
UNIT 23 LAND AND TENANCY REFORMS*

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23.1 INTRODUCTION

To understand the origins of land reforms in India in the 1950s, it is necessary to understand the British colonial legacy in agriculture. The colonial rulers were deeply interested in land, among other reasons, because land tax formed a significant share of government revenue for a long time. Although land tenure was neither uniform nor legally perfect, the peasant-planter property was relatively well-defined. Land produced some of the most successful export products, from cotton to rubber, wheat, rice, tea, coffee, and groundnut. But being dependent on water in the dry monsoon-tropical climate, agriculture in most places developed more in the water-rich deltas, river valleys, and irrigated lands. Farmers with access to enough land and an irrigation source were significantly more well-off than other farmers. But such areas of intensive agriculture were few and far between.

This kind of market-driven agricultural regime became economically unsustainable in the 1920s because of accelerating population growth. Agriculture was low yield, and population growth raised the fear of shortages and famines. There were two known pathways to economic development in the early twentieth century: intensive agriculture and import-substituting industrialization. The government of independent India decided to pursue both simultaneously. Intensive agriculture was defined initially as intensive application of labour to land, a step that small farms took more readily and successfully than the larger landholders, it was believed.

When British colonial rule ended in the region, India faced a set of challenges with agriculture. The land provided livelihood to most of the working people. Land productivity was low and had remained almost unchanged in the previous half a century. Population growth from the 1920s had created the spectre of depressed wages and rising poverty. Even though agriculture was ailing, theories of industrialization required that resources necessary for the process – saving, raw materials, and food for urban workers – would have to come from agriculture. There was a contradiction here. How could a poverty-ridden agriculture support industrialization? Was agriculture, then, to be an aid or an obstacle to the development process? How could agriculture be an aid?

23.2 ROAD TO LAND REFORMS

A decade into nationhood, India implemented three types of change to address these issues. The first was land reform, which meant the security of peasant property rights and land redistribution from large to small farms.

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The case for redistribution rested on an observation that small farms tended to be more productive than large farms, so redistribution should solve two problems at once, equity and efficiency. The second type of intervention occurred in the sphere of trade. The export of agricultural goods came to be regulated and was virtually prohibited in India. Given that the region had a comparative advantage in agricultural production, the closure of exports depressed prices and gave the urban occupations an implicit subsidy.

Soon after independence, the government embarked on a series of river-valley irrigation schemes, the most important of which was constructed on the Sutlej River. The project, Bhakra-Nangal, followed the colonial pattern of canal development. The concentration of investment in Punjab reflected a political priority to resettle a large number of refugees on land, as most of them had been farmers earlier.

23.3 THE THINKING BEHIND THE LAND REFORMS

Who were the peasants in India in 1947? They were peasant proprietors in western and southern India and Punjab, collective proprietors in the Haryana area, occupancy tenants and ‘absentee’ or city-dwelling landlords in the Bengal delta, and tenants-at-will almost everywhere except the collective proprietary areas.

About 1947, there were two independent discourses on Indian agriculture. One of these, conducted by academic economists, held that the most crucial problem of agriculture was slow growth, low productivity, and increasing poverty. Parts of the Indo-Gangetic Basin, they believed, were desperately land-scarce. In this scenario, population growth and extension of cultivation had led to diminishing returns. In the dry rainfed areas, extension prospects were strictly limited in the first place because of water shortage. These experts pointed at the low yield by international comparison and obstacles to the optimum use of land, such as the fragmentation of holdings into separate plots.

A second discourse, conducted within political circles, held that the priority for the new nation-state should be to address landholding inequality. Several internal committees of the Congress had identified ‘feudal’ relations and ‘landlordism’ as the main problem of agriculture. They advocated land reforms to redress what was seen as a historical injustice done by the British towards the cultivators. What was the injustice? In 1947, India inherited a property rights system from the British consisting of two types of landowners. In 1793, the rulers of Bengal conferred secure ownership right to *zamindars*, a category of rural magnates who had been tax collectors under the pre-British revenue system. Between 1820 and 1840, in southern and western India, ownership titles were handed to peasant cultivators who could prove continued land use. Variations of peasant proprietorship were introduced in many regions of India after that, an important variant being the rights of kinship groups on village land. In the late-nineteenth century, tenancy reforms in Bengal conferred occupancy rights to long-held tenancies, pushing a range of other types of tenancies to the status of tenants-at-will.

Before independence, support for land reform was strong, and the main aim was to redress rural inequality rather than raise productivity. The mobilization programme of the Congress was trying to bring the peasant proprietors and tenants to a single political platform, with mixed success. The underlying logic was a simple one. Peasants of all kinds were the real users and producers in land, they produced value, and yet they often possessed weak property rights in land. The two significant aims of reforms would be eliminating what were called ‘intermediary interests’, that is, individuals who owned land but did not cultivate the land, someone accidentally inserted between the farmer and the state. The *zamindars* or the non-cultivating landlords in eastern India were the most significant examples of an intermediary interest. Most reformers, including those working for the government, wanted peasants to become owners of assets so that they had the incentive to work hard and improve their conditions and the land.

Success in this mission was more likely when the party defined a common enemy of the peasant, the *zamindar* of the Bengal delta, for example. The political programme promised to reduce the landlords’ holdings and power. With the peasants well-organized in a political

party, they could mobilize much support for that action. But the mission became much more complicated when the poor peasants faced wealthier peasants. In that case, rallying support for redistribution would divide up the peasant bodies, and that was harder to achieve. There was, however, a new theoretical justification for redistribution that did not need to identify a common enemy (like the *zamindar*) nor need political support.

23.4 LAND POLICY

The land reform ideology is captured in a statement by an authority on the reform process. 'India's experience since Independence', wrote P.S. Appu, 'shows that there is a close inter-relation between agrarian structure and rural development.' Since 1980, belief in this relationship has steadily eroded away.

After independence, as development took priority over the mobilization of support for the nationalist movement, the two challenges – protecting the peasants and raising productivity – were often seen as a single problem amenable to one solution. 'What should be the objectives of land policy?' The First Five Year Plan document asked the question. It said that the objectives should be twofold: 'increased agricultural output' and reduced 'disparities,' end of exploitation, and security to tenants. 'The first aspect is the subject of land management legislation, the second of land reform legislation. The land policy should include both elements.' The Plan document did not set out a theoretical relationship between land management and land reform but left implicit the belief that land management was in a poor state because land control was vested in the hands of rent-seeking 'intermediaries' like the zamindars. This missing theoretical link emerged in a scholarship that noticed that small farms were more productive than large ones.

In a 1962 article, Amartya Sen observed a negative association between farm size and land productivity. If robust, the finding would justify redistributive land reform, and it was read that way. Redistribution would then solve two problems at once – inequality and stagnation.

The finding was read to mean that the small farms applied labour more intensively because the family supplied labour service and was not priced, and, therefore, not rationed. The finding confirmed a prediction of the Russian economist A.V. Chayanov that, under certain conditions, the family farm would employ labour more intensively than the capitalist farm. Sociological studies of the village also occasionally drew conclusions on the institutional basis for agricultural stagnation. For example, Joan Mencher argued, based on field surveys in Tamil Nadu, that land inequality impeded agricultural productivity growth in the region. Her method was criticized. There was, in any case, a united front of support for redistribution.

Later, disagreements emerged on the interpretation of the negative relationship. An early test using village data concluded that there was insufficient basis to conclude a causal relationship between farm size and productivity. 'There may be many reasons to expect some sort of an association, but none whatsoever for any linear relation' - the economist and statistician Ashok Rudra wrote. After the green revolution, the inverse relationship was tested with better statistical methodology. Some studies found that the strength of the association depended on soil quality, the larger farms contained a bigger share of poorer and variable grades of soil, and an earlier inverse relationship tended to disappear in some of the Green Revolution regions. In Punjab, the inverse relation persisted in two of four agro-ecological areas in the mid-1980s, whereas in one of the four regions, an initial inverse relation turned positive. In short, Green Revolution created **economies of scale** that were not present before. The larger farms had a more diversified cropping pattern than the smaller subsistence-oriented and mainly grain-producing farms, which made comparisons between them more difficult. In a joint statement with one of his critics Rudra, Sen stressed the importance of non-labour inputs.

In 2011, a study concluded that technological advances and the scale factor in production did not dilute the superior performance of lower-size holdings. However, other surveys drew opposite conclusions, sometimes using historical data, leading to the idea that capital

market imperfections allowed the larger firms to access more inputs and apply more inputs per acre, especially during technological transformation. Long before this date, the use of the inverse relation in the advocacy of redistribution had ceased.

23.5 ACTIONS TAKEN

Because tenurial conditions varied from state to state, especially when a state inherited land tenure systems from the formerly princely rules, the central government could only lay down guidelines, whereas the states designed the action plans.

23.5.1 Abolition of *Zamindari*

The first and dramatically successful move was the abolition of the *zamindari* right. In subsequent assessments of land reforms (all early Five Year Plan documents commented on progress), the abolition of intermediary right was held up as the most successful dimension of land reforms, not redistribution or retitling. The pathway to *zamindari* abolition took shape after the 1935 legislative reforms. In most states where large estates existed, politicians promised to abolish intermediary interests (any landholder between the state and the tiller). Between 1949 and 1951, most states passed acts delivering on that promise. The prominent ones included, the Orissa Estates Act, 1951, the UP *Zamindari* Abolition and Land Reform Act of 1951, and related to it, the UP Consolidation of Holdings Act of 1953, the Madras Estates (Abolition and Conversion into Ryotwari), and the West Bengal Estates Acquisition Act, 1953. There were some differences between these acts. For example, the main aim of the Madras act was the bring about an equivalence between *zamindari* right and peasant property right. Elsewhere, abolition of intermediary interest prevailed, which would mean that the *zamindar* would be removed from the scene altogether.

As soon as the Constitution of India came in force, the *zamindari* abolition act was challenged in court, on the ground that the abolition violated the right to property, one the Constitution had declared a fundamental right. That provision was modified by the first amendment of the Constitution. However, the Constitution had also established the principle of compensation to property holders for any property they may lose through legislation, and some *zamindars* went to court to seek compensation if not already offered them. These challenges, however, did not pose a serious obstacle, and were even reinforced by further legislation enabling the state to acquire and redistribute land above a ceiling.

Ironically, the *zamindars* had been growing poorer for many decades, thanks partly to their incompetence as agriculturists and partly to tenancy regulation introduced in 1859 and tightened in 1880. In 1950, they were a shadow of their eighteenth-century glory. Except for a few local areas, where the *zamindars* had already become cultivators and could reassign land in their names, others went down meekly and without protest. The Congress flogged a dead horse when *zamindari* was abolished (1950).

23.5.2 Redistribution of Land

Other than this rather pointless reform, two types of land reforms were discussed and pursued in India after 1950. The first type was a redistribution of land, or seizure of land beyond a ceiling from large farmers and giving these to the landless workers, tenants, and small peasants. In 1971, the revised land ceiling in India was 10-18 acres of irrigated land per family and 54 acres of dry land. The second type of land reform consisted of making the property right of the cultivator more secure than before, where the cultivator was a tenant farmer.

Despite strong sponsorship, the redistribution drive ended in a whimper. Too little land was taken over and redistributed. The extent of land redistributed by the state until 1992 did not exceed 1.3 per cent of all operational holdings. The proportion varied from state to state, and it was somewhat higher in states like West Bengal and Kerala, where the radical left movement was strong. But these were also states with high population pressure on land, so any land taken over was distributed over a relatively larger number of landholders who got tiny entitlements.

Redistributive reforms were successful, measuring success as the proportion of land taken over and redistributed in Kerala and West Bengal. Both states, incidentally, had strong left political movements. However, in neither case did land redistribution lead to intensive agriculture. In Kerala, it led to a significant shift of private investment away from land to other fields and possibly a fall, certainly a depression in yield.

23.5.3 Critique

Adjusted for the quality of land, the proportion of redistributed land was even smaller, for the landlords gave up their worst lands. In numerous cases, redistribution was thwarted by landholders illegally, sometimes by transfer of title to relatives. The legal obstacles to land redistribution were considerable, given that property rights were often poorly recorded and regionally variable. In short, institutional barriers to enforcement were formidable.

Wolf Ladejinsky, an international expert on land reforms who contributed significantly to the land reform programmes in Taiwan and Japan and who more or less gave up on the reforms in India, voiced his frustration in a series of writings that focused on the numerous enforcement failures. Ladejinsky did not just say that implementation was less than adequate, but went further to suggest that a fixation with land ceilings and redistribution of land above ceilings, the most difficult part of the reforms, potentially slowed or weakened another essential reform, recording the rights of the tenants. When Ladejinsky wrote in this vein, the green revolution was under way in Punjab, and big landowners were back in favour because they could more readily adopt and invest in new technology than the small farmer. He thought the most realistic compromise between land reform and green revolution would be to set aside the redistributive measures, and focus on recording of rights instead.

Merely redistributing rights without access to capital for investment in land would not deliver significant effects. This point had been recognized early. State-sponsored village cooperatives were created to enable easier credit flows to the smaller farmers and facilitate sales of their products. These cooperatives were not very effective in serving either aim. Credit remained tied to the security and size of landholding. If the land reform failed, credit cooperatives would fail too.

Whatever the evidence for the inverse relationship between farm size and productivity, by 1970, it was clear to many observers that land reforms did not promise a solution to the low-yield syndrome of Indian agriculture. At the same time, industrialization was running out of steam. A bad harvest in the mid-1960s made food suddenly scarce. Around 1966, new agricultural technology was introduced in India that would lead to the green revolution. Land reform had not yet been discredited. Still, some politicians and policymakers did see technology as an alternative solution to the yield problem. By 1985, as the green revolution spread from the wheat areas of northern India to rice areas in eastern India, where support for land reform had taken the first solid roots, land reform as a response to agricultural underdevelopment had few takers.

23.5.4 Obstacles

It was not all enforcement failure, however. There were two fundamental obstacles to land reforms in India, one related to resources and another to institutions. Where was there land to redistribute? A committee headed by the economist Raj Krishna estimated that government reports tended to be unduly optimistic about the extent of available surplus. The correct figure was between 4 and 5 million acres of landholding, the quantity that could be taken away from the so-called large farmers under ceiling laws. But the number of small farming households-owning 2.5 acres of land or less on average- numbered well over 40 million in 1960. The number would be much higher if the so-called middle peasants – farmers who did alright in good seasons but faced severe stress during bad and lean seasons-were included among claimants to redistributed land.

State-level data showed a similarly depressing picture. For example, in Tamil Nadu in 1970, The Land Revenue Reforms Committee estimated that 1.25 million acres were ‘surplus’ or potentially available for takeover and redistribution. At the same time, 14.7

million people or roughly 3.7 million families, were either landless or in possession of plots of land that left them wage-dependent. The small quantity of surplus indicated that few farms had land above the legal ceiling anywhere and that the so-called large farms were large in the imagination of economists. Inequality in landholding tended to be high everywhere (see below), but even farms in the highest decile made ends meet with considerable difficulty. Simple arithmetic showed that redistribution would destroy the larger farms without benefiting the smaller ones.

It was not clear that land redistribution to smallholders was the answer to low and stagnant productivity. The same objective could be met by making user rights more secure (retitling rather than redistribution of land). Indeed, this type of reform had a more successful career than redistribution. The critics of the *zamindari* tenure knew for a long time that the *zamindari* system made the tenant unwilling and unable to improve the land. In the 1970s, a further argument was developed by economists to show why the landlord might not want to invest in improving land. A theory of the rural economy pictured a landlord as one who hired many tenants on fixed shares and supplied credit and other inputs to them, thus earning both rent and interest from the transaction. The theory then claimed that a fixed-share tenancy reduced the landlord's incentive to invest because the improvement could make the tenant less dependent on loans.

A different view on tenancy argued that if innovations were profitable, the landlord would eliminate the tenants, consolidate plots of land, and become a capitalist farmer instead. A spinoff of the tenancy debate was a theory that the large farmer exploited the small by interlocking land, commodity, and credit markets. Whether or not the landlord would invest and innovate also depended on the type of innovation in question. Some forms of technology, such as tractors or harvesters, carry economies of scale and might encourage consolidation and owner-cultivation. Others, such as biological innovations like new seeds, do not necessarily carry economies of scale and might not lead to the elimination of the tenant.

If tenancy was inequality-inducing and bad for economic growth, a strong case existed to regulate or outlaw tenancy. Many states did take that road, but enforcement of tenancy regulation again was generally slack. With institutional intervention not amounting to much, agricultural growth remained tied to growth in the area rather than growth in productivity in the first two decades after independence.

23.6 MARXIST IDEOLOGY AND TENANCY REFORM IN WEST BENGAL AND KERALA

The appeal of land reforms never totally receded among academic economists. Even during the heyday of the Green Revolution, the dominant discourse on transforming traditional agriculture was Marxist. It was Marxist in two senses. First, it was particularly interested in the distribution of land and the polarization of middle peasants into landed and landless classes. And second, it weighed the possibilities of mobilizing small peasants, tenants, and agricultural workers into a political movement, even a revolutionary one.

The Marxist reading of Indian agriculture around 1975-80 has been summed up into three key propositions. First, Indian agriculture suffered due to a paralyzing grip of landlordism and moneylender capital. Second, the state worked for the preservation of the existing class structure. And third, technological changes like the Green Revolution favoured the rich and deprived the poor, making the distribution of land and income more unequal and increasing the political power of the landlords and creditors.

Although redistributive land reform had failed, the sentiment against 'landlordism' supplied a broad justification for empowering the tenant farmers. One way to do that was to convert tenant rights into an effective ownership right, at least a shared ownership right. Tenancy was outlawed or regulated in most states, with laws and enforcement procedures that were, at best, half-hearted.

In two states where Marxist political parties ruled for a considerable length of time, land reforms were more successful than elsewhere. These were, Kerala and west Bengal.

The first communist ministry in Kerala came into being in 1956 and introduced a series of laws posing obstacles to arbitrary evictions of tenants. However, in the next thirteen years, change of government slowed the process of more radical land reform. The Kerala Land Reforms (Amendment) Act of 1969 enabled three new provisions. First, ownership rights would go to the cultivating tenants of the lands leased in by them. Second, tenants could purchase from their owners a certain quantity of land at a subsidized rate. The third provision was the standard one of taking over land above ceiling, and redistribution of these lands among the landless farmer and labourer. By most assessments, the third provision failed because plot size was already too small and there was little land available above ceiling. However, the first provision was pushed with considerable energy and political commitment. Experts disagree on how this land reform affected growth and inequality, with some suggesting that it did not alter inequality radically but did affect agricultural investment and economic growth.

A second significant tenancy reform occurred in West Bengal. This state had a particular history. It was one of the two states to experience partition in 1947, and received a large number of refugees from across the border. The immigrants from the then East Pakistan formed a promising recruiting ground for the Communist Party of India, especially because the ruling Congress was often used as a lobbying platform by the older residents to block the immigrants from claiming state resources. The resultant consolidation of local power under a communist flag ensured that the landed interests were not too successful in concealing their excess holdings.

When the Communist Party of India (Marxist) formed a government in West Bengal in 1977, it quickly set in motion laws to secure the rights of more than a million tenants, a move that saw nearly eight per cent of operated area vested in the state and redistributed to the new title holders. Known as **Operation Barga** and possibly the most radical institutional reform in agriculture in independent India, this step was later seen as a necessary precondition for a wage increase and poverty reduction and possibly increased private investment.

Such claims are doubtful and hard to test because Operation Barga occurred while dwarf rice varieties capable of high yields with a suitable application of water and fertilizer came into usage in Eastern India. Security of property might have been important. But it is impossible to dismiss the counterfactual that the status quo in property rights would deliver the same outcome by encouraging landlords to take advantage of the new technology, and what was crucial in Bengal, invest in tube wells to do so. If one set of economists insists that institutions made all the difference, another set claims that the emergence of private groundwater irrigation was instrumental in the agricultural growth of West Bengal.

In the rest of India, like redistribution, tenancy also receded from public discourse in the 1980s. One of the factors that made it obsolete was the green revolution in Punjab, which gave rise to a category of tenants that the economists participating in this debate had not foreseen before and found hard to fit into Marxist categories. Large landlords began to lease land from smaller landlords. With the introduction of new technology, tenants and farmers with too little land started leasing land to farmers with better access to credit and complementary resources. This tendency did not make the theoretical insights on tenancy obsolete but revealed a differentiation among tenants and landlords, which contemporary theory could not handle.

23.7 LAND REFORMS: AFTERMATH

Land reforms, however, did produce significant indirect effects. Land redistribution was often accompanied by consolidation of local governance, such as panchayats. This move meant that with the introduction of land reforms, data on and the management of common property resources began to change, as the economist N.S. Jodha, who has done considerable research on common property, observed. The purpose of community development, an adjunct of land reforms, was to give the poorer farmers a political voice. This move too left a legacy, in that, peasant-landlord-labourer relations formerly based on social ties, came to be questioned more often.

23.8 SUMMARY

Land reforms meant two types of actions: redistribution, when the state takes over landholdings above a ceiling and gives some to those with holdings below the ceiling; and retitling, when property rights of poorer cultivators and tenants are legalized. All over India, state governments passed laws to implement redistributive reforms. The only significant example of retitling was the Operation Barga of West Bengal.

23.9 GLOSSARY

Economies of Scale	By increasing/scaling production, companies ensure cost advantage by reducing the production cost per unit, thus becoming more efficient.
Operation Barga	Land reform movement launched in 1978 in Bengal for recording names of share-croppers (bargadars)

23.10 EXERCISES

- 1) Provide background to the land and tenancy reforms in post-independence India.
- 2) What were the basic clauses of the land and tenancy reforms in India?
- 3) Provide critique of land and tenancy reforms. Do you agree that land reforms could receive only a limited success?
- 4) Why were land reforms a success in Bengal and Kerala?

23.10 SUGGESTED READINGS

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