

# A Study on Land-Ownership and Tenancy: An Empirical Study of Agriculture in Haryana

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**Abstract – The aim of the present study is to focus on the Land-ownership and Tenancy with their agrarian relations of the Haryana province from 1800 to 1947 and includes the districts of Hisar, Ambala, Karnal, Rohtak and Gurgaon. Primary data has been taken for achieving the objective of the study. The bilingual state of Haryana was bifurcated and consequentially this south-eastern area was declared a separate state on 1st, November 1966, known as Haryana.**

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## INTRODUCTION

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

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

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

Traditional Inefficiency View For a long time, share tenancy as an institution has been considered to be an inefficient tenurial arrangement for achieving optimal resource allocation because it reduces the tenant's incentive to apply his own labour and other inputs on the leased land. Adam Smith (1950) argued that the metayer system of tax, which is paid as a part of the total proceeds of land, is a great hindrance to improvements in agriculture.

The south-east Haryana, now-a-days known as 'Haryana', was an old civilization. The word 'Haryana' has its roots in the word 'Hari'. 'Hari' stands for 'Haryal Ban', the verdurous dense forests that once covered this region,<sup>7</sup> and as confirmed by G.C. Avasthi, Haryana was used as a qualifying objective by Varuraja, one of the rulers of this tract and that's

how the areas came to be known as such. Since the region was inhabited by Ahirs post Mahabharata Budh Prakash traces the roots of the name in 'Abhirayana'.

When the mist of antiquity gives place to the light of history, we find the Bharata, who gave his name to the country, settled here. Some sites of Indus Valley Civilization are also in existence in this region, namely Banawali, Rakhigarhi, Daulatpur etc. Vedic culture was also developed in this region. The Mahabharata knows 'Haryana' as the land of plentiful grains (bahudhanakya) and immense riches (bahudhana). The account of the expedition of Nakula relates that he advanced on Rohtak (Rohitaba), full of horses, cattle, wealth and crops and blessed by the god Kartikeya, the generalism of the army of the gods, and had a severe contest with the Mattamayuras. From there he marched to the other end of the region comprising the deserts and reduced the city of Sirsa (Sairisaka).

Archaeological discoveries at Sugh show that the south-east Haryana was a part of the Mauryan Empire. Ashokan pillars at Topra (Ambala) and Hisar, his stupas at Chaneti and Thanesar confirm this.<sup>11</sup> The Allahabad pillar inscription states that the Yaudheyas submitted to Samundra Gupta and eventually their kingdom formed part of the Gupta Empire. In the seventh century A.D., the south-east Haryana formed an important part of Harsha vardhana's empire with its capital at Thanesar. 76.8 per cent of the land sown is irrigated in Haryana as against 37.2 percent at all India level. Kurukshetra, Karnal, Panipat, Kaithal, Sonapat and Jind enjoy the irrigation levels of 99, 98.2, 98.2, 97.1, 93.4 and 89.2 percent respectively. Even the least irrigated districts such as Yamuna Nagar, Gurugram, and

Bhiwani have the irrigation levels above the national average. 49.66 percent of the irrigation is through the government canals, 49.92 per cent by wells and tube wells and 2.42 per cent by other sources. The total number of tube wells and pumping sets in Haryana was 6, 66,493 in 2015-16 which amounted to one set per 8.39 hectares of land.

### Tenancy laws in Haryana

It would not be out of place here to mention the stress points of the existing tenancy laws of Haryana. Tenancy laws of Haryana are governed by "The Haryana Security of Land Tenure Act, 1953". The preamble of the Act provides that it is "an Act to provide for the security of land tenures and other incidental matters".

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

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

- a. An inferior landowner; or
- b. A mortgagee of the rights of a landowner; or
- c. A person to whom a holding has been transferred, or an estate or holding has been let in farm, under the Haryana Land Revenue Act 1887, for the recovery of an arrear of land revenue or of a sum recoverable as such an arrear; or
- d. A person who takes from the government a lease of unoccupied land for a purpose of subletting it. The term lessee has been used in place of this term at most of the places in the present study.

### REVIEW OF LITERATURE

Banerjee (1982) gave an account of the agrarian situation at the outset of British rule and traces the changes in the social framework of the agriculturists. Author discussed the programme of land settlement,

commercialization of agriculture, canalization and colonization, the growing predominance of moneylenders and the changing relationship between peasant groups and the kamins. The work however, does not go beyond 1911 and concentrated on the central and western Haryana in its details, generally leaving out the south-eastern areas or providing brief information on them.

In a work on Irrigation, Agriculture and the Raj: Haryana, Mufakharul Islam (1997), a Bangladeshi scholar, made a detailed study of irrigation by canals and the other sources, including their financial aspects. Author referred however, to cash crops only cotton, sugarcane and oil seeds. Furthermore, his work is limited to irrigation and cropping pattern, with no account of the agriculture in south-east Haryana. Imran Ali, Haryana under Imperialism, 1885-1947 (1999) described canalization and colonization of the Haryana in some detail with no references to the south-east Haryana except in a few tables.

Bell (1977) in his study of Purnea district of Bihar observed that households having surplus bullocks in relation to their landholding would prefer leasing in land because surplus bullocks cannot be sold; on the other hand, households with more land in relation to their bullock holding would lease out their surplus land.

Bliss and Stern (1982) noted similar observation in the Palanpur village of Uttar Pradesh. The non-existence of a market for bullock hire services provided a possible motivation for sharecropping. Bliss and Stern (1982) also viewed sharecropping as an arrangement that involves the pooling of managerial and cultivating skill. Cultivation involves various types of work and hence requires entrepreneurial and managerial ability. However the market for management very rarely exists in Indian conditions. When management is a non-marketable input, a household deficient in management (that is, it is inexperienced in cultivation and incapable in supervising and managing the land) may find it profitable to lease out land to a tenant who is better endowed with managerial ability.

Reid (1977) found rationale for sharecropping in the cooperation between landlord and tenant on management and supervision which is difficult to specify. In this sense, sharecropping is regarded as a partnership in which each partner provides the unmarketed factor input in which Author is better endowed. In sharecropping arrangement, the landlord provides management and the tenant supervision and in doing so there is the problem of moral hazard of shirking which arises from the unobservability of supervision and management. The problem can be resolved if both parties are residual claimants. This is accomplished under sharecropping (Eswaran and Kotwal, 1986). The motivation for tenancy can also be explained in terms of size and composition of cultivating households. Pant noted

that children below a certain age cannot work for wage employment, women are also not permitted to work and members from higher castes do not offer their labour services even if they own land.

Stern (1988) described that 'Thakur' households (belonging to high caste in Palanpur) do not hire out their labour services. Thus age, sex and caste composition may act as barriers to entry in the labour force and this suggests a rationale for tenancy. Pant in his empirical study on six villages in Maharashtra and Andhra Pradesh got the regression result that households with a large number of workers relative to landownership and with ownership of bullocks leased in more land. Before concluding the survey it may be mentioned that in recent literature there is a growing awareness that risk sharing by itself fails to explain sharecropping.

Hirshleifer and Riley (1979) shown that sharecropping is a very inflexible and suboptimal instrument of risksharing. Kotwal (1985) demonstrated that consumption credit, on the other hand, is a much more convenient and flexible instrument of distributing risk. Consumption credit, Kotwal argues, distributes risk associated with the randomness of weather from the risk averse tenant to the wealthier landlord without diminishing the tenant's incentive to work.

Pillai and Panikkar (1965) explained that in Kuttanad district, the divorce between proprietorship of land and work in the fields was as complete as it would be. The actual operation in land thus leased out was not necessarily by tenants but by the labourers belonging to the backward communities. It was further observed that the scheduled caste members, who were socially relegated to carry out the agricultural operations, were as slaves tied to the land and transacted along with it by jannies.

Sharma (1965) examined the distribution pattern of different types of tenants in various states in 1960 and reported that in India amongst the tenanted holdings 24.16 per cent were operated under mixed type of tenancy. This mixed type in which operated land is partly owned and partly leased in, was the most important type of tenancy prevailing in rural area in early sixties.

Vyas (1969) observed on the basis of analysis of micro studies in Gujarat that in commercialized area, extent of tenancy was high and land distribution more skewed. This created problems for the small farmers who had to accept crop share contracts and worst terms of lease, as compared to bigger farmers taking more land on fixed rent contracts.

Rudra and Khoda (1979) conducted a study in Birbhum district of Andhra Pradesh on agrarian transformation and found that the Kisheni system of

annual crop sharing contract has been virtually eliminated between a cultivator and a labourer which was widely prevalent in the district.

Haque (2000) on the available data of National Sample Survey for the years 1971-72 and 1981-82 concluded that leased in area as percent of total operated area in Haryana was 28.12 percent in 1972, which increased to 63.14 percent in 1992 while the national average was 7.18 and 8.28 percent in 1982 & 1992 respectively. This shows a high level of leasing in Haryana as against national average. In fact it is the highest followed by Haryana remote 2nd (18.83 per cent in 1992).

## **OBJECTIVES OF THE STUDY**

Objectives of the present study are as follows:

- 1) Determining the effects of contractual Agricultural land agreements.
  - Effect on employment
  - Effect on productivity
  - Effect on income
- 2) To study the implications of contractual agricultural land agreements.
  - The issue of reviewing the existing tenancy laws and its implications
  - Implications of the issue of tenure of contractual agricultural land agreements
  - Implications of the issues of time of payment and sources for payment of rent

## **Sample of the Study**

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

## **Data Collection and Analysis**

The study is primarily based on primary data. Primary data has been collected from the respondents i.e. lessee's and lessors for the agricultural year 2001-2002.

## Techniques of analysis

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

## DATA ANALYSIS AND INTERPRETATIONS

### 4.1 Tenure of leasing-in in Haryana

It seems that shortening of tenure of leasing out has evolved as a defence mechanism on the part of the lessors against the fear of losing land due to tenancy laws. This fear was more in left ruled states where the governments were more upright in enforcing these laws, resulting in seasonal tenure of leasing out there. In other parts of the country annual tenure of contractual land agreements is followed. The study of Tilekar (2000) which reveals that land is leased out for a period of 8-10 years to the relatives adds strength to this logic. The findings of the present study are as follows:

**Rice zone:** The present study reveals that 89 per cent of the farmers lease out land on annual basis in rice zone while only 11 per cent leases out on seasonal basis as shown in table number 4.4. While on the leasing-in side only 42 percent of the farmers preferred annual tenure of leasing-in as shown in table 4.5 and figure 4.7.

Table: 4.2

Tenure of leasing-in in Haryana

Mode of tenure of contractual land agreements	Percentage			
	Rice zone	Cotton zone	Bajra zone	Over all
Annual	89	100	100	96.33
Crop specific	11	0	0	3.66
More than one year	0	0	0	0

Source: Compiled by author

Table: 4.3

Preference for mode of tenure leasing in

Lease's preference for mode of tenure of contractual land agreements	Percentage			
	Rice zone	Cotton zone	Bajra zone	Over all
Annual	43	98	100	80.33
Crop specific	56	2	0	19.33
More than one year	1	0	0	0.33

Source: Compiled by author

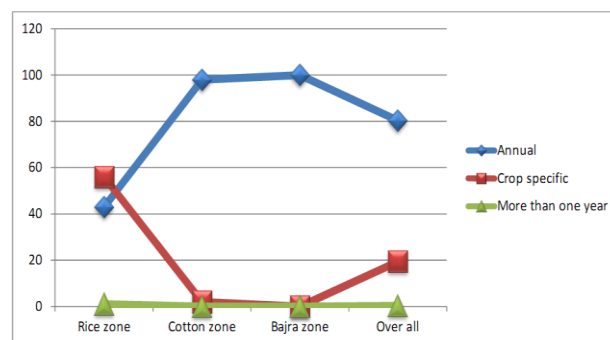


Figure: 4.1

**Cotton zone:** The figures for tenure of leasing-in for the cotton zone as shown in table 4.5 are that all the farmers followed annual terms of tenure. But this was not their natural choice as is reflected by the figure 4.1 of table 4.6. 98 per cent of the Lessee's preferred to lease-in for a period of more than one year. Reasons were the same as that of rice zone.

**Bajra zone:** Though all the farmers leased-in land on annual basis, none preferred this system. All of them preferred to lease-in land for more than one year but the lessors leased-out land on annual basis only. The reasons for preference of leasing-in for more than one year were found to be same as that of rice zone.

**Overall:** The present study revealed that 99.67 of the land was leased-in on annual basis, 0.33 per cent on seasonal basis and no farmer leased-in land for more than one year. This fact was in confirmation with the studies of Tomar et al (2000) and Shiyani et al (2000). It is in contrast with the studies of Ghosh (1981) and Kumar (1991) which revealed that the tenure of leasing in West Bengal and Kerala was seasonal and the study of Tilekar (2000) which revealed that land is leased out to relatives for a period of 7-10 years. The more interesting fact which was revealed in this study was that 83.67 per cent of the lessee's were not satisfied with the present tenure of leasing, instead they preferred to lease-in land for more than one year. This issue would be taken up in the chapter on policy implications of contractual land agreements.

Table: 4.4

Reasons for leasing out land in Haryana (In percentage)

Reasons for leasing out	Rice zone	Cotton zone	Bajra zone	Over all
Service	21	20	26	22.3
Business	16	21	27	21.3
Lack of labour	5	9	30	14.7
The farms are far away	18	15	8	13.7
Old age, widow & disabled	13	15	0	9.3
Un-irrigated	7	6	0	4.3
Cash urgency	8	4	0	4.0
Lack of capital resources	7	0	0	2.3
Others	5	10	9	8.0

Source: Compiled by author



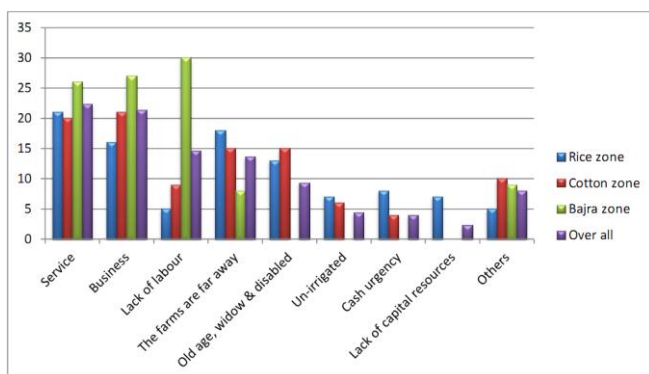


Figure: 4.2

**Bajra zone:** The bajra zone has shown very different results than the other two zones of Haryana. Lack of adequate family labor (30 per cent) has emerged to be the most important factor affecting leasing out of land. It is just a minor factor in other two zones. The reasons for this trend may be explained the fact that being a rain-fed area of the state with poor quality of soil, this zone is marked by low and uncertain production.

Table 4.5

Number of farms in different categories before and after leasing

Category of farm	Rice zone		Cotton zone		Bajra zone		Over All	
	Before	After	Before	After	Before	After	Before	After
Landless	6	42	10	52	2	35	18	129
0.01-2.5	21	9	18	8	12	8	51	25
2.51-5	32	15	54	20	21	13	107	48
5.01-10	48	36	44	42	57	32	149	110
Above 10	61	66	42	46	76	80	179	192

Source: Compiled by author

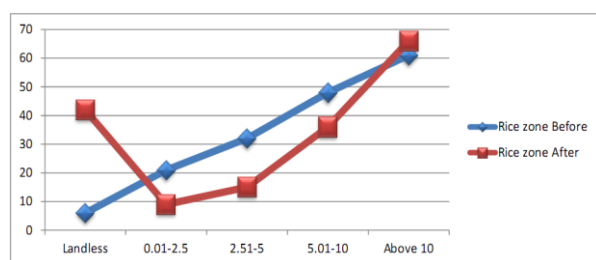


Figure: 4.9

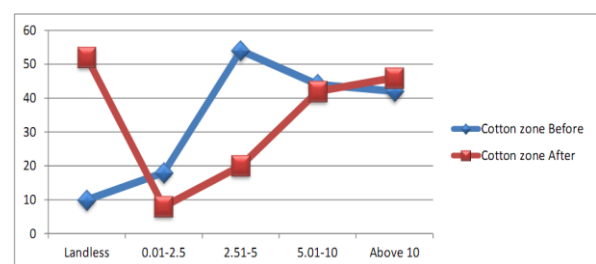


Figure: 4.10

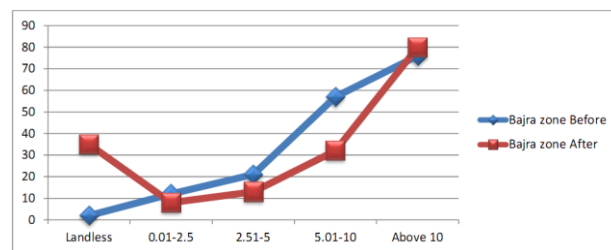


Figure: 4.11

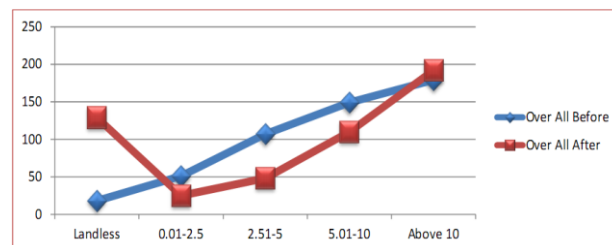


Figure: 4.12

## CONCLUSION

The maximum part (43 per cent) of the income from the leased-in land was spent on household expenditure in Haryana, followed by education (28 per cent) and marriages (14 percent). Construction of house, development of agriculture, buying more land and others accounted for 6, 3, 2 and 4 percent. As far as farm category wise distribution is household expenditure remains the major area of expenditure in all the categories of farmers followed by education and marriage. Only the lessee from the large farmer category spends the income from leased-in land on buying more land (7 per cent). The landless spend maximum on household expenditure (55.7 per cent) followed by marriages (15.2 per cent), education (9.8 per cent), construction of house (4.1 per cent) and others (15.2 percent) whereas the marginal farmers spend on household expenditure (49.7 per cent), education of their children (32 per cent), marriages (10 per cent) construction of house (4 per cent) and others (4.3 per cent). The small farmer spends maximum on household expenditure (53.3 per cent) followed by education (29 per cent), marriages (6.3 per cent) construction of house (6.3 per cent), development of agriculture (1.7 percent) and others (3.4 per cent) while the medium farmers spend 39.7 per cent on household expenditure followed by education, marriages, construction of house, development of agriculture and others accounting for 23.7, 17.7, 9, 5.7 and 4.2 percent respectively. The corresponding figures for the large farmers are 36.7, 26.7, 20.3, 4.3, 2 and 3 respectively.

The maximum part (29 per cent) of the income from the leased-out land was spent on household expenditure followed by education (17 per cent), construction of house (13 per cent), agricultural

expenses (12 per cent), and purchase of land (6 per cent), business (5 per cent) and others (18 per cent). Any other includes marriages, savings, religious activities, leasing-in land at some other place, medicine, litigation, debt etc. The marriages accounted for at least half of the weight of the head others. As far as category wise distribution is concerned the marginal farmer spends maximum on household expenditure (67 per cent), which goes on decreasing as the size of farm increases. It is 46, 34 and 26 per cent in small, medium and large farmers respectively. Only the medium and the large farmers spend their income from leasing out on purchase of land. The medium farmers spend maximum on agricultural expenses (New tube well, new tractor, routine expenditure, leveling etc.) accounting for 18 per cent followed by the large farmers and the medium farmers with 13 and 3 per cent respectively.

70 per cent of the leasing in Haryana is on fixed cash basis. This is the reflection of the lessors will, as he dominates the decision regarding the mode of leasing. As far as the preference of the lessee is concerned, the fixed cash mode of contractual land agreement is preferred only 55 percent of the farmers, the rest 45 percent preferring the mode of crop sharing.

Category wise distribution of the farmers, who prefer crop sharing in Haryana, is as follows: 67 per cent of the landless, 42 percent marginal farmers, 31 per cent small farmers 40 per cent medium farmers and 48 per cent large farmers prefer crop sharing mode of leasing.

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