was 2,746 with a membership of 0.94 lakh and covering an area of 1.56 lakh hectares. Nearly 40 percent of the societies were reported to be not functioning properly.

The Fourth Five Year Plan (1969-74) indicated a slackening of interest of Indian Government in cooperative farming. The plan observed that the programme of cooperative farming had not made substantial progress. Problems of motivation and organisation have not been successfully resolved on a significant scale. Moreover, it had not been possible to propose any additional programmes in the Plan.

The Plan further observed that, the focus of development would be on cooperatives concerned with agricultural credit, marketing, processing and consumer needs. In cooperative farming, priority will be given to the revitalisation of the existing weak societies. New societies will be organised only in compact areas and if they have a potential for growth.

Accordingly, in March 1969, the programme for cooperative farming was dropped as a central scheme and was transferred to the State Plan sector. In continuation of this policy, the Fifth Five Year Plan (1974-79) also made no mention of cooperative farming. The allocation of funds made under the heading "Cooperation" provided only for taking note of the desirability of strengthening the cooperative structure. Provision has been sufficiently enhanced for land, agricultural stabilisation fund, rehabilitation of weak central cooperative banks and assistance to cooperative structure by organising Farmers' Service Societies.

Therefore with the Fourth Plan, the cooperative programme was abandoned as a centrally sponsored scheme and emphasis was shifted to the more modest objective of organising service cooperatives.
Only a few states have made provisions in their plans for assisting cooperative farming programmes. The conference of State Ministers of Cooperatives, held in July 1974, endorsed the recommendation of the Conference of Registrars of Cooperative Societies held in 1974.

It was noted that the programme of cooperative farming envisaging ploughing of land and joint operations, is a difficult area, calling for a high degree of social consciousness among the members, and that a very small proportion of existing cooperative farming societies are actually undertaking joint operations. In the contract of allotment of lands rendered surplus through the implementation of land reforms measures to weaker sections, the need is for institutional support to such allottees for certain common services like land development, irrigation etc. It was therefore suggested that service type cooperative farming societies may be promoted in areas where sizeable blocks of land are allotted to weaker sections, to provide inter-farm cooperative service facilities such as mechanised cultivation by tractor, organised tillage, bunding, terracing, irrigation facilities, supply of fertilisers and other inputs.
The number of agricultural labourers in India has been continuously increasing. In 1951, the total number of agricultural labourers was 27.50 million, which was 28.28 percent of the total number of workers. This number has increased to 31.52 million in 1961, 47.48 million in 1971, 55.50 million in 1981 and 74.59 million in 1991, which was 40.25 percent of the total number of workers in India (S.R. Bhansali, 1998).

The main reasons for such an increasing trend in the total number of agricultural labourers were the growth of population, incomplete land reforms, resale of land by small and marginal tenants, poverty of village artisans, occasional famine or drought and the migratory character of people living in the one crop areas. The agricultural labour is mostly landless and resourceless. Small and marginal farmers cultivate nearly 73 percent of the operational holdings in our country, whereas they possess only about 23 percent of the cultivated area (S.R. Bhansali, 1998).

The distribution of land to the agricultural labourers with permanent tenancy rights has not been followed by a policy designed to protect and secure the interest of small farmers and agricultural labourers. No tenurial reforms to protect the interest of sharecroppers or labourers have been carried out. Researchers have pinpointed tenurial bottlenecks to agricultural development. In some states the small farmers are unable to take advantage of the development programmes, because they are not considered creditworthy. The ceiling law has been imposed on a family basis and exemptions from the ceiling law have provided short cuts to evade the law.

The Census Report of 1991, has revealed that the total number of workers has been divided into two parts i.e., (i) main workers and (ii) marginal workers. The main workers have been sub-divided into four broad categories.

(a) Cultivators;
(b) Agricultural labourers;
(c) Household industry workers; and
(d) Other workers.

Workers in the agricultural sector are divided into three main categories.

1. Cultivators;
2. Agricultural labourers; and
3. Workers engaged in forestry, fisheries etc.

The agricultural labourer is basically unskilled and unorganised and is dependent for his livelihood on personal labour. There are two sub-categories.

1. Landless agricultural labour; and
2. The small and marginal farmers whose source of earning, due to their small and marginal holdings, is wage earning.
The landless labourer in turn can be classified into two broad categories.

(i) Permanent labour attached to a cultivating household; and

(ii) Casual labour.

The small and marginal farmers can be divided into three such groups that is:

(i) cultivators;
(ii) sharecroppers; and
(iii) leaseholders.

The agricultural labourer occupies the lowest rung in the rural ladder.

**International Conventions Relating to Agricultural Labour**

The International Labour Organisation (ILO) has adopted a number of Conventions and Recommendations for improving the condition of the agricultural labourer.

In 1969, a convention on Labour Inspection (Agriculture Convention) 1969 was adopted. Article 5 of the Convention provided that the member states were to cover by labour inspection in agriculture, one or more of the following categories of persons working in an agricultural undertaking.

(a) Tenants who do not engage outside help, sharecroppers and similar categories of agricultural workers.

(b) Persons participating in collective economic enterprise, such as members of a cooperative society.

(c) Members of the family of the operator of the undertaking as defined by national laws and regulations.

Article 6 of the convention, provides for the system of labour inspection.

(a) To secure the enforcement of the legal provisions relating to conditions of work and the protection of workers while engaged in their work, such as provisions relating to hours, weekly rest, safety, health and welfare, the employment of women, children and young persons and other connected matters, in so far as such provisions are enforceable by labour inspections.

(b) To supply technical information and advice to employers and workers concerning the most effective means of applying the legal provisions.

(c) To bring to the notice of the competent authority defects or abuses not specifically covered by existing legal provisions and to submit to it, proposals on the improvement of laws and regulations.

The ILO also adopted recommendation No.133 concerning labour inspection in agriculture on 25th June 1969, which provided that if their national conditions permit, the functions of labour inspection in agriculture, should be enlarged, so as to induce collaboration with the competent technical services, with a view to helping the agricultural producer, whatever his status, to improve his holding and the conditions of life and work of the persons working on it. The labour inspectorate in agriculture might be associated in the enforcement of legal provisions on matter such as:

- Training of workers;
- Social services in agriculture;
- Cooperatives; and
- Compulsory school attendance.

In 1973, the Minimum Age Convention 1973, was adopted by the General Conference of ILO, which included workers in plantations and other agricultural undertakings, producing mainly for commercial purposes, but excluding family and small holdings producing for local consumption and regularly employing hired workers.

The ILO also recognised that land reform is in many developing countries, an essential factor in the improvement of the conditions of work and life of rural workers and that organisation of such workers should accordingly cooperate and participate actively in the implementation of such reform. The reform in 1975, adopted the Rural Workers Organisation Convention, 1975.
In addition the ILO has adopted farm conventions and two recommendations on the prevention of forced labour. The Forced Labour Convention, 1930, and the Abolition of Forced Labour Convention, 1957, deal directly with the subject of forced labour.

**Law and Policy in India Relating To Agricultural Labour**

1. Article 23 of the Constitution prohibits forced labour.

2. There is no uniform central law to protect and regulate the working and living conditions of agricultural labour. There are certain laws, which are applicable to industrial and agricultural labour alike. These are the:
   - Wasteland (Claims) Act, 1863,
   - Indian Forest Act, 1927,
   - Workmen's Compensation Act, 1923,
   - Industrial Disputes Act, 1947,
   - Employers State Insurance Act, 1948,
   - Minimum Wages Act, 1948,
   - Employers Provident Fund and Miscellaneous Provisions Act, 1952,
   - Bonded Labour System (Abolition) Act 1976,
   - Interstate Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 and

Policies have been formulated in various Five-Year Plans for improving the condition of agricultural labourers, for example, by providing them residential facilities, by stipulation for cottage industries, community development programmes etc. During the Sixth Five-Year Plan, the Integrated Rural Development Programme (IRDP) was launched as a self-employment programme. This programme included the training of rural youth for self-employment and the development of women and children in rural areas. In 1989, the Jawahar Rozgar Yojna merged with ongoing programmes like National Rural Employment Programme (NREP), Rural Landless Employment Guarantee Programme (RLEGEP), thereby, uniting all programmes. The main thrust of the Jawahar Rozgar Yojna is to create gainful employment for the unemployed and under employed rural labourers and marginal farmers living below the poverty line.

Among the state laws providing for agricultural labourers, the Kerala Agricultural Workers Act, 1974, is considered to be most comprehensive.

Section 2(f) of the Act defines an agricultural worker as a person, who, in consideration of the wages payable to him by a landowner, works or does any other agricultural operation in relation to the agricultural land of such landowner. The agricultural worker has been given the following nature of security under the Act.

1. Under Section 7 (1) of the Act it has been made mandatory for the landowner not to employ any agricultural worker other than the agricultural worker who has worked on the same land during the previous agricultural season, provided that where there are permanent workers of the landowner, such worker shall be given preference over other agricultural workers.

2. If any agricultural worker has worked on the land of a land owner during three consecutive agricultural seasons, prior to the previous agricultural season, he not be denied employment merely on the ground that he has not worked during the previous agricultural season, provided his absence during that season was for reasons beyond his control. If the agricultural worker is not available or the number of such agricultural workers available is less than the number required by the land owner, the land owner shall be free to employ other agricultural workers. However, the landowner shall not be under an obligation to employ any agricultural worker:
   
   (a) Who does not offer himself for employment; or
   
   (b) Who is more than 65 years of age in case of male or 60 years of age in case of female worker;
(c) Who is incapacitated and is unable to do work; and

(d) Who has intentionally caused damage to crops belonging to the landowner or caused any other loss to the landowner.

The Act provides that the government shall form a scheme and establish a fund known as Agricultural Workers "Provident Fund". The fund shall be administered by a Board. Under Section 9 of the Act the landowner shall pay contribution to the fund at the rate of five percent of the wages paid by him to each agricultural worker and each worker shall also pay contribution to the fund of an amount equal to the amount of contribution payable by the landowner.

The Act fixes maximum of eight hours and six hours of work in a day for adult and adolescent workers respectively. Wages for the harvest have to be paid at the threshing floor on which the threshing takes place and no portion of the produce can be removed from the threshing floor without payment of the prescribed wages to the agricultural worker concerned.

The Act provides for a Conciliation Officer for the settlement of disputes. If no settlement can be reached between parties the Conciliation Officer refers the dispute to the Collector who may in turn refer it to the Agricultural Tribunal.

The Kerala Agricultural Workers Act, 1974, confers certain benefits to the agricultural workers, gives security of employment and payment of wages higher than those fixed under the Minimum Wages Act in deserving cases, regulation of working hours, constitution of an Agricultural Worker Welfare Fund and settlement of disputes on the lines of Industrial Disputes Act.
Indian agriculture remains a key sector especially in rural India and has the potential for reducing poverty and hunger in the rural areas. Although primary agricultural activities are gradually declining as a share of the total economy with agriculture contributing only 26 percent of the GDP, agriculture continues to support 60 percent of employment in rural areas. In developed countries agriculture typically represents less than two percent of the total national income and employment. About 13 percent of the total Indian export comes from agricultural trade (Suresh Chandra Babu, 2004). There is a need to develop policies that enable the Indian farmer to participate in international agricultural trade. There is a general feeling among the public in India that trade liberalisation in agriculture could create problems for its large and predominantly poor agricultural farmers who are small and marginal farmers.

It has been argued that a slower pace in reducing tariff would help since several industrialised countries particularly the United States, the European Union and Japan continue to have a higher level of protection and subsidisation of their agriculture. There may be a sudden negative effect due to the removal of the tariff. Moreover, it is expected that there will be a sudden surge of imported agricultural products in the Indian market due to trade liberalisation, which may lead to failure of the small farmers’ farms, in turn leading to rural poverty.

Price volatility introduced by the opening of markets by major players in international agricultural trade have resulted in requests for longer transition periods and the need for limited protectionism and subsidies. It is felt that a protectionist policy is an easier option and will not cost resources. In other words India has to choose between a protectionist set of policies, or formulate policies that enable Indian agriculture to be competitive in the world of agricultural economy. The main impediment to the Indian farmers’ ability to compete in the world market is poor infrastructure, low productivity technology and low skill level of agricultural labour.

It is important to invest in human resource in terms of training, education and information; revisit the land tenure policies; take a fresh look at the management of water resource policies, technology, infrastructure, non-farm rural enterprises etc. There is ample room for policy manoeuvring in these areas even under the WTO regime. There is need to encourage the marginal and/or small farmer to invest more. Institutional credit facility is important. Public investment is required to develop infrastructure facilities like irrigation, agricultural research, electricity, roads, warehouses, markets, communication etc. Suresh Chandra Babu, of the International Food Policy Research Institute, Washington D.C., is of the opinion that such public investment should form about 10 percent of agricultural
GDP (Suresh Chandra Babu, 2004). Issues on arresting decreasing factor productivity and improving resource use efficiency have become important.

Broadening the geographical base of agricultural growth by spreading yield raising technology to unfavourable agro-climatic regions is essential for sustaining the high growth, improving efficiency of resource use, reducing poverty and protecting the environment. The ongoing programmes for soil and moisture conservation in drought prone areas and those for arresting water logging and salinity in high rainfall areas need to be strengthened. Keeping in view the alternative prescriptions, the future agricultural policy has to examine the following critical areas more closely:

- Infrastructure facilities must be upgraded rather than providing input subsidies.
- The emerging tools of biotechnology like genetic engineering, which open new vistas for enhancing growth of agriculture, must be explored further.
- Farmers are to be encouraged to use bio-fertiliser, bio-pesticide, which will help them to save on use of chemical fertilizers and pesticides.
- Re-examine the policy of providing minimum support price (MSP). The MSP enables procurement of food grains by public sector enterprises in large quantities, which distorts the price formulation process in the market.
- In view of the removal of quantitative restrictions under WTO agreements, agricultural prices will have to be aligned with the international prices. It is important to protect domestic producers from price volatility of the market.
- India is the second largest fruit and vegetable producer in the world. Ways and means to meet such demand is to be explored. Further, similar identification of demand for agricultural products, which India is capable of supplying, is essential.
- Explore the scope for the food processing industry in keeping with India’s capacity to produce large quantities of food and vegetables (Uma Kapila, 2002). The above policies are not to be looked at in isolation. They must be linked to the country’s overall development strategy and the human development programmes. The historic Millennium Declaration adopted by 189 countries at the United Nations Millennium Summit in September 2000, set out eight goals known as the Millennium Development Goals. The most important among them is to halve extreme poverty. The Human Development Report 2003, published by the United Nations Development Programme indicates that despite these welcome commitments in principle to reducing poverty and advancing other areas of human development, in practice the world is already falling short of achieving these goals. A key conclusion of this report is that while reallocating and mobilising more domestic resources towards targets related to the goals, strengthening governance and institutions and adopting sound social and economic policies are all necessary to achieve the goals, these are far from sufficient.

Long-term initiatives to halve hunger and poverty will fail without fundamental restructuring of the global trade system particularly in agriculture - that includes rich countries dismantling subsidies, lowering tariffs and levelling the playing field. The Human Development Report 2003, broadly suggests six policy clusters; the second cluster for breaking out of the poverty trap involves raising the productivity of poor farmers. Agricultural productivity can be raised by introducing improved technologies, improving rural infrastructure such as irrigation system, storage, roads, transports etc. To raise long-term productivity, security in land holdings can protect the rights of the farmers and give them incentives to invest in land improvements.

Investments to raise agricultural productivity can be raised by introducing better technology (improved seeds, tillage and crop rotation systems, soil nutrient management, pest management).

Another major initiative to boost export of agro and allied products will be the modification of norms for fixing the duty entitlement passbook (DEPB) rates for the export of agriculture, horticulture and allied products. In fixing DEPB rates for such products, inputs such as fertilisers,
pesticides, certified seeds and so on used by the farmers prior to the processing of the products for exports, should be taken into account. This would also act as an incentive to farmers to use the inputs in a scientific manner, which also ensures quality (Arun Jaitley, 2003).

The creation of Special Economic Zones (SEZ), may attract foreign direct investment (FDI), leading to the growth of exports. The SEZs are required to provide a trouble free congenial and investment friendly environment where units, both Indian and foreign, can manufacture their products at internationally competitive prices for exports or sale to domestic tariff areas. This also means that potential investors will have to be convinced that the location of the SEZs can give them a competitive edge over similar units, in other countries. The success of the SEZs, therefore, is dependent upon the collaboration and cooperation between the state government and the union government. A comprehensive legislation will contribute towards that effort (Arun Jaitley, 2003).

Unless the rural sector and Indian farmers receive visible benefits from economic reforms and the process of globalisation, it may not be possible to accelerate economic growth. With this end in view the scheme of agro processing zones was introduced in the 2002-2007 policy. The proposal has been well received and as many as 45 Agri-export Zones (AEZs), have been notified in various parts of the country. Agriculture and its allied products is India’s core competence. Not only is it diversified with a large variety of crops, fruits, vegetables and a flourishing dairy sector; we are among the world leaders in the output of many products. However, despite such enthusiasm shown by the state government, availability of investable resources in the creation of critical infrastructure like pre and post harvest treatment and storage, soil and water management, better seed quality etc., are constraints. Keeping this in mind the minister for commerce and industry proposed an association of corporates with proven credentials in the implementation of AEZs, in order to give a boost to productivity and quality agro-products, leading to accelerated exports (Arun Jaitley, 2003).

Associating corporates with agro-products must meet the expectations. Trade must lead to growth and human development. In other words equal rules should not be applicable to unequal players. The developed countries have already practiced and benefited from the protection, which they now intend to deny the developing countries. This coercion should not be there. There should be more participation of the developing countries in the decision-making process in WTO. However, the WTO is not the right forum for the development of policy related issue like investment and that trade negotiators are not the right people to deal with movements of capital that have dynamics of their own. In fact, it is not very clear why a multilateral agreement on investment is needed, because it cannot ensure additional investment, nor reduce transaction cost for the investors. On the other hand such multilateral agreements on investment may take away policy space from the developing countries. It is indeed difficult to evolve a framework, which is acceptable to both developed and developing countries. The fifth session of the WTO Ministerial Conference at Cancun could not resolve these issues.

According to Nirmal Sandhu (1997), agriculture in India is a victim of over regulation tied up in outdated policies and land ceiling and tenancy laws, which promote the proliferation of small and marginal holdings, so that the farmers cannot reap the benefits of the economic scale. The basic problem is the lack of infrastructure like power, irrigation, storage, and roads etc., which are the direct result of low investment in agriculture. Sandhu is of the opinion that markets are controlled by government pricing policies, which are fiscally unsustainable. The Essential Commodities Act, 1955, which applies to the movement, pricing and storage of agricultural commodities, must be in line with ground realities. All controls on free movement, stocking limits, future trading etc., must be removed in the long run, eventually allowing an open market pricing policy. Sandhu argues that the corporatisation of agriculture can have long term benefits, better allocation efficiency, higher private investments, an increase in output, income and exports, and a higher multiplier effect, leading to a creation of new wealth in rural India (Nirmal Sandhu, 1997). The system through which this will work can be illustrated by
Land Reforms and Corporatisation of Agriculture

the "Golden Triangle Model". The farmer will provide land and labour, the corporate sector will provide inputs and marketing and the banker will provide the credit. A corporate entity will enter into a contract with the farmer to purchase his produce at a predetermined price and undertake the marketing of the produce in both domestic and export markets. The corporate body will also do the entire spadework on behalf of the farmer for his credit and financing needs. It will give farmers access to inputs like high yielding seeds and plant breeds, better quality fertilisers and pesticides; it will develop efficient storage and transport infrastructure; cut down on waste and the spectre of distress sale. Further value to the farm produce will be added if the corporate sector sets up processing units or introduces more market friendly technology. Contract farming must be made legally enforceable (Nirmal Sandhu, 1997).

Vandana Shiva (2001) argues strongly against corporatisation. According to her, corporatisation will give an advantage to traders over producers, profits over needs, which have led the poor and marginalized farmers to pay with their very lives, either through malnutrition and hunger or through suicide. India is faced with the paradox of falling farm prices and rising food prices. This is neither due to over production nor scarcity. Shiva argues that this is the result of the World Bank and WTO driven economic reforms and trade liberalisation policies, which have removed price controls. These policies have pushed farm prices downward and the cost of production upward. Withdrawal of subsidies in the input sector and the deregulation of the seed and input sector have worked together to raise the cost of production and push farmers into a debt trap. Withdrawal of minimum support price and procurement guarantee has taken the floor out of farm prices. With the removal of inventory and price controls, traders and processing industries can refuse to buy agricultural produce, or may buy at a rate much below the cost of production. At the same time withdrawal of food subsidies has removed the ceiling on food prices (Vandana Shiva, 2001). This is an ideal situation for multinational giants like Cargill to take over the domestic market. By such a takeover they will control the input sector, markets, production and sale (Bikram Sarkar, 1989). The removal of quantitative restrictions on import has enabled artificially cheap agricultural produce from other countries to flood the Indian market, pushing the Indian farmer against the wall. Eventually, the Indian market will be the dumping ground for highly subsidised artificially cheap products, which will adversely affect the domestic production and make India import dependant. Shiva argues that quantitative restrictions should be brought back. The WTO discipline does not make removal of quantitative restrictions inevitable. Complete removal of quantitative restrictions threatens the very survival of the Indian farmer. The government has an obligation under the Constitution and a right under the WTO to protect the life and livelihood of the Indian peasant. This perhaps is the most crucial test for it.

Corporatisation of agriculture seen as a successor to the Green Revolution of the 1960s and 1970s is aggravating poverty, as unequal and unfair contracts lock small farmers in new forms of bondage (Vandana Shiva, 1997). Liberalisation of agriculture can be either external or internal liberalisation. Fertiliser imports, deregulating domestic manufacture and distribution of fertilisers, removal of subsidies on irrigation, electricity, credits, are all examples of external liberalisation that provides an enabling environment for transnational agri-business corporations to take over the market and pose a threat to the very survival of the Indian farmer. Freeing agriculture from external inputs like chemical fertilisers, pesticides; making transition to sustainable agriculture, based on internal inputs for ecological sustainability, are examples of internal liberalisation, which has the effect of freeing the farmer from debt traps and fear of dispossession. It means freeing the peasant from landlessness, ensuring inalienable and equitable water rights and holding on to local market and local means of production (Vandana Shiva, 1997).

A centralised, chemical intensive, industry oriented production and distribution system linked with the green revolution model is undemocratic, wasteful and unsustainable and puts profitability above everything else. The emphasis is on trade rather than sustainable means of domestic pro-
duction. The single pointed agenda on profitability leads to the increased and indiscriminate use of chemicals, not only through the traditional methods, but also through genetic engineering; it promotes the under-mining of water and soil fertility and damages biodiversity.

Concentration therefore, should be on the internal liberalisation of agriculture, which is more democratic and sustainable. If a small farmer centred agricultural system is encouraged, it will mean localisation of agriculture. This will involve a shift from external inputs to internal inputs and rebuild local food security and thereby national food security. Inevitably there will be a shift from monoculture to crop diversity (Indian Express, 2000).

Shiva’s opinion appears to be a proverbial cry in the wilderness. India appears to be leaning more towards corporatisation. Not only is the National Agricultural Policy an indicator of the same, but the train of thought that emerged at a three day international conference held in Mumbai on February 14-16, 2000, entitled Agri Crop India 2000, jointly organised by the Bombay Chamber of Commerce and Industry (BCCI) Agriculture Products Export Development Authority (APEDA) and some leading corporates like Tata Industries, Hindustan Lever and ICICI, indicate India’s anxiety to be prepared for meeting the emerging challenges for the corporatisation of agriculture post 2002, where India prepares for the emerging competition (Bikram Sarkar, 1989).
The integration of Indian agriculture with the world market is being strongly advocated in India. The rationale put forward is that such a process would improve terms of trade in agriculture, which would have a trickle down effect on the eradication of poverty. Policy changes enable a shift in emphasis from food grain production to activities such as dairying and other animal products, horticulture, floriculture, which also boost agro processing.

The central theme of the present policy packaging, therefore, has been to move towards free export and the import of agricultural commodities so that the level and structure of product prices can be brought at par with international prices. The focus is on what is commonly known as the structural adjustment programme.

The balance of payment crisis of 1991, induced India to initiate reforms in foreign trade. This necessitated acceptance of the world trade regime. Consequently, reform in the domestic sector followed, which included the removal of centralised controls, regulations and restrictive trade practices. Reforms in the financial sector resulted in giving more autonomy to financial institutions. The entry of foreign capital became less difficult. Generally this came to be known as the first phase reform.

According to V.S. Vyas (2001), monopsony of cotton purchase in Maharashtra, food rationing in Calcutta (West Bengal), levies on sugar or rice mills are contradictions to the policy change, which was sought to be brought about. Unless anomalies of these kinds are removed, the reforms will not yield any significant result. As things presently stand, the incidence of rural poverty has not reduced significantly, there is stagnation in agricultural productivity. The target area for the second phase reform is clearly the agricultural sector. The weaknesses that plague Indian agriculture sector are:

- Preponderance of low value agriculture;
- Low cost-benefit ratio;
- Inefficient use of natural resources; and
- Deterioration in self-help institutions.

The development strategy should therefore aim at:

(i) Increasing the value added per hectare, more so on the small and marginal holdings;
(ii) Improvement in productivity of inputs, especially purchased inputs such as fertilisers, irrigation water, electricity;
(iii) Prevention of the degradation of land and water resources; and
(iv) Encouraging farmers’ self-help institutions at the grass root level (V.S. Vyas, 2001).
Land is the primary thrust area; since 1955, the country has attempted to bring about major changes through land reforms. Although a state subject, a more or less uniform pattern of reform emerged throughout the country. In some states attempts were made to consolidate fragmented holdings and in West Bengal there was the famous "Operation Barga" which attempted to protect the interests of the sharecroppers.

Although the process was slow, and there was tardy implementation and legislative escape routes, the movement was successful to the extent that it provided some protection to tenants, rationalised different land tenure systems, imposed ceilings and removed intermediaries. It did have the following effect on agriculture.

a. The growth of land holdings beyond the ceiling was contained to a large extent;

b. System of absentee landlordism weakened;

c. Convergence of ownership and management took place; and

d. A "uniform" land system emerged in India.

Due to land reforms, a middle peasantry, sharing the characteristics of capitalist farmers emerged, who largely carried out the green revolution of the 1970s and the 1980s. The generation of agricultural surplus, however, remained confined to medium to large holdings in well-endowed regions, others remained deficit in yield. In view of the above, it is suggested that the ceiling on land holdings must be removed and more capital be injected in farming to raise productivity.

This is not a correct proposition. Land distribution to the landless, marginal or smallholder may increase production at a lower cost, as poor peasants prefer to work with less expensive methods and use local resources more than purchased industrial inputs. The total output per hectare is higher on small farms chiefly because the intensity of land use is higher. A more equal distribution of production inputs, including services, can only help to strengthen the role of the small farms in expanding production. The fact that some attempts at radical redistribution of land have initially led to lower production does not invalidate the conclusion that after some years a more even distribution of farming resources and inputs should help rather than hinder the growth of output. According to a publication of the Food and Agricultural Organisation (FAO), in India, redistribution of only five percent of farm land coupled with improved access to water, could reduce rural poverty levels by 30 percent (V.S. Vyas, 2001). Hence, land and water reform would be a key approach. This is further supported by a six-country study by the ILO, which estimated that if land were equally distributed among all agricultural families (including the landless) and the new equal holdings achieved yields equal to the present holdings of the same size and used a similar level of inputs, food output could potentially rise by anything from 10 percent (Pakistan) and 28 percent (Colombia and rice growing Malaysian regions) to 80 percent in North Eastern Brazil. Such a radical redistribution is of course, rarely attempted, but the figures indicate the theoretical potential.

Peter Rosset explains how the real productivity of small farms is higher (V.S. Vyas, 2001). According to him, yield means the production per unit area of a single crop - for example, metric tonnes of corn per hectare - and is the basic measurement used by economists to assess the productivity of farmland. Often, the highest yield of a single crop is achieved by planting it alone on a field - in monoculture. While monoculture may allow for a high yield of one crop, it produces nothing else of use to the farmers. The bare ground between crop rows - empty 'niche space' in ecological terms, invites weed infestation. The presence of weeds means the farmer must then invest labour on weeding and capital on herbicides. Small farmers, on the other hand, are more likely to plant crop mixtures - intercropping – so other crops occupy the empty niche space that would otherwise produce weeds. They also tend to combine or rotate crops and livestock, with manure serving to replenish soil fertility. Such integrated farming systems produce far more per unit area than monocultures (V.S. Vyas, 2001).

Though the yield per unit of one crop may be low, the total output per unit area often composed of more than a dozen crops and various animal products can be far higher.
The comparison between small and large farms should be on total output rather than yield as a more accurate measure of productivity. Total output is the sum of everything a small farmer produces - various grains, fruits, vegetables, fodder and animal products. When looked at from this point of view, a different picture emerges. A World Bank publication entitled "The Assault on World Poverty - Problems of Rural Development, Education and Health" notes that in Thailand, plots of two to four acres produce almost 60 percent more rice per acre than farms of 140 acres or more (V.S. Vyas, 2001).

The scene in India is not much different. Statistics recorded by the Ministry of Agriculture reveal that agricultural output began to look up from the Fourth Five Year Plan and has recorded a consistent upward growth. It is significant perhaps to note that the Fourth Plan had food security as its central theme. Although the Fourth Plan cannot be said to be a success, a change in thought and planning could be perceived. There was a belief that growth does not always emanate from the modern, organised sector of the economy. The Sixth and Seventh Plans laid more emphasis on agriculture and infrastructure and the effect was perceptibly felt in the output per hectare ratio. A statistic provided by Raj and Uma Kapila shows that in 1950-51, the gross cropped area was 131.89 million hectares, out of which 13.14 million hectares (9.96%), was sown more than once and the cropping intensity was 111.10; in 1995-96 the provisional estimate shows that out of 186.56 million hectares of gross cropped area, 44.35 million hectares (23.77%), was sown more than once and the cropping intensity was 131.20. Tables 3 and 4 provide details regarding land use classification (1950-51 to 1995-96) and output per hectare of land in India (1970-71 to 2000-01).

The highest output of 1.697 tonnes per hectare was achieved in 1999-2000, where 123.06 million hectares of land were under cultivation. The maximum amount of land, 131.16 million hectares was under cultivation in 1983-84 and the total output that year was only 1.161 tonnes per hectare. There is a trend of an overall rise in output from 1970-71 onwards. It may also be remembered that the average holding in India is 2.81 acres. Therefore small farms do have a direct impact on poverty. It is important to see on whose field the production takes place rather than how much the production has increased. Production by poor farmers will contribute the most towards decreasing hunger and malnutrition.

Therefore, it is evident that more equal distribution of land to small farmers is viable. A broad support base of redistribution should significantly raise productivity and improve the livelihood of the poorest peasant. According to Dogra, redistribution of cultivable land over and above the redistribution that has already taken place will release 38 million acres of land, which can benefit about 25 million poorest families, on the basis of the distribution of one and a half acres of land to each family.

The endeavour is to be supported by small-scale irrigation works to provide protective irrigation. Whenever possible a number of poor families should be provided land in a continuous stretch and encouraged to work in close cooperation and use local inputs. Voluntary and peoples' organisations should initiate a movement by uniting small farmers for this purpose. Rich urban families and corporations must be discouraged from holding land. If raw material for the food processing industry is increasing, negotiations with each individual farmer can be entered into, although with a lot of caution. The ceiling requirement, therefore, needs strict enforcement.

Economies of scale, especially in the case of high value crops are available not at the production level, but at the processing stage. Such economics can be enjoyed by the farmers through contract farming well within the ceiling area of their holdings. On the other hand, if the ceiling area is relaxed or removed, it will dislodge a large number of people from their holdings for whom there will not be any alternate means of livelihood. There will be a danger of land speculation and acquisition to avoid tax liabilities.

In order to encourage cooperative farming among small farmers and to ensure holding of land in a continuous stretch, a lease market may be allowed to function. If this is done marginal holders will be able to lease and cultivate land with prospects of fair returns and supplement their
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<td>328.73</td>
<td>328.73</td>
<td>328.73</td>
<td>328.73</td>
<td>328.73</td>
<td>328.73</td>
<td>328.73</td>
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<td>298.46</td>
<td>303.76</td>
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<td>(22.2)</td>
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<td>(5.40)</td>
<td>(6.40)</td>
<td>(6.90)</td>
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<td>(7.40)</td>
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<td>28.16</td>
<td>19.96</td>
<td>19.39</td>
<td>9.27</td>
<td>19.04</td>
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<td>19.04</td>
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<td>a) Fallow land other than current fallow</td>
<td>17.44</td>
<td>11.18</td>
<td>8.76</td>
<td>9.20</td>
<td>9.66</td>
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<td>(2.90)</td>
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<td>(3.20)</td>
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<td>(4.70)</td>
<td>(4.70)</td>
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<td>152.77</td>
<td>165.79</td>
<td>172.63</td>
<td>185.74</td>
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<td>185.70</td>
<td>186.60</td>
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<td>42.74</td>
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<td>114.70</td>
<td>118.20</td>
<td>123.30</td>
<td>129.90</td>
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<td>131.00</td>
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<td>III Net irrigated area</td>
<td>20.85</td>
<td>24.66</td>
<td>31.10</td>
<td>38.72</td>
<td>47.78</td>
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Land Reforms and Corporatisation of Agriculture

holdings and make them viable. This, however, must have some restrictions imposed on it. The landowner should not be allowed to lose his ownership rights and the tenant's investment be compensated.

Agricultural production is more responsive to non-price factors like irrigation, technology, credit, infrastructure etc. More attention should be paid to non-price factors.

Any policy change in the agriculture sector should take note of the fact that nearly two thirds of the rural population is made up of small and marginal farmers and landless labourers. They are the net purchasers in the market and they have very little purchasing power. This vast segment of the Indian population cannot participate in globalisation. The proposition of the trickle down effect advocated in support of globalisation does not sound encouraging, because the trickle down effect expected in the post green revolution regime did not actually take place. With so many constraints it is unlikely that it will happen in the international trade regime. Structural adjustments, which will be able to influence the market in favour of the poor, have to be given high priority if economic reforms are not to result in further marginalisation of the economically and socially marginalised groups.

The average size of agricultural holding in India is 2.81 acres. About 35.5 percent of the land is held by marginal and small holders with areas between 0.01 to 2.49 acres and between 2.5 to 4.99 acres respectively. Semi-medium holders have about 24.58 percent of the land with holdings of 5.00 to 9.99 acres. In other words, this group together holds 60 percent of the land. More than two thirds of the farmers are net purchasers of agricultural commodities and food gains.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total area under cultivation in million Hectares</th>
<th>Total food grain production in million tonnes</th>
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<td>124.32</td>
<td>108.42</td>
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<td>1971-72</td>
<td>122.62</td>
<td>105.17</td>
<td>0.857 Fourth Plan</td>
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<td>119.28</td>
<td>90.03</td>
<td>0.813</td>
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<td>126.54</td>
<td>104.67</td>
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<td>121.08</td>
<td>99.83</td>
<td>0.824</td>
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<td>0.9447 Fifth Plan</td>
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<td>111.17</td>
<td>0.893</td>
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<td>127.52</td>
<td>126.41</td>
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<td>129.01</td>
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<td>109.70</td>
<td>0.876 Annual Plan</td>
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<td>126.67</td>
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<td>1.032</td>
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* Advance Estimate
Source: Ministry of Agriculture, Government of India.
Higher prices go against their interest. An adequate safety net for the poor by strengthening the poverty alleviation programmes, public distribution system and targeting the genuinely needy groups is essential. The minimum support price, thus, cannot be abolished altogether, till a comprehensive coverage can be achieved through crop insurance.

Land reforms are connected with the right to life and livelihood of a huge rural population in India. The government is under an obligation to protect such a right. The real threat to the well being and security of the country is the displacement of its rural population from its roots. So long as this population is tied to the soil, they will toil and increase growth. The moment they are ousted they will pick up weapons of war. The largest democracy, home to a majority of farmers, must protect the democratic rights of its own farmers by exploring alternatives to protect their interest.


Indian Express, January 25, 2000, Bombay.


Cases:

Enactments:
Kerala Agricultural Workers Act, 1974.
W. B. Estate Acquisition Act, 1953.
About the Series Editors

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