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## **EDITORIAL**

Here we are (the Journal) finally in 2022. While the single paper relates to crucial issues that have been challenging the banks in our country for quite some time, the rest relates to documentation of Prof. V.M. Dandekar's published journal papers (between 1962 and 1965) and a report (jointly written with G. J. Khudanpur) entitled 'WORKING OF BOMBAY TENANCY ACT, 1948, REPORT OF INVESTIGATION'. The delay stands at about a year. With the papers for the 3rd and 4th Issues of 2022 almost half through with the processes, we are sure we will be up to date on the Journal front by March 2023. Our thanks to all our readers and writers for bearing with us during the past two years. And the request is to send us papers for consideration of publication in the Journal. A sincere request.

S.Sriraman

January 2023





# FRAUDS IN PUBLIC SECTOR BANKS-IMPACT, MAGNITUDE, CAUSES, AND CURES

Archana Dholakia and Kruti Lehenbauer

*The objective of this paper is to demonstrate that the problem of bank frauds in India, particularly in Public Sector Banks (PSBs), arises from the root cause of a systems failure within the PSBs. Though the amount involved in frauds show decline over last two years, the magnitude and multiplicity of this problem is still significant and need serious attention of the regulators. Merger of banks may help to improve operational efficiency and profitability but might not necessarily address other issues of work culture, competence, and moral rectitude. Systemwide changes to the workforce, management, compliance, answerability, and responsibilities of these banks can reduce the potential of frauds and wilful defaults that plague the country. The battle against corruption and inefficiency is a formidable one but if the Reserve Bank of India does not fight it now with a strong reward-punishment mechanism and proper institutional processes, it will continue to provide perverse incentives to fraudsters despite the structural changes recently made in the system. This paper expounds on how to reduce bank frauds and loan defaults in a large and mixed economy like ours without abandoning public sector goals in favor of private sector goals.*

## I. INTRODUCTION

Experts in recent years have argued in favour of privatisation of State-owned banks [Acharya and Rajan 2020; Government of India 2020]. The budgets of recent years also spelt out the plan of privatising a few banks during the upcoming years and accordingly NITI Ayog, the government think tank, submitted a proposal for privatising some banks [The Economic Times, 2021]. This is a part of the major banking reforms initiated during the last decade to

improve the efficiency and accountability of the Public Sector Banks (PSBs), which have been characterised by a substantial number of frauds and credit defaults resulting in large amounts of Non-Performing Assets (NPAs). A part of the NPAs arise on account of over-optimism of promoters regarding growth of markets (or profits) on one hand and a lack of due diligence or technical expertise among bankers, on the other. Irrational exuberance result into problems of time overrun and cost overrun of big infrastructural/industrial projects which

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Archana Dholakia is Former Professor and Director of the Post Graduate School of Social Sciences, Gujarat University and Former Independent Director in the Board of a Public Sector Bank.

Kruti Lehenbauer is Currently a Professor of Business at the University of the Incarnate Word, San Antonio, TX, USA  
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often lead to a situation whereby the borrowers are unable to service the debt [Rajan, 2018]. However, the remaining components of NPAs, namely, frauds and wilful defaults are more notorious in terms of their implications and are difficult to mitigate.

A component of 'wilful defaults' is closer to frauds in spirit and hence is matter of great concern for the present government. The incidence occurs when a borrower refuses to repay the loan amount to the lending banks despite having adequate resources. Unlike fraud, wilful default is not illegal, at least in India, though in many other countries it is treated as a criminal offense since such an act is undoubtedly intentional, deliberate and a calculated move on the part of the borrower. To get a dimensional idea of this problem, over 11,000 companies in India had wilfully defaulted with an estimate of Rs. 1.61 lakh crore as on 31st December 2018 [Agarwal and Srivas, 2019]. As per the estimate of Credit Information Bureau of India Limited (CIBIL) the figure touched Rs. 2.4 lakh crore by December 2020 [Ghosh, 2021].

There is a thin line between the fraudsters and wilful defaulters and punishing both the groups is a necessary condition for mitigating the bank NPAs [Singh, et al., 2016]. However, there is

paucity of data availability on wilful defaults. While the RBI has been collecting the data on wilful defaults since 1995 it does not put them in public domain, which impacts the reliability and transparency that would be required to address this issue in a meaningful manner. In 2019, the Supreme Court of India had mandated the RBI to reveal figures of the top 50 defaulters [Business Standard, 2019]. Moreover, the institutional and legal structure of banks in India is too weak to deal with the problems of wilful defaults successfully. Keynes had observed that if you owe the bank a hundred pounds, you have a problem but if you owe a million, it has [Keynes, 1936]. Thus, a common joke about the Indian banking system is that if you owe the bank Rs. 1 lakh it is your problem but if you owe big sum like Rs. 100 crores or more, it is the bank's problem! [The Economic Times, 2019].

As per RBI's new guidelines banks, very rightly, must make 100% provisions for the amount involved in frauds/defaults, within four quarters of detection of the same [Reserve Bank of India, 2015]. This along with the writing off some debts for cleaning up the balance sheets reduce the profitability and capital adequacy of the PSBs. The government, being a major shareholder or owner of the PSBs must eventually chip in for infusing more capital, which ultimately comes

from taxpayers! This has been going on for last so many years [The Economic Times, 2019; 2021]. To get a dimensional idea, during FY09 and FY19 the government infused a total of Rs. 3.5 lakh crore into PSBs. In 2018-19 alone the government injected Rs. 1.06 lakh crore. And for the FY20 and FY21 estimates are Rs. 20,000 crores each. Thus, instead of becoming an engine of growth the PSBs have become burden on government resources.

The above-mentioned weaknesses also negatively affect the market capitalisation of PSBs. Kaul [2021] expounds that as of February 18, 2021, the aggregate capitalised value of all PSBs was around Rs. 6.41 lakh crore. This amounts to 75% of the market value of Rs. 8.56 lakh crore of only one private bank, namely Housing Development Corporation of India (HDFC). Moreover, 58% of the market value of all the PSBs combined is due to only one major PSB, namely, the State Bank of India (SBI). This implies that the value of remaining PSBs totaled to hardly Rs. 2.7 lakh crore, a figure that is less than the market value of Rs. 3.85 lakh crore of 'Kotak Mahindra' bank, again a private bank [Kaul, 2021]. As on 31st May 2022 the market capitalisation of all PSBs except SBI remained hugely below the funds infused in such banks [Business Standard, 2022].

The PSBs attained a much lower rate of return on assets and equity compared to their private counterpart. The latest report by NCAER mentions that PSBs have lost ground in terms of both deposits and advances of loans and that since 2014-15 almost entire growth of the banking sector is due to the private banks and one PSB namely, SBI. [Times of India, 2022] While in terms of ownership of physical assets and infrastructure PSBs score much higher compared to all private sector banks, implying that it is the poor governance structure which lies at the root of the PSB problems rather than lack of resources. We intend to present empirical evidence along with a brief review of select studies in this paper to substantiate this claim. Since the availability of consistent data set on wilful defaults is almost impossible to obtain, we have chosen to focus only on the analysis of banking frauds as the data for the latter are published regularly by RBI.

The objective of the present work is to analyze the magnitude, causes and delay in detection of the frauds taking place in PSBs. We also intend to bring out the lacuna of institutional mechanisms to punish the perpetrators and suggest some policy changes to abate financial frauds. The reason for choosing PSBs for the study is obvious: more than 80-85 percent of frauds in value terms take place among

these banks [Reserve Bank of India, 2020; Reserve Bank of India, 2021]. While the correlation between NPAs and frauds is quite high and statistically significant with a value of 0.82 for PSBs, the corresponding correlation estimate for private sector banks was close to zero [Granville, et. al., 2019]. This indeed is a matter of concern and provides a strong motivation to work on the present topic.

This paper is divided in to six additional sections. Section 2 gives a broad idea about the policy measures undertaken by RBI and Ministry of Finance (MFI) to reduce the incidence of large value banking frauds and credit defaults. Section 3 presents some facts and figures on the number of banking frauds, amounts involved therein, composition of the fraud amount, sources, and vintage of frauds. Section 4 highlights and discusses the major issues relating to functioning and overall management of the PSBs that are highlighted in some research studies, consultancy reports, and reports published by the Central Government and RBI. Section 5 expounds on the problems related to delay in investigation and judgement by the Central Bureau of Investigation (CBI) or Indian courts and the subsequent 'moral hazard' issues that arise. Section 6 enumerates a list of measures to improve the internal functioning as well as overall governance of PSBs to mitigate the

financial frauds. Section 7, the final section, presents the concluding remarks. However, before we go into the details of these issues, we provide the list of measures undertaken by the central government and RBI to mitigate the problems of frauds and credit defaults faced by the PSBs.

## **II. STEPS TAKEN BY RBI AND MFI TO MITIGATE BANKING FRAUDS AND CREDIT DEFAULTS**

Around 2014-15 the government and the financial regulators started adopting a strategy of four R's namely Recognition, Restructuring, Resolution, and Reforms to deal with the challenges of NPAs of PSBs [Government of India, 2015]. Since then, following measures have been undertaken as a part of the banking reforms:

- (a) RBI attempted to integrate itself with investigative agencies like CBI, Central Vigilance Commission (CVC) and Central Economic Intelligence Bureau (CEIB), who promised to support and share their databases with the regulator and the commercial banks [Bhasin, 2015].
- (b) The central bank set up a Central Fraud Registry (CFR), which can be referred by the banks along with the data from Central Repository of Information on Large Credits (CRILIC) before they grant big

loans. This may also deter the potential fraudsters from misconduct due to fear of being blacklisted or convicted for their transgressions [Reserve Bank of India, 2014; Reserve Bank of India, 2017].

- (c) RBI also became more vigilant and stricter over the years as evidenced by quite a few circulars demanding compliance and discipline from the banks regarding various processes, including timely detection and declaration of the frauds in conjunction with sharing a list of wilful defaulters [Mint, 2017].
- (d) The central bank mandated the commercial banks to submit Fraud Monitoring Return (FMR) regularly on a monthly basis [Reserve Bank of India, 2014; Reserve Bank of India, 2017]. Shortening of the stipulated timelines for reporting frauds or defaults and stringency about inclusion of perpetrators' names in CFR/CRILIC (as the case may be) was meant to encourage the banks and the board members to put the cases of bad loans on a fast track.
- (e) The regulator introduced the concept of 'Red Flagged Account' (RFA) to be identified through 'Early Warning Signals' (EWS), the parameters for which were identified and shared with the commercial banks. If a loan account of Rs. 50 crore or more, where a suspicion of fraudulent activity is shown up by the presence of select EWS, the account must be labelled as RFA. Bank cannot afford to ignore it because the RFAs are indicative of potentially bad loans due to higher probability of defaults on the part of the borrowers in these accounts. RBI has provided an illustrative list of about 42 EWS to commercial banks for their ready reference for labeling the account as RFA [Reserve Bank of India, 2017].
- (f) The increasing incidence of banking frauds led RBI to focus more on control and mitigation of the problem hence implementation of fraud risk management model, which encompasses the prevention, detection, and efficient response to fraud assumed greater importance in all banks [Deloitte, 2015].
- (g) Since May 2015, the RBI mandated banks to use forensic audit as a preventive and investigative tool for RFA of more than Rs. 50 crore to detect fraud angle at the earliest, if any [Reserve Bank of India, 2015].

- (h) Moreover, since 2016, RBI started imposing heavy penalties on the banks for the non-compliance of rules along with demanding greater accountability of the top executives including the board members [Fargose and Shukla, 2019]. These penalties are being imposed to streamline the processes at the PSBs level, compel them to detect irregularities and report them to the regulator in stipulated time [Fargose and Shukla 2019].
- (i) The central government adopted two-pronged strategy for improving the performance of PSBs: merger of many PSBs and privatisation. Mega merger of PSBs was undertaken with a view to making the banks financially stronger through rationalisation of branches and optimising the use of IT and digital platforms. The process of merger started in 2017 and in 2019 the government announced a second merger of 10 PSBs to reduce the number to four. The amalgamation process continued further during later years. Thus between 2017 and 2022 the number of PSBs have been reduced from 27 to 12 [Mishra, 2022].
- (j) Through the Financial Stability and Development Council (FSDC), measures are being taken to strengthen the system against frauds and improve the framework of EWS. The FSDC also envisages to enhance the scope of the 'Legal Entity Identifier' (LEI) to effectively monitor the group exposures and deal with issues relating to credit rating agencies and audit quality of banks [Reserve Bank of India, 2019; Palepu, 2019; Kapoor, 2018].<sup>1</sup>
- (k) The government of India has also set up an independent regulatory body namely, the National Financial Reporting Authority (NFRA), to control the behaviour of some unscrupulous chartered accountants and auditors. A powerful body is set up in a way that once it initiates the investigation no other body has power to carry out any external proceedings [National Financial Reporting Authority, 2018; Acquisory, 2018].<sup>2</sup>
- (l) The government established the long awaited institutions to recover bad loans. Some positive changes in the financial system are being brought to recover money from the bad loans including the introduction of a mechanisms like Indian

Bankruptcy Code (IBC), National Company Law Tribunal (NCLT), and National Company Law Appellate Tribunal (NCLAT) [The Times of India, 2022].

- (m) Creation of a 'bad bank' through formation of National Asset Reconstruction Company Limited (NARCL) by the central government is an important new step to help the PSBs to come out of heaps of bad loans.

A recent paper [Gupta and Panagariya, 2022] observes that despite various policy measures to bolster the performance of PSBs, they have continued to under-perform. Though some of the measures listed above have positively impacted the functioning of PSBs, the magnitude of the problem of NPAs is still huge as well as diverse and requires attention of the regulators as evidenced by data/information presented in following sections.

### 3. DEFINITION, TYPES OF BANKING FRAUDS AND AMOUNT INVOLVED

#### 3.1 Definition and Classification of Banking Frauds:

Frauds, by definition, are illegal activities carried out by either borrowers and/or bankers with *mala fide* intent to cheat the banks or the depositors and are

different from other components of NPAs, hence the losses to banks arise due to an indubitably illegal action by these groups [Rajan, 2018]. In banking parlance, fraud is defined as any behavior by which one entity intends to gain a dishonest advantage over another. Alternatively, it is an act of omission which is intended to cause a wrongful gain to one entity and wrongful loss to the other, either by way of concealment of facts or otherwise [Chakrabarty, 2013]. This definition of fraud is general enough where banks are advised to bifurcate frauds into vigilance and non-vigilance categories. Only the vigilance category fraud cases are supposed to be referred to the investigative authorities, whereas the latter need to be dealt with at the bank level within six months of detection [Reserve Bank of India, 2015; Singh, et al. 2016]. It is estimated that about 45 to 50 percent of the total cases are found to be of non-vigilance category and are handled by the Executive Director (ED) or Managing Director (MD) of the bank, who act as the disciplinary authority depending on the case and the seniority of the charge sheeted official in question [Deloitte 2015; Singh, et al. 2016].

The vigilance cases on the other hand are entrusted to the Chief Vigilance Officer (CVO) who in turn submits the report to both Central Vigilance Commission (CVC) and the highest authority

of the bank. CVC may report the fraud directly to CBI or file a First Investigation Report (FIR) to the police, but the senior management, after considering the amount, type and parties involved may decide to handle it internally or to continue supporting the CVC's effort by making their own reports to the CBI or the police. There is also an independent committee of RBI for monitoring frauds which regularly reports to the central board of RBI, and depending on the severity of the case, the committee may refer it to the CVC or the Ministry of Finance [Singh, et al. 2016].

Some scholars recommend the change in definition of 'bank fraud' on account of inconsistencies in reporting, classifying, and closing the cases. Currently if the borrower has diverted the loan amount to the business other than the purpose for which it was availed, it is treated as a fraudulent activity. Even if the borrower is willing to repay the entire amount owed to the bank, the act of diversion itself is defined as a fraud. It has been suggested that RBI should exclude this kind of activities from the current concept of bank fraud. If at the end of the day, the debtor is ready to pay his dues, mere diversion to some other activity should be pardoned and should not be termed as a fraud [Gandhi, 2015].

RBI classifies types of banking frauds into seven different categories as per Indian penal code which includes misappropriation and criminal breach of trust, use of forged instruments, cheating and forgery and fraudulent transactions among others [Reserve Bank of India 2014, 2015, 2017]. The regulator classifies frauds by broad groups of perpetrators too namely, customer related, credit related, staff & third party related and cyber related frauds. For empirical analysis fraud data are classified and published by the size or value of frauds by RBI as given below (Table-1).

### *3.2 Number of Fraud Cases and Amount Involved:*

As an offshoot of several policy changes initiated by RBI and central government, multiple frauds have come into limelight during recent years. As we will see below, both the number of frauds and amount involved therein showed considerable increase since 2013-14, barring the two post pandemic years 2020-22, when most economic activities experienced slowdown. The conscientious bank executives, whistle blowers, regulatory agencies, investigative agencies like CBI and the news media have exposed the corrupt practices of several bank officials and unscrupulous behaviour of quite a few big-ticket borrowers in recent years.<sup>3</sup> But before we



analyze the recent data it would be relevant to present the data prior to 2013-14 to get a comparative picture.

Table 1 presents the fraud data reported as on 31<sup>st</sup> March 2013 for the years 2004-2013 for commercial banks [Chakrabarty, 2013]. These data are classified by the size of the fraud value for different years. Total number of reported fraud cases were around 1.69

lakh involving total amount of Rs. 29,910 crore. Figures of last column in the first row depicts the accumulated fraud value for pre-2004 period amounting to Rs. 4,300 crore, and data given in the subsequent rows except the last row, are year wise estimates of fraud values by size. Both the incidence of frauds and the amount involved therein show consistent increase during the 2004-2013 (Table 1).

**Table 1. Year wise Fraud Cases and Amount involved reported by Commercial Banks  
(as of 31st March 2013)  
(Amounts involved in Rs. Crores)**

Financial Year End	Frauds worth <Rs. 1 lakh		= or > Rs. 1 lakh and up to Rs. 1 crore		= or >1 crore and up to Rs. 50 crore		= or >Rs. 50 crores		Total Frauds	
	Cases	Amt	Cases	Amt	Cases	Amt	Cases	Amt	Cases	Amt
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
pre2004*	2292	4.24	819	96.65	613	2951.64	13	1244.26	3737	4296.8
2004-5	7553	12.50	2407	287.32	111	584.89	1	53.57	10072	938.29
2005-6	11395	18.63	2334	290.20	192	1009.23	2	135.47	13923	1453.53
2006-7	20415	31.22	3048	325.02	158	791.17	1	78.45	23622	1225.86
2007-8	17691	30.25	3381	383.98	177	662.31	Nil	Nil	21249	1076.54
2008-9	19485	33.85	4239	442.94	214	1129.56	3	305.33	23941	1911.68
2009-10	20072	30.36	4494	474.04	222	1129.28	3	404.13	24791	2037.81
2010-11	15284	26.09	4250	494.64	277	1515.15	16	1796.20	19827	3832.08
2011-12	10638	19.05	3751	509.17	327	2113.23	19	1850.08	14735	4491.54
2012-13	9060	22.11	3816	491.13	372	2798	45	5334.75	13293	8646
Total	133885	228.31	32539	3795.1	2663	14684.5	103	11202.3	169190	29910.1

Note: \* This generally covers the frauds occurred during previous 5-6 years but not necessarily. For instance a fraud might have taken place in the year 1993 but was detected and then later proved as fraud in the year 2001 and then reported in the year 2003-4 is also included here. Such stray cases reported late are clubbed in this pre2004 data set.

Source: Chakrabarty, 2013.

Moreover, it is important to note that the number of fraud cases worth Rs. 1 crore or above, hardly constitute 2 per cent of total cases, but in terms of total amount involved, they account for 99 percent of the total fraud value. Similarly, the count of the Large Value Frauds (LVFs) involving the loans exceeding Rs. 50 crores, was only 103 in absolute terms (0.06% of total cases) but in terms of value they accounted for more than 37% of the aggregate fraud amount. This shows a highly skewed distribution of frauds in favour of large value fraudsters.

Data for the subsequent five years of 2014-15 to 2019-20(H1) are presented in a separate table due to minor changes in classification of fraud data by RBI. During this period RBI through its stringent guidelines compelled the banks to unearth large number of frauds and report them within stipulated time to avoid punitive actions. Hence one finds increase in fraud value by six times during 2014-2020(H1) reaching the figure of Rs. 1.13 lakh crore (Table 2). The data on frauds published by RBI for the later period of FY20 (not presented in Table 2 below) demonstrated further rise in fraud value to an astronomical figure of Rs. 1.86 lakh crore which then declined to Rs. 1.38 lakh crore by FY21 (Reserve Bank

of India 2021). The latest figure from RBI reports further decline in fraud value to Rs. 60414 crores for 2021-22.

Thus between 2014-15 and 2019-20 the accumulated figure of fraud value had reached a whopping figure of Rs. 3.6 lakh crore. This further increased to Rs. 4.92 lakh crore by March 2021, amounting to about 4.5% of total bank credit [Saha, 2021]. These figures are much higher compared to the figures for 2004-2013 appearing in Table-1. A sudden surge in the detection rate of frauds from 2014 onwards may therefore imply that 'apparently' lower incidence of this menace during previous years was also on account of significant underreporting of frauds by commercial banks. Vintage data on frauds presented in this section also corroborate this contention.

A major contributor to growing frauds is Large Value Frauds (LVFs). During 2014-20 (H1) there was significant jump in LVFs exceeding Rs. 50 crore accompanied by increase in the so-called outlier fraud cases each of which exceeded Rs. 1000 crore (Table 2 and Table 3). Though in terms of sheer number of cases the LVFs accounted for less than 10%, in terms of value its share ranged between 77 % and 86% during 2014-19 and further

exceeded to record high -around 93 % for frauds [Reserve Bank of India, 2020]. 2019-20H1 (Table-3). RBI notes in this context that top 10 cases of loans exceeding Rs. 1000 crore, accounted for about 70% of the total amount of loan banking system for a ride.

**Table 2. Frauds Reported During the Last Five Financial Years and H1: 2019-2020**

Year	Total Frauds of Rs. 1 lakh and above		Large Value frauds Amount above Rs. 50cr.		Outlier cases Above Rs. 1000cr	
	Number of frauds	Amount Involved (Rs. crores)	Number of frauds	Amount Involved (Rs. crores)	Number of frauds	Amount Involved (Rs. crores)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2014-15	4,639	19,455	77	14,998	1	1,648
2015-16	4,693	18,699	82	14,791	1	1,265
2016-17	5,076	23,934	104	19,110	3	3,792
2017-18	5,916	41,167	121	34,724	4	16,395
2018-19	6,801	71,543	322	61,759	4	6,505
2019-20 H1*	4,412	***113,374	398	105,619	**21	44,951

Note: \* H1 is half financial year that is 1<sup>st</sup> April 2019 to September 2019.

\*\*Top ten frauds by value account for 69.2% of the total amount involved in outlier cases where amount involved is more than Rs. 1000 crore.

\*\*\*Amount involved need not be the loss of money suffered by the reporting bank. It may refer to the amount outstanding in the books of the reporting bank. Further the entire amount lent need not have been diverted by the borrower or fraudster.

Source: [Reserve Bank of India, 2019].

It is interesting to observe that in banks' parlance if the amount involved in the fraud is less than or equal to Rs. 50 crores it is considered as a small fraud, if it exceeds Rs. 50 crores then only it is called a large value fraud and if the amount exceeds Rs. 1000 it is called an outlier. Ironically, there were not one or two but 21 outlier cases in 2019-20 (Table 2). Should we call such big numbers as outliers is a moot question though!

**Table 3. Share of Small and Large Value Frauds in Total Amount**

Year	% Of Small frauds (< Rs. 50 crore)	% Of large Frauds (> Rs. 50 crore)	Total
(1)	(2)	(3)	(4)
2014-15	22.91	77.09	100
2015-16	20.9	79.1	100
2016-17	20.16	79.84	100
2017-18	15.65	84.35	100
2018-19	13.68	86.32	100
2019-20 H1	6.84	93.16	100

Source: Calculations based on Financial Stabilisation Report [Reserve Bank of India, 2019]

### 3.3 Share of Public Sector in total Fraud Amount:

For years the share of PSBs remained significantly high when considering the total fraud value. Table 4 shows the number of fraud cases and the amount involved in frauds among public and private sector banks. In FY17 the value of frauds in PSBs was close to Rs. 38,260 crore but increased to Rs. 1.48 lakh crore by FY20 whereas corresponding figures

for private (and foreign) banks were Rs. 2735 crores and Rs. 35183 crores respectively. However, the data of the latest year namely FY21 which is also a year of pandemic, show decline in both the number of frauds and amount involved therein among PSBs. The number of fraud cases fell by 15% and the amount involved in frauds also attenuated by Rs. 66 thousand crores to Rs. 81901 crores among PSBs between FY20 and FY21 (Table 4).

**Table 4. Number of Fraud Cases and Amount Involved (Rs. Crore) (Frauds worth Rs. 1 lakh and above)**

Years Category of banks	2017-18		2018-19		2019-20		2020-21	
	Cases	Amt	Cases	Amt	Cases	Amt	Cases	Amt
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Public sector banks	2,885	38,261	3,704	64,207	4,410	148,224	2,903	81,901
Private sector banks	1,975	2,479	2,149	5,809	3,065	34,211	3,710	46,335
Foreign banks	974	256	762	955	1,026	972	521	3,315
Others	12	165	183	563	202	2,061	229	6,871
<b>Total</b>	<b>5,916</b>	<b>41,167</b>	<b>6,798</b>	<b>71,534</b>	<b>8,703</b>	<b>185,468</b>	<b>7,363</b>	<b>138,422</b>

Note: Figures in Table 4 are the latest estimate and a few of them therefore may differ from that given in Table 2. Yearly estimates change due to late reporting of frauds to RBI.

Source: [Reserve Bank of India, 2020, 2021].

On the other hand, the fraud value in private sector banks remained relatively low until FY19 but showed considerable jump in both absolute and relative terms during last two financial years (Table 4 and Table 5). The percentage share of PSBs in terms of fraud value were 90% and 80%, respectively for the years 2018-19 and 2019-20 but showed significant decline to about 60% for 2020-21 (Table 5).

**Table 5. Percentage Share of Each Category of Banks and Financial Institutions in Fraud Cases and Amounts Involved (Frauds worth Rs. 1 lakh and more)**

Years Bank Category	2017-18		2018-19		2019-20		2020-21	
	Cases	Amt	Cases	Amount	Cases	Amount	Cases	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Public sector banks	48.77	92.94	54.49	89.76	50.67	79.92	39.43	59.17
Private sector banks	33.38	6.02	31.61	8.12	35.21	18.45	50.39	33.47
Foreign banks	16.46	0.62	11.21	1.34	11.79	0.52	7.08	2.39
Others	0.20	0.40	2.69	0.79	2.32	1.11	3.11	4.96
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: [Reserve Bank of India, 2020, 2021]

### 3.4 Share of Credit Related Against Other Types of Frauds:

Blizzards of the frauds in banks take place through loan accounts (Table 6). Between FY15 and FY20 the credit related frauds in commercial banks increased more than ten times in value terms. Out of this during 2018-19 and 2019-20 alone, the credit related frauds almost tripled from Rs. 64,548 crore to record high figure of Rs. 1.82 lakh crore in value terms (Table 6). Its relative share remained as high as 85-90% until FY19 and went up further to 98% in FY20

compared to non-credit related frauds. Almost similar pattern was observed for the year 2021-22 as reported in the latest annual report of RBI [2022]. That is all other types of frauds together including digital frauds and customer deposit related frauds accounted for hardly 2% of the total fraud amount (Table 6). The official reports of RBI mentioned that the share of PSBs remained significantly high in total credit related frauds perpetrated among commercial banks in the country [Reserve Bank of India 2019, 2020, 2021].

**Table 6. Credit Related Frauds Reported During 2014-2020  
(Frauds worth Rs. 1 lakh and more)**

Year	No. of credit related fraud cases	Amount Involved in Frauds (Rs. Crore)	% Of credit related fraud cases to total fraud cases	% Credit related fraud Value to total value of frauds
(1)	(2)	(3)	(4)	(5)
2014-15	2,251	17,122	48.52	88.01
2015-16	2,125	17,368	45.28	92.88
2016-17	2,322	20,561	45.74	85.91
2017-18	2,525	22,558	42.68	54.80
2018-19	3,606	64,548	53.02	90.22
2019-20	4,610	182,051	52.90	98.10

Source: [Reserve Bank of India, 2019, 2020, 2021]

Often, we come across various types of cybercrimes relating to credit cards, debit cards, and Unified Payment Interface (UPI) broadcasted through the news media which may give the impression that such frauds impose huge financial burden on the banks. However, data reveal that amount lost through cybercrimes is comparatively negligible and that a significant portion of the frauds transpire through credits to businesses and individuals who cleverly siphon off bank money. It is only during 2020-2021 that there was a deviation from the past trend in the sense that relative share of credit related frauds went down compared to 2019-20 and that of online space frauds shot up to 35% (Reserve Bank of India 2021). It may be because this was a year of pandemic which altered many financial parameters including credit portfolio of the banks. In the subsequent year of 2021-22 once again the share of

credit related frauds jumped to 93.73 percent compared to digital frauds as mentioned in RBI report [2022].

Given this scenario, use of even the most sophisticated software and technology on which PSBs expend abundant of resources may have little impact in bringing down the incidence of fraud.<sup>4</sup> This does not imply that we undermine the usefulness of technology, analytics solutions and cyber security tools for fraud detection or forensic audits. In fact, a high level of protection must be provided to the system because with increased digitalisation of banking processes, common people become more vulnerable to get trapped in hackers' net. However, simultaneous efforts must be made to increase the focus on the process of credit appraisal, approval, and extension of loans to limit frauds. The banks should ensure that the above tasks are

handled by scrupulous and accountable professionals, who should also be made liable for apposite actions from the disciplinary or judicial authority in case of any misconduct.

### 3.5 Delayed Detection and Reporting of Frauds:

Apart from a significant amount involved in frauds, a major issue with PSBs is the delayed detection and reporting of these frauds to RBI. Revisit of Table 1 give us an idea about the lag between fraud occurrence and their reporting in the past [Chakrabarty, 2013]. For example, out of total frauds of Rs. 29,910 crores reported in 2012-13, more than 70% had occurred in earlier years although they were reported only in FY13 [Chakrabarty, 2013]. This also becomes clear from the vintage data on frauds for the years 2009-2020H1 presented in Table 7 [Reserve Bank of India, 2019]. It is revealing that the banks took 10 or more years to detect and report frauds worth crores of rupees to RBI. The first row of Table 7 for instance suggests that the frauds worth Rs. 12,826 crore were perpetrated before 2009-10 but were reported only in 2019-20 that is, after a lag of 11 years or more! Similarly, the frauds worth Rs. 25,456 crores took place in 2013-14 but came to the book of RBI only after 6 years in 2019-20. The regulator observes in this context that about

91% of the total frauds reported in 2018-19 had taken place during earlier years [Reserve Bank of India, 2019].

The average lag between the occurrence of the frauds and detection of the same by banks was estimated around 24 months. The estimated lag was still larger, about 63 months, in the case of the LVF exceeding Rs. 100 crore. Obviously, the sanctioning period of these loans would still be dated earlier [Deloitte, 2015; Reserve Bank of India, 2019; 2020].

**Table 7. Vintage of Banking Frauds Reported in 2018-19 and H1: 2019-20**  
(Amount Involved equal to or greater than Rs. 1 lakh)

Year(s) of occurrence of Frauds	Frauds Reported in 2018-19 (Amount in Rs. Crore)	Frauds Reported in H12019-20 (Amount in Rs. Crore)
(1)	(2)	(3)
Before 2009-10	4,473	12,826
2009-10	3,224	1,653
2010-11	3,458	1,376
2011-12	5,166	4,663
2012-13	6,708	7,983
2013-14	7,477	25,456
2014-15	9,485	11,027
2015-16	9,891	14,339
2016-17	7,679	12,664
2017-18	7,247	6,218
2018-19	6,735	12,158
H12019-20	--	3,010
<b>Total Amount</b>	<b>71,543</b>	<b>113,374</b>

The question is why there is such a monstrous problem of delayed detection of frauds! According to RBI report, poor implementation of EWS by banks, non-detection of EWS during internal audits, non-cooperation of borrowers during forensic audits, inconclusive audit reports, and inefficient decision-making in the joint lending forum meetings are the factors responsible for the delay in detection of frauds (Reserve Bank of India 2020). Then the further question is why these problems of inefficiency and non-compliance are preponderant among public sector banks?

### *3.6 Low Recovery from Bad Loans:*

While it is relevant to know how fast the cases are detected and reported to the regulator, it is more important to know how fast the cases are closed, because it is only on closing that the perpetrators (may) receive punishments with a possibility that the banks might recover at least some of the moneys involved. In absence of availability of latest figures, we have used the data used by Chakrabarty [2013] to understand the problem. Table 8 presents this data on cases closed and amount recovered for the period of

2004-2013. For the frauds worth Rs. 1 lakh or less, the rate of closing was about 91 percent. With higher value frauds complexity of the cases also tend to increase, so the process could be delayed which is reflected in very low rates of closing and recovery of money. For example, in fraud cases where the amount involved ranged between Rs. 1 crore to Rs. 50 crore, the closing rate was hardly 3 percent. For the LVFs exceeding Rs. 50 crore, the closing rate was ridiculously low (1.9%)! Out of 103 LVF cases which took place during 2004-2013, only 2 totaling Rs. 141 crores could be closed by FY13 (Table 8).

In small fraud cases more than 90% were closed relatively faster hence the average number of cases closed, out of total fraud cases, turns out to be as high as 75%. However, in terms of value the average rate of recovery turns out to be only 4% percent. That as high as 96% of the fraud money for the period 2004-13 was unrecovered by the banks until the end of FY13 or later. As new frauds cases get added every year, the amount unrecovered by the banks may also continue to increase.



**Table 8. Percentage of the Fraud Cases Closed and Amount Recovered 2004 to 2012-13**

Total Cases Reported (pre 2004 to 2012-13)	Frauds below Rs. 1 lakh	Frauds between Rs. 1 lakh to 1 crore	Frauds between Rs. 1 crore to Rs. 50 crore	Frauds exceeding Rs. 50 crore	Grand Total
(1)	(2)	(3)	(4)	(5)	(6)
Cases Reported (No.)	133,885.00	32,539.00	2,663.00	103.00	169,190.00
Cases closed (No.)	122,149.00	4,831.00	87.00	2.00	127,069.00
Amount involved in frauds (Rs. crore)	228.31	3,795.10	14,684.46	11,202.25	29,910.12
Amount recovered through closing	105.22	312.16	532.87	140.94	1,091.18
Percentage of cases closed	91%	15%	3%	1.90%	75%
Percentage of amount recovered through closing	46%	8%	4%	1.25%	4%

Source: Calculations are based on the data from Chakrabarty 2013.

It would be remiss not to acknowledge that in recent years big fraudsters are being taken to task and money is being recovered from them. Due to RBI's stringent approach and introduction of mechanisms like IBC and NCLT the bad loans of the PSBs have declined by Rs. 89,189 crores to Rs. 8.06 lakh crores during FY18 and FY19 and further reduced to Rs. 6.8 lakh crores by FY 2020 [Business Today, 2019; The Economic Times, 2021]. Prior to this, the SARFAESI Act had enabled the banks to enforce their security interest and recover dues without approaching the DRT [Rajan, 2018]. However, eventually the large promoters learnt how to manipulate the system [Dey, 2020]. As a result, the recovery from bad loans became low and time delayed. In 2013-14 for example,

out of an outstanding debt of Rs. 2.36 lakh crores the amount recovered under DRT was Rs. 30,590 crores implying only a 13% recovery rate of bad loans. While all cases before DRT were supposed to be closed within six months, the actual achievement was less than one fourth of the target. This called for new mechanisms like IBC and NCLT which did help to improve recovery rate from bad loans.<sup>5</sup> By December 2019, about 190 companies that had defaulted on loans yielded resolution plans. A total claim of Rs. 3.52 lakh crore was filed by financial creditors out of which Rs. 1.52 lakh crores have already been recovered [Kaul, 2020].

### 3.7 Penalty paid to RBI:

To improve the compliance culture of

financial institutions, the regulator has started imposing heavy penalties on the banks-especially for non-compliance in reporting of frauds, wilful defaults, SWIFT accounts details, end use of loans or the RFAs. Increasing use of this tool for both PSBs and private sector banks during recent years is manifested in the following Table 9 [Fargose and Shukla, 2019]. The table presents the figures of penalty up to 2019 only but during the later years also RBI continues to levy the

penalty of different amounts depending on the severity of the lapses. The foreign banks, cooperative banks and NBFCs are also not spared by RBI from penalties, if found violating the guidelines. However, to make the commercial banks more efficient and compliant to financial regulations much more needs to be done by both RBI and the government as would be evident from the discussion in section 4.

**Table 9. Penalties Imposed on Different Types of Banks/FIs by RBI since 2016 (Rs. Crore)**

Type of banks	2016	2017	2018	2019	Total of four years
(1)	(2)	(3)	(4)	(5)	(6)
1. State Owned banks.	24	8	6.4	87.6	126
2. Private Banks	5	14	88.9	34.12	142.02
3. Foreign banks.	1.01	0.007	3.01	20	24.02
4. Cooperative banks.	1.71	1.44	2.64	7.08	12.87
5. NBFC	0.02	0.26	0.06	1.05	1.39
<b>Total of 1 to 5 above</b>	<b>31.74</b>	<b>23.71</b>	<b>101.01</b>	<b>149.9</b>	<b>306.3</b>
6. Payment banks	0	0	6	0	6
7. Pre-paid Instrument providers	0	0	0	7.13	7.13
8. Small finance banks	0	0	0.01	0	0.01
<b>Total 1 to 8</b>	<b>31.74</b>	<b>23.71</b>	<b>107.1</b>	<b>157</b>	<b>319.5</b>

Source: Fargose and Shukla 2019.

#### **4. WEAKNESSES OF INTERNAL FUNCTIONING AND MANAGEMENT OF PSBS**

In the present section we talk about the

factors responsible for multitude of frauds and wilful defaults among the public sector banks. Focusing on PSBs does not imply that private banks are free

of all the shortcomings brought out during the discussion below. But there is a substantial difference of degree in the level of problems faced by both. A major distinction is that profit-oriented top executives of private banks are required, and more importantly allowed, to take prompt and efficient decisions regarding the hiring or firing of employees. Unlike PSBs, the expeditious actions, attractive pay packages coupled with precarious responsibilities and a prudent reward-punishment mechanism for employees in private banks allow the decision-makers to address the correct issues in a timely and appropriate manner.

Moreover, the private banks are under the direct scanner of RBI hence like in the case of 'ICICI' scam and 'YES bank' crisis, it can quickly resolve the issues with the help of Criminal Bureau of Investigation (CBI) and Enforcement Directorate (ED). It may be recalled that The former MD and CEO of ICICI bank was involved in a scam of Rs. 3250 crore loan and hence on recommendation of the management board of ICICI the RBI terminated her services as the loans were in violation with banking regulation. RBI received the latter from ICICI in February 2, 2019 and almost in one month time terminated the accused retrospectively from October 4, 2018. This not only ensured right punishment to the involved but more importantly prevented the

downfall of the bank and thus protected the depositors' money. Similarly the YES bank co-founder was also involved in the frauds of crores of rupees hence RBI promptly put moratorium under the banking regulations as the bank's management had failed to raise funds and were sitting on a huge pile of NPAs. The central bank took steps to avoid panic and help the depositors as well as investors. And at the end even if the private banks still mess up, at least the cost is not borne by the taxpayers of the country. Obviously, these strengths are absent in PSBs hence they require immediate attention. Therefore, in what follows we review some studies and based on them discuss about the weakest links that exist in the structure of PSBs which need to be fixed to reduce the corruption and improve their efficiency.

Quite a few studies have been published during the last decade on banking frauds with an objective of explaining both endogenous and exogenous causes for these phenomena and suggesting the possible solutions to abate them [Singh, et al., 2016; Deloitte, 2015; Chakrabarty, 2013; Bhasin, 2015; 2016; Central Vigilance Commission, 2018; KPMG, 2019]. We take up the discussion on endogenous factors for frauds in this section. However, as a prelude to that first

we briefly summarise the report of the CVC [2018] on analysis of top 100 banking frauds below.

#### *4.1 Summary of the CVC [2018] Report on Top 100 Banking Frauds:*

- \* The report comprehensively covers 13 different sectors including gems, jewelry, media, information technology, and aviation. Without naming the borrowers or the banks and in some cases even the amount involved in frauds, it talks about the *modus operandi* of frauds, loopholes in procedures, lapses of bank staff, the behavior of unscrupulous borrowers and third-party groups who got involved in frauds or facilitated them. It also recommends some dos and don'ts to mitigate banking frauds.
- \* All the top 100 banking frauds analysed in the report were perpetrated in PSBS.
- \* Problems of lethargy of staff members, lack of competence and skills, indifference of field functionaries, absence of Standard Operating Procedures (SOPs), compromise with Know Your Customer (KYC) checks, fudging of specimen signatures, failure in obtaining end-use certificates from borrowers, and suppression of crucial information in PSBs clearly surfaced from different cases.
- \* Out of 100 big PSBs frauds 96 were committed by the borrowers (often in connivance with bank officials or third-party entities like auditors or valuers), who obtained finances through the consortium of banks. The other four were committed by borrowers (with the help of bank staff/chartered accountants) who did not borrow through consortium but got loans on their own through multiple banks.
- \* It is demonstrated through various cases that the major weaknesses of the lead banks in the consortium include but are not limited to, the failure of monitoring transactions, neglect of warning signals, lack of information sharing, violation of credit rating related guidelines, and non-compliance of other RBI guidelines.
- \* In some big fraud cases, the consortium decided to finance the borrowers ignoring their poor credit ratings and justified the decision by using 'brand valuation' of the firms appraised by private agencies. They completely disregarded RBI's

guidelines of using the assessment of at least two independent valuers for large value loans.

- \* In many cases the consortium member banks conducted high value transactions with the borrowers and relied too much on lead banks rather than carrying out independent due diligence emphasised by RBI.
- \* The borrowers approached multiple banks over and above using the consortium funds and defrauded the lending banks.
- \* It is argued that as compared to a multiple banking system, the consortium system has an advantage in terms of information sharing which enables informed decision-making by the bankers and potentially reduces the probability of frauds and credit defaults. But the system needs to be strengthened and made foolproof.
- \* SWIFT system for international transactions was compromised and was used illegally to favour big borrowers. In one of the infamous cases, the SWIFT messages were sent illegally by the bank officials more than once, causing the embezzlement of Rs. 400 crores

which remained uncovered for a long time. Despite a three-layered cyber

security such incidences took place indicating that not one or two random individuals, but a group of employees come together to perpetrate frauds among PSBs.

Thus, like in the multiple banking system, the issues of improper monitoring of transactions, neglect of EWS, concealment of crucial information and non-compliance of RBI guidelines continue to fester in consortium system too. This further validates that there exist some fundamental debilities with the work culture, functioning and management of the PSBs. Below we discuss some of these problems in greater detail along with possible causes responsible for the same.

#### *4.2 Issues relating to compliance, due diligence, and whistleblower policy:*

One of the biggest hurdles the PSBs structure faces is that Standard Operating Procedures (SOPs) are not necessarily followed by the employees and often they are not even laid down properly. RBI critically notes the failure of internal auditors of the banks to highlight these irregularities [Reserve Bank of India, 2014; Deloitte, 2015; Central Vigilance

Commission, 2018]. There are guidelines from the regulators about the kind of jobs that could be outsourced versus the ones that need to be handled strictly by the internal employees on the roll. Especially some core functions must be carried out internally, but the studies reveal that such guidelines are often bypassed [Department of Financial Services, 2010; Malviya, 2017; Central Vigilance Commission, 2018]. Outsourcing of crucial operations to third parties poses a security risk and dilutes the scope of managerial oversight on the processes and outcomes of these works [Department of Financial Services, 2010]. Moreover, senior management officials in PSBs tend to cover up such irregularities to meet their short-term targets and goals [Gandhi, 2015].

The reasons for bad loans are two-fold: on one hand, corporate borrowers utilise all tools at their disposal, whether ethical or not, to get their desired loans and on the other, PSB staff do not diligently pursue existing guidelines for credit appraisals, staff supervision, chain-of-command, and even effective recovery management. For instance, something as simple as keeping track of custody of important documents like security forms, cheque books, and draft forms given to the counter-staff is not a priority in most PSBs. Thus, expecting the system to keep

track of more complex documents like correct valuations of security for loans, cross-checking for valid ownership of assets, or exclusive use of collateral for obtaining credit is a fallacy, even though these are the types of documents that are most highly found to be correlated with fraud [Central Vigilance Commission, 2018].

A lesser-known aspect of banking is the nominal accounts that are created within the PSBs to facilitate intra-bank transactions. These accounts are neither monitored closely nor closed after their utility is over. As one can expect such ‘fake accounts’ often become the vehicle to conduct fraudulent transactions. The banks need to verify this through special audits to be carried out internally and clean out such accounts to prevent further misuse [Deloitte, 2015; Gandhi, 2015; Singh, et al., 2016]. To deal with this and similar other problems of banks, the KPMG [2019] report suggests conducting a ‘forensic based internal audit’ of the banks that can identify the health of internal control and deter unethical practices. They reason that the routinely conducted internal audits of the banks emphasise a ‘fair’ view of financial statements in ‘all material’ respects as on certain date, hence are inadequate to reflect the embedded problems with the system itself.

The increasing share of LVFs over the years indicates that there has been little impact of various RBI guidelines. An RBI [2009] circular required banks to investigate the LVF with the help of skilled workforce so that the top officials can take appropriate punitive measures against the fraudulent employees or borrowers through sound technical or legal processes as relevant [Reserve Bank of India, 2009]. But it looks as if the banks have adopted an approach that the compliance is optional! In fact, there has been consistent reluctance of many banks to declare bad accounts as frauds! As observed by the CBI director, despite there being a clear-cut manifestation of malfeasance, bank officials hesitate to come forward to report occurrences of fraud or other irregularities [Reserve Bank of India, 2014; The Economic Times, 2019]. This ties into the same root problem of a lack of real answerability at multiple levels in the current structure.

An often overlooked or undervalued resource to identifying and preventing bank frauds is the role that whistleblowers can play in informing or publicising an underlying problem within an organisation. For instance, a recent fraud in ICICI bank was outed by a whistleblower and they proved critical evidence to expose unscrupulous activity occurring in the bank [Kochhar, 2019].

This is a frequent occurrence at various organisations and industries in the international realm. Whistleblowers often are willing to undertake severe personal and professional stress if they believe that blowing the whistle on potential corruption, lawbreaking, and unethical behavior will result in the organisation or an external actor doing something about it [Wharton School of Business, 2019]. Several international companies such as Enron, Wells Fargo, Johnson & Johnson, and General Electric, to mention just a few were brought under the scanner of regulators because of a courageous role of whistleblowers within those organisations.

One of the biggest contributors to a good governance is the presence of a consistent and reliable whistleblower policy and legal recourse that enables those that want to report unpleasant information to speak up without fear of retribution. Such a policy would go a long way in identifying the crooks involved in wrong practices in Indian PSBs. As the current situation stands, while guidelines and policies regarding whistleblowers are available and clearly outlined, these are often ignored or minimised as line items that nobody is particularly worried about complying with. Additionally, whistle blowers are neither given any importance nor the protection by the bank

authorities. In fact, the risk of harassment and/or victimisation from seniors or involved third parties is high enough to discourage any type of behavior that contradicts the status quo. This type of ineffective whistle blower policy is considered as one of the major reasons for delayed detection of frauds [Deloitte, 2015; Singh, et al., 2016].

#### *4.3 Staff Involvement in Frauds - Empirical Evidence:*

Bhasin [2016, Pp. 201-233] stated that in 45 percent of PSB fraud cases, there is an active involvement of professional and managerial employees and due to lack of a "zero tolerance policy," there was little compliance with security control measures since a majority of employees involved in frauds often escape any significant punishment or retribution. This does not mean that in the remaining 55 percent of the cases, there was no staff involvement in the frauds but that senior or managerial employees were not found to be involved directly. Around the period when Bhasin's study was being conducted, more than 7,000 bank employees were under the scanner of CBI, either for exceeding discretionary power of approving loans or for committing other types of financial frauds [Bhasin, 2016]. The results of these investigations remain unknown to us

currently. With a lag of more than 10 years in even detecting large frauds, it is appropriate to state that the involvement of staff, identification of suspect staff, and the penalties imposed on staff involved are three distinct constructs in the world of PSBs. As a result, the risk borne by an individual who is willing and able to commit fraud is so low that it often simply presents an opportunity for personal gain to that individual.

Another sample-based study throws some light on involvement of staff in frauds by different level of seniority in the banks [Thangam and Bhavin, 2019, Pp. 29-35]. The authors conducted an empirical exercise using CBI data for three years from January 2015 to December 2017 (Table 10). They evince that the involvement of middle and senior level employees is much higher as compared to junior or executive level employees in frauds [Thangam and Bhavin, 2019]. The junior-level employees might have lacked the experience and the gumption to support fraud and the top-level employees might have reputations to protect. However, the middle and senior-level employees seem to have learned how to game the system to protect their "barely existing" reputations while benefiting from supporting a fraudulent activity under their own supervision!



**Table 10 Distribution of Staff involved in Frauds by Seniority and Types of Banks**

Category of officers	Junior Management	Middle management	Senior Management	Top management	Third parties and others	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Types of banks						
Public Sector	9.9	36.6	15.5	8.5	18.3	88.8
Private sector	1.4	1.4	0	0	0	2.8
Cooperative	0	2.8	0	2.8	0	5.6
Regional Rural	1.4	1.4	0	0	0	2.8
All	12.70%	42.20%	15.50%	11.30%	18.30%	100%
Total Absolute number	9	30	11	8	13	71

Source: Thangam and Bhavin, 2019.

The study also classified the data of staff involvement by categories of banks and types of frauds (Table 11). It reveals that jointly 84 percent of frauds have significant criminal involvement on the part of bank employees and 91.53% of all bank frauds occur at PSBs [Kundu and Rao, 2014, Pp. 11-24; Thangam and Bhavin, 2019]. The actual number could be much more as several frauds might not be reported by the bank authorities [Kundu and Rao, 2014] or might have been omitted from the empirical exercise due to missing or inaccurate information [Thangam and Bhavin, 2019].

**Table 11. Distribution of Employee Frauds by Categories and Types of Banks**

Types of Frauds	Misappropriation and criminal breach of trust	Forged Instruments and manipulation of books of accounts etc.	Unauthorised credit facilities extended for reward or for illegal gratification	Negligence and cash shortage	Cheating and forgery	Any other type of fraud not coming under specific heads	Total Number of cases
Types of banks							
Public Sector	23.73	23.73	30.51	1.69	5.09	6.78	91.53
Private sector	1.69	0	0	0	0	0	1.69
Cooperative	1.69	0	0	1.69	0	1.69	5.09
Regional Rural	1.69	0	0	0	0	0	1.69
All	28.81	23.73	30.51	3.39	5.09	8.48	100.00

Source: Thangam and Bhavin, 2019.

#### *4.4 Connivance of staff with Third Party Agencies and Casual Supervision by Auditors:*

There is bound to be multiple third parties that engage in the credit system and the monitoring systems at PSBs. Whether it is property appraisers, chartered accountants, advocates, engineers, or jewelers to help with valuation of securities or credit rating agencies or forensic auditors in the case of large value loans, the banks depend upon third-party entities and their valuations heavily.

In the PSB system either the Branch Manager, Zonal Manager, or General Manager make lending decisions based upon the amount of loan sought and rely on valuations provided by third-party vendors from readily available lists of appraisers from within the bank [Central Vigilance Commission, 2018]. One can expect that since chartered accountants and advocates are monitored by Institute of Chartered Accountants of India (ICAI) and the Bar Council, respectively, their members are above misconduct. However, PSB frauds in recent years prove that expectation to be optimistic, at best [Central Vigilance Commission, 2018]. As one can imagine, the current credit approval process provides a ripe opportunity to the credit-approving authorities to choose third-party valuers as well as potential borrowers that are amenable to

a mutually beneficial deals, which might not always be in the best interest of the bank. Such deals among third-party agencies, bankers, and borrowers are a direct result of illegal actions like false valuations and fake certifications, if they can be proved. This is no different from a fox guarding the henhouse!

Eventually, these deals result in accounts becoming NPA, as a part of the pre-designed plan created through the connivance of all the involved parties. When there are so many players involved in a well-planned game, it becomes extremely difficult to not only recover the money but also to identify who the real players were in getting such deals approved. It is only when the investigation of RFA, or NPA is initiated, and an independent revaluation of securities is conducted as a part of a full-fledged fraud detection exercise that such unscrupulous groups are exposed [Singh, et al., 2016; Central Vigilance Commission, 2018]. Even then it becomes exceedingly difficult to prove the intent of third party and the staff involved in misconduct, which makes it almost impossible to impose any real penalties or punishments on the guilty parties.

According to KPMG report [2019], a good forensic audit done by professional agencies could help track the trail and dig out unscrupulous tasks of third-party

entities but often these auditors are given limited access to the bank documents. And even if they logically prove the fraudulent angle the court of law may demand hard core evidence and witnesses which might either be made unavailable or practically impossible to access [Deloitte, 2015; KPMG, 2019; Thangam and Bhavin, 2019]. The cost in terms of time and resources in such cases may turn out to be extremely high and deter the bank executives from follow up actions against the crooks [Singh, et al., 2016; KPMG, 2019].

Few PSBs engage well-established professional bodies to conduct forensic audits. It is difficult to say with certainty whether PSBs engage mediocre or sub-standard audit firms to save costs or to cover their bases, but the result is that the forensic audits done by such firms is likely to be inefficient and ineffective in finding the guilty parties. Moreover, the scope of the forensic audits is kept limited to two or three years prior to the year of fraud detection even in the case of LVFs, which is inadequate considering that data-fudging, siphoning of money, and other manipulations could date back more than six or seven years and no amount of forensic analysis of the past two-three years would reveal that information [KPMG, 2019].

Another point to note here is that the forensic audit is limited to the specific bank where an NPA has been identified and does not automatically include other banks where the same borrower could be simultaneously defrauding the system. Even if the access is granted to other banks, audit firms unlike the CBI, do not have the legal authority to search, access, or seize documentation proving correspondence with related parties. It is not unusual for borrowers, lead banks, and even member banks to refuse to cooperate with the forensic audit request from another bank [KPMG, 2019].

As contrary to logic as it might seem, banks have been known to give the oversight of the forensic audits to the very officers who were engaged in either monitoring or approving the loans to the suspect borrowers in the first place [KPMG, 2019]. This explicit disregard of the principle of conflict of interest demonstrates a deeper issue of upper-level decision-makers in PSBs being flippant about the importance of forensic audits in the cases of NPAs. It is not unusual for these audit reports to have inconclusive results due to the various restrictions placed on the auditing firms, presuming that the firms are of a high quality to begin with, which in turn impacts the credibility of the exercise itself. This type of uncertainty is the reason law enforcement agencies avoid quoting forensic audits

even when they might be using the outcomes from these to investigate a fraud case [KPMG, 2019].

A problem which has recently been observed as an unintended fallout of stricter guidelines from RBI for approving large value loans is that of "rating shopping,". It refers to a situation where a firm manages to obtain a new and often higher rating from second credit rating agency (CRA) within three months of obtaining rating from the first agency [Reserve Bank of India, 2019; The Times of India, 2019]. This is practiced for becoming eligible to obtain larger amount of loans and a better rate of borrowing. Many firms in the recent years with a "BBB" or lower rating are found to be involved in this practice which has become a matter of great concern for the regulator.

A study in this context revealed that in 2019, out of the number of firms who got "BBB" rating, around 241 firms withdrew their ratings done by the first agency before the term of expiry of the ratings, to improve scores for loan eligibility [RBI, 2019; TOI, 2019]. And out of this about 71% of the firms managed to improve ratings done by other agencies. In case of those who initially got only "BB" rating 50% were able to show improved ratings after changing their

CRAAs. If the creditability of such agencies itself is doubtful one cannot expect to mitigate loan defaults in future. Both RBI and the government need to take stringent measures against the 'rating shoppers' and 'rating sellers'.

#### *4.4 Issues Related to Staff Accountability Exercises and Outcomes:*

NPAs caused by frauds and wilful defaults require Staff Accountability (SA) exercises to be conducted by the PSBs within six months of detection [Reserve Bank of India, 2015]. Until this clear deadline was announced in 2015, there was practically no deadline provided to banks for the SAs. Hence the complicated and elaborate procedures of SA enabled the guilty parties to continue for many years with unfair practices. This created a stockpile of backlogged SA cases that needed to be cleared as early as possible due to new RBI guidelines. The increasing pressure on top management of PSBs to close the large number of pending cases within six months would have most likely resulted in many employees getting away without any retribution because getting a case "off the table" would become more urgent than identifying the culprits of the fraud.

There is another anomaly with the SA process. As per current PSB policy all the members of a SA committee are senior

level officials from within the bank, implying a fundamental bias that can creep into any investigative exercise. This results in a delayed and diluted investigation [Gandhi, 2015]. Moreover, based on its interpretation and subjective judgement the SA committee determines whether the NPA is caused due to wilful negligence, employee error, or outright fraud. Until recent past when RBI put a cap of six months for SA process, it used to take months or even years to establish a case against any suspected employee. Also, if any of the senior-level officials were even remotely involved with the decision to grant a particular loan that has turned into an NPA, they might choose to do a superficial exercise instead of digging deeper to expose the guilty parties within the bank. Charged employees facing a SA committee could be aware of this potential weakness of their senior-level investigators and can strong-arm their way out of any real trouble [KPMG, 2019].

The classification of cases into vigilance and non-vigilance categories can also be time consuming when so many actors engage in the decision-making. While precious time is lost in conducting SA exercises, the perpetrators gain the advantage as they can manipulate and remove important trails of transactions and avoid getting caught or charged. A study on this subject note that less than

one percent of bank employees who are subjected to SA exercise are declared guilty despite the increasing number of frauds in PSBs [Singh, et al., 2016].

It is essential to remember that PSB employees retire with full benefits that might not be available to private sector employees, who must earn their keep. The reason we mention this is that once an employee retires from a PSB, he cannot be charged with a penalty higher than 33.33 percent of basic pension, even if it is proved that but for his wilful negligence the loan account would not have turned NPA.

In the case of active employees, if found guilty of committing egregious errors of omission/commission, the individual is demoted from his current position of seniority by two or three grades. As compared to the financial harm to the bank, the cost to the careless or wilfully negligent (if not outright corrupt) employee is too low to incentivise him to do his jobs diligently. Employees that are found guilty retain the right to appeal for a review of penalty decisions by the Disciplinary Authority (DA). In the concluding stage, these cases of ridiculously low penalties are sent to the Board for "consultation," thereby wasting valuable time and efforts of the Board members. The reason is that the employee rules of various banks as well

as the legal courts in India interpret the meaning of ‘consultation’ in a way that abjures the power to the board members from altering decisions of the DA. In most cases, the Indian courts have upheld the view that ‘consultation is not concurrence’ hence a consulting entity is not supposed to abide by what the consultees suggest [Supreme Court Advocates-on-Record Association and Others v. Union of India, 1993]. The independent directors of PSB boards are familiar with this problem but have not been persuasive enough to convince DFS and RBI to rationalise such policies or to impact change in the way the system is set up.

#### *4.5 Problems of Liquidation of Securities, OTS Route, and the principal-Agent Problem:*

While frauds have a direct and visible financial impact on banks and other stakeholders in the economy, the non-financial, and less visible negative impacts on the banks cannot be ignored. Impacts such as damaged reputation of the bank, a reduction in quality of services, reduction of employee morale, and increased interrogations from probe agencies can further destabilise the performance of the bank [Gandhi, 2015]. One would anticipate that the top management would try to minimise these costs to the best of their ability. Thus, once the accounts become NPAs the

recovery managers of the PSBs are encouraged to take the route of a One Time Settlement (OTS) to end the problem. It was observed that in cases of loan defaults, banks not only lost the interest on loan but also lost processing fees, interest on interest, and a significant portion of capital advanced to the borrower while resolving the issues through OTS.

In some cases when the frauds /wilful default relate to the loans granted on the strengths of the mortgaged security of agricultural land or educational buildings, it becomes all the more difficult to recover money, even if the actions of the approving authorities are bona fide. It is quite difficult to liquidate these assets because out of sympathy towards such groups, the courts or the government often intervene and stall the process. Justifiably the bankers would fear that they may find it difficult to get physical possession of such properties to sell in the open market. Hence even after suffering a big hair cut the bank in question would try to resolve the issue through OTS by not disclosing such cases as frauds. It can be argued that the cost of legalities involved in auctions, liquidation, valuation, forensic audits, and waiting for closing of court cases are perceived to be so high in terms of time, administrative resources, and psychological pressure that for bankers the OTS route might be

a cheaper, quicker, and quieter option, and can help a bank to avoid undue publicity and scrutiny. We surmise that the availability of the OTS could be one more reason for low reporting of frauds to RBI.

While the OTS is a preferred solution in the case of genuine errors that are devoid of any underhanded dealings, it does provide an easy "out" even in the cases involving unscrupulous borrowers and bankers working in tandem. This type of self-preserving behaviour by bank officials can be easily explained through 'principal-agent' framework in the economics of information [Pindyck and Rubinfeld, 2018]. If we understand that the government, a major shareholder of the PSBs is the 'principal' owning resources and that the PSB officials are the 'agents' dealing with these resources without monitoring their activities, it is to be expected the agents are motivated by different costs and outcomes than the principal. Thus, agents might be more than a little motivated to accommodate the terms and conditions of defaulters on the one hand, while expeditiously settling the cases quickly despite the high cost to the 'principal' on the other. The bottom line is that the 'agent' in this case has no real skin in the game and does not need to care about the cost of a decision to the 'principal' since they control the information flowing to the 'principal' in the

first place! If OTS allows the officials to escape the consequences of their loan-related errors or decisions for NPAs, they do not particularly need to care whether the NPA occurred due to a genuine error or was a fraudulent and planned event to begin with; in fact, the OTS provides the perfect umbrella for a perfect crime in the latter case!

#### *4.6 Inadequate Human Resource policy causing Shortage of Skilled, Competent, Trained Manpower:*

One of the biggest strengths of any organisation is its skilled, competent, committed, and ethical workforce. Evidence suggests that the PSBs have not realised or internalised this strength and are laden with corrupt, incompetent, inefficient, and inept staff [Malviya, 2017]. The CVC report [2018] brought out severe lapses on the part of bank staff that were found to be explicitly involved in PSB frauds and highlighted that there was a lack of competence and skills among bank employees to be able to carefully appraise the technical aspects of projects by themselves. This allowed borrowers, who used tools such as inflated valuations of their business assets, unauthentic securities, fake purchase bills, false letters of credit, and fudged export bills to get approvals for their desired loans.

A study of 345 PSB employees of all levels conducted by Bhasin (2016) highlighted that an inability to sift false documentation, lack of separation of duties, and compromised employee control systems accounted for 60 percent of fraud cases within PSBs and half the employees were uninformed about potential frauds and compliance issues because they were entirely unaware of the RBI rules and guidelines in the first place! There is a serious lack of organised workforce planning (Bhasin 2016) because the required number of experts such as chartered accountants, information technologists, auditors, financial advisors, or economists in the staff are determined through guesswork rather than any taxonomical exercise for each bank [Department of Financial Services, 2010].

The current HR policy in PSBs dictates that in matters of promotion, seniority is given on considerations of years of service, internal Annual Performance Review (APR) that may not measure productivity of the employee, and an ability to pass specific generic banking exams. Until recently when RBI prescribed the necessary academic qualifications for important posts, the positions such as the Chief Financial Officer (CFO), Chief Technical Officer (CTO), and Chief Compliance Officer (CCO) used to be filled by experienced

employees who might lack the professional expertise and relevant skills to lead the PSB efficiently. Such promotion policy also threatens the likelihood of new and potentially more competent people applying to lower and middle-level positions at banks. It is for these reasons that both secretarial and management audits of PSBs must be regularly conducted and their reports be presented to both RBI and DFS on time along with the annual financial (audit) results.

The question of how inefficient and unskilled employees get into or remain in the PSB system can be answered through a simple look at the hiring, training, and firing policies dictated by the government's commercial bank employee rules. Employee background checks often omit essential tasks like checking for honesty, integrity, valid qualifications, and feedback of previous employers, resulting in a workforce that is unreliable or at least, untested [Deloitte, 2015].

In PSBs inadequate training to existing employees is provided for in-house duties, managerial tasks, and field-related work. Two areas, fraud risk management and forensic audits, are often ignored entirely and this combined with the other questionable HR policies contribute to an increase in the occurrence of frauds or wilful defaults causing



reduction in the operational efficiency of PSBs. In most organisations the sequence of paperwork and appeal process is inefficient for suspending or firing the guilty employee. But in the case of public-sector employees, this process is still slower and often ineffective. Expectedly that is something that most HR managers avoid in PSBs to lessen their own work, especially since their personal costs of keeping the worker employed are lower than firing them regardless of how much the employee costs the bank!

HR Departments at PSBs are also guilty of claiming to follow the letter of the law, instead of evolving and recognising the intent of the law when making hiring decisions. There is not even a cursory check to see whether a vacancy in the system is relevant or required anymore, especially in the light of the growing automation of systems used in the banks. Senior HR managers in PSBs tend to distribute these "available jobs" like candy to cater to labor union demands, instead of doing their actual jobs of reducing overstaffing, rationalising job profiles or providing additional training to staff, all of which were recommended to meet the goal of reducing staff-cost ratio to 50% by the year 2015 [Department of Financial Services, 2010]. And yet, here we are in 2022, still discussing the same problems

that were identified a decade ago because nothing has profoundly changed in the system.

#### *4.7 Employee Union and Subservience:*

The existence of unions in any industry is often an indicator of potential conflict between management and the workforce that needs to be resolved through negotiations that should benefit both parties. However, when large numbers of unions start driving the entire strategy of an industry, it is time to step back and reconsider to what extent the industry should be subservient to its workforce. Public Sector Banking is one of such industries that is plagued with pressures and demands for higher salaries, sanctioned vacancy fulfilments, more paid leave, expedited promotions, and relaxed criteria for recruitment, promotion or termination from multiple employee unions that are active in the industry.

Even the PSB officers have their own union (they call it a "confederation") that participates in similar pressuring tactics instead of realising that they are a part of the management in the bank and therefore should be a part of the solution rather than the problem!

Bank unions assume the cause of employee rights, especially in terms of demanding higher wages without regard

to either the quality, qualifications, or productivity of the members [Department of Financial Services, 2010; Gandhi, 2015]. In the pursuit of collective bargaining and popularity, the unions also fail to consider the overall financial situation of the PSBs, particularly when they have dwindling profits and revenues. With a view to making them competitive, vibrant, and sustainable in a market-friendly environment there is push towards privatisation of select banks [Times of India, 2022].

The perception that any changes even resembling a partial privatisation will reduce the real benefits of the employees has resulted in fierce opposition from the unions and prevents PSBs from moving forward with other systemwide changes as well. These oppositions often serve to undermine their very cause of sustainably protecting the employees as PSBs continue to bleed out money. Ironically, the rising costs of keeping the PSBs afloat are a direct result of increasing instances of NPAs that are related to the inefficient, unproductive, or even corrupt workers in the first place and the unions remaining indifferent about it!

## **5. EXOGENEOUS FACTORS AFFECTING THE PERFORMANCE OF THE PSBS**

There are some factors like employment and promotion policies, small and medium enterprise related policies,

agricultural loans and debt relief policies which significantly affect the performance of PSBs and thereby entire financial system and banks have to accept them. Since the banks themselves cannot impact these policy decisions we call them exogenous determinants for the performance of the banks. As a part of the reform agenda the policy makers are expected to take measures to minimise the negative impact of such factors on the banking system. We briefly discuss them in this section.

### *5.1 Dual Oversight Hindrance and Non-Financial Commitments:*

One of the key differences between PSBs and private banks in India is that while the latter are under the direct and exclusive supervision of the RBI, the former enjoy dual oversight from both RBI and DFS working under the ministry of finance. This dual system results in poor governance and a blame-game that allows the perpetration of frauds, credit defaults, and resultant capital infusions on an ongoing basis within the system [Acharya and Rajan, 2020; Kaul, 2021; Narayan, 2021]. Like any typical government entity, PSBs have a highly bureaucratic structure that is further burdened by primarily non-financial social objectives and obligations such as Jan Dhan, Atal pension, Mudra loans, Kisan Credit, and other special schemes

for Small to Medium Enterprises (SMEs). The PSBs system is flooded with social program circulars and guidelines from DFS [Reserve Bank of India, 2014; Kaul, 2021], over and above the regular circulars that they receive from RBI! A report on governance had illustrated that just during fifteen months from October 2012 to January 2014, the PSBs received 82 circulars from the then finance minister [Reserve Bank of India, 2014; Kaul, 2021].

The performance of top executives in PSBs is measured as a function of achievement of the above said non-financial goals rather than the pursuit, let alone achievement, of profitability of the banks. From a purely socioeconomic standpoint, it might be acceptable for PSBs to move profits to a lower priority! The pressures on the management, and therefore the employees, of PSBs to meet social benefit targets can be debilitating because the failure to comply with these can attract additional penalties from DFS. The stress of meeting various external goals and deadlines can lead to unfair evaluations that encourage unethical behavior within bank employees and contribute to occurrence of frauds along with reducing the competitiveness of PSBs [Singh, et al., 2016; Deloitte, 2015].

## *5.2 Penalty Levied on Banks do not impact the conduct of middle and lower-level Bank Staff:*

The RBI levies penalty on banks for non-compliance of guidelines with a view to disciplining them [Fargose and Shukla, 2019]. Speedy completion of SA exercises and detection of frauds during the recent years indicate that the signal is reaching the PSBs [Reserve Bank of India, 2020]. But the question is whether the marginal effectivity of penalty will continue to remain the same or eventually diminish to become negligible! Because the penalty on a bank does not necessarily change conduct of employees, certainly not the middle level or lower-level staff as there is no financial implications on their pockets. If cost is not borne by the people responsible for lapses in compliance the penalty might not create significant and long-term impact for which it is intended. The major hurdle here is also that since majority of the decisions are made by groups of people it becomes extremely difficult to identify the person(s) liable for the penalty.

Unlike private banks, in PSBs penalty by RBI does not create that much turbulence since profit maximisation is neither expected nor demanded by stakeholders. Even if the board and the top executives of the PSBs take the penalty as a reflection of their inefficiency, imprudence, or

negligence, they find it difficult to sensitise the junior staff about importance of compliance. Theoretically speaking, the top executives of PSBs could serve memos, show-cause notices to negligent employees, castigate them by changing their responsibilities or even transfer them to other locations. However, the labour laws and labour unions become major constraining factors in taking stringent actions against liable people. Although the RBI report on governance [2014] did talk about imposing heavy monetary penalty on bank executives if involved in any unfair practice, in reality we hardly come across any case in which RBI fined/penalised employee(s) of the bank.

### *5.3 Delay in Investigation and court Judgements Acting as Perverse Incentives:*

The problems related to CBI investigation and the judicial system in India are multifold and encompass things such as reputational risk to the banks and individuals alongside undue delays in the serving of justice to those that are charged with and guilty of fraudulent actions. As per current guidelines PSB frauds above Rs. 3 crores are supposed to be investigated by the CBI, which is expected to resolve the situation within one year and if warranted, it may file charge sheets in different courts depending on the severity of economic crimes. As Table-12 reveals,

in 60% of the cases the investigation takes longer than a year depending on the complexity of the case, cooperation from the banks in which frauds have occurred, and the time taken by the bank authority for granting permission for the investigation. About 25 of these 678 cases have been in pending status for over five years [Business Standard, 2020]. In PSBs, the legal paperwork for the frauds is not necessarily done by experts and there is no special department dedicated to deal with these issues, resulting in problems of coordination and delay in the CBI investigations [Gandhi, 2015].

**Table 12. Pending Investigation Cases with CBI and the Years of Pendency as on Dec. 21, 2019**

Number of Cases with the CBI	Years since investigation is pending
268	< 1 year
177	Between 1-2 years
122	Between 2-3 years
86	Between 3-5 years
25	> 5 years
<b>678</b>	<b>Total pending cases</b>

Note: The data are for all the corruption cases including the bank frauds.

Source: [Business Standard, 2020].

Once the cases are filed by CBI in courts, the trial and resolution of these cases can take anywhere from one to more than 20 years (Table-13). Of the current 6,226 pending cases on trial in the court, more than 4,800 have been pending for more than 3 years [Business Standard, 2020] and 182 have been pending for over 20 years! The problem

of delayed decisions by judiciary system is true for all types of crimes including economic crimes. While advocating for the major judicial reforms, Swaminathan [Aiyar, 2019] had remarked that the moribund judiciary system of India does not deliver what can be called justice because of which people often take law in their own hands.

**Table 13. Number of Years for which the Court Trials are Pending**

Pending trials of cases in courts filed by CBI	Years since trial is pending
1385	< 3 years
1177	Between 3-5 years
1883	Between 5-10 years
1599	Between 10-20 years
182	> 20 years
<b>6226</b>	<b>Total pending cases for corruption</b>

Note: The data relate to all cases of CBI filed with different courts.

Source: [Business Standard, 2020].

This delay and leniency in punishing the right culprits at the right time has significant consequences in terms of performance of financial as well as economic sectors in the country. The bad loans of the PSBs prevent good money from being circulated in the system while capital remains locked up in the wrong hands as deserving entrepreneurs are deprived of credit. The most important

consequence of bank frauds is the negative impact on the morale of bank employees. Sluggish investigation, delayed judgement, inadequate/soft punishment to fraudsters keep giving perverse signals to both groups, PSBs employees and borrowers, making them completely fearless and imprudent.

Theoretically, the large number of frauds in banks can be explained through the concept of economics of crime, which states that a person considers both the benefit from it as well as the probable cost of perpetrating a crime prior to committing it [Becker, 1968, Pp. 13-68]. In case of bank frauds, the benefit from the crime is immediate and substantial financial gains, whereas the cost depends upon the joint probability of being caught, convicted, and receiving a severe punishment within judicious time, which is often extremely low! In cases of bank frauds, soft and delayed punishment inadvertently reduces the probable cost of crime compared to the financial gains to fraudsters. This further encourages frauds in PSBs. This situation calls for fundamental structural changes in the banking system as well as the judicial system. Below we briefly discuss the possible solutions suggested by the experts to address the above issues.

## 6. MEASURES FOR IMPROVING GOVERNANCE OF PSBS

### 6.1 Privatisation and re-Privatisation:

Some scholars advocate privatisation of PSBs along with re-privatisation of already privatised banks. Re-privatisation would imply that the government's stake must be reduced to minority shareholding in those banks [Acharya and Rajan, 2020]. Though some scholars recommend the closing of DFS, in our view such extreme measures must be avoided at this juncture since it requires adequate thinking and brainstorming among experts as well as policy makers due to its possible long-term implications. The less extreme suggestion is that except 3-4 major PSBs privatise remaining ones on an experimental basis. A recent study advocates that except SBI all other PSBs need to be privatised [Times of India, 2022]. It is also felt that the PSBs which are not the candidates for privatisation should be given greater autonomy in terms of appointment and dismissal of staff as well as in some other strategic areas and thus should be allowed to be run professionally [Kaul, 2021]. Social objectives should be addressed through explicit fiscal instruments rather than treating PSBs as platform for this purpose [Kaul, 2021; Narayan, 2021].

### 6.2 Credit rating for individuals and small firms too:

For big borrowers, the bank officials access the CIBIL data but for individual borrowers and small firms borrowing up to Rs. 10 crores banks are not required to consider credit ratings of borrowers as per RBI rules. This could be a major cause of 'quick mortality rate' for small accounts. RBI must put in place a mechanism of assigning credit rating to individuals based on their credit history which in turn could be used by the banks for approving the loans. It was observed that there is a positive and significant correlation between the number of loans granted to non-rated borrowers and the number of accounts turning into NPA.

### 6.3 Use of CFR for small borrowers too:

In most cases for approving big loans the banks generally refer to CFR but in case of several small borrowers the banks take this advice of RBI lightly and often ignore it conveniently. This is perhaps because the word 'advise' is used in the relevant circular and no penalty is levied on banks for not following it [Reserve Bank of India, 2017]. Two steps are required to resolve this issue. First the RBI must comprehensively and regularly update the CFR to include names of all fraudulent borrowers, whether small or big. Second is that once the list is made

exhaustive banks should be mandated to use CFR before the decision of giving loans even personal loans or loans to small firms. This may enhance the answerability of the decision-making officials of banks and alleviate defaults.

#### *6.4 Use of statistical tools and models to test creditworthiness:*

RBI provides a list of key parameters which is generally referred by the banks before approving the credit. However, depending on the level of expertise and knowledge different banks try to fit in these parameters differently into their software to predict probability of defaults and thereby approve or disapprove loans. But generally, this is a rough and crude exercise amenable to significant errors. Ideally speaking the regulator should provide the refined model(s) for testing creditworthiness as used in international banking. It should emphasise the use of state-of-the-art tools developed by using techniques of Operations Research, Queuing theory, Poisson models and Discriminant analysis. Such tools may not only help to predict the credit default but may be useful for rational placement of experts: efficient customer service and demand-driven spread of branches of the banks. The academic and training institutes of RBI can contribute significantly by mentoring and grooming the relevant officials of PSBs.

#### *6.5 Inclusion of Independent Director in Credit Approval Committee (CAC):*

In all PSBs, the CAC is an internal committee, chaired either by the executive director of the bank or some other senior official to approve the loans ranging from Rs. 10 crores to Rs. 500 crores, as loans above this amount is approved through Management Committee of the board. Unlike the latter, in CAC there is no inclusion of any external member or the independent director of the board as per RBI guidelines. The benefit of this arrangement is that being internal matters, the decision-making is quick, but the shortcoming is that it increases the probability of riskier, biased, and short-sighted decisions. Given the number and amount of LVFs and bad loans in PSBs, this does not seem to be a theoretical problem only! In fact, high quick mortality rate of small loans can be attributed to this arrangement too. RBI can change the guidelines to provide for inclusion of at least one independent director in CAC to enhance objectivity and transparency.

#### *6.6 Improving Quality and Quantity of Independent Directors:*

The independent directors of the board be selected with proper scrutiny and should have both expertise and experience in their fields of specialisation.

Quality of these directors is considered as one of the major limitations of PSBs by Rajan [2018]. Not only quality but quantity too is a problem as evident from the fact that 40-50% positions of independent directors have remained vacant for more than a year in different PSBs. Absence of technically qualified director(s) in fields like IT may lead to sub-optimal choice of IT consultants and software firms. The gap in such crucial board positions would serve to encourage the IT departments and top executives of banks to take random or personally beneficial decisions while pulling wool over the board's eyes.

#### *6.7 Penalty be levied on Reproachable Employee(s) and not always on banks:*

RBI levies penalty on PSB as an institution for non-compliance of guidelines and not on the individuals responsible for lethargy and misconduct. It is relevant to note that the burden of fines placed on PSBs would ultimately trickle down to the government and therefore to taxpayers. An important step is to make departmental heads and committee chairmen answerable and responsible for the undefendable decisions. As suggested in the governance report [2014] the fines should also be imposed on liable people for intentional and irresponsible decisions causing higher risk or financial

damage to the bank in question. Structural changes needed for this is a matter of details and RBI should ensure that it happens.

#### *6.8 Bad bank Plan be accompanied by other reforms:*

Given the enormous stock of existing NPAs and the rate of disposal of cases, onetime resolution mechanism like a 'bad bank' is important to relieve bankers from the burden of bad loans [Acharya and Rajan, 2020]. NPAs of the banks are estimated to reach between 8.1 and 9.5 percent of total advances, by September 2022 under varied degrees of stress. Hence the government's recent step for launching National Asset Reconstruction Limited (NARCL) as a 'bad bank' is a timely step and expected to bring desirable results [Narayan, 2021]. NARCL has received all regulatory approvals and transfer of 38 stressed accounts worth Rs. 82845 crores are likely to take place in a phased manner. It is suggested however, that the 'bad bank' should have only a limited shelf life of about 5 years or so to deal with exceptional backlog while the incremental cases may continue to be resolved by IBC [Narayan, 2021].

Acharya and Rajan [2020] also recommend that along with functioning of the 'bad bank,' sincere efforts should be initiated to make the PSBs crises-proof,



so that they do not slide back to the same problems again. Improvement in the risk management system of the banks and creation of out-of-court settlement mechanism for debts can assist with the current backlog of cases and only if such efforts fail, the routes of courts or insolvency proceedings should be used according to them. As mentioned earlier, giving professional autonomy to PSBs to level the playing field with private banks and minimising the day-to-day intrusion in the functioning of the PSBs can greatly help. Additionally, it is suggested that the operational efficiency of the banks should be improved by the creation of a holding company structure with proper incentives given to senior management personnel [Acharya and Rajan, 2020; Narayan, 2021; Reserve Bank of India, 2014].

#### *6.9 RBI as a regulator Must Assume Greater Power to deal with PSBs:*

There is a perception that RBI does not have adequate legal powers to supervise and regulate the PSBs and legal reforms are needed to empower RBI to fully exercise the same authority over PSBs as those that apply to private banks [The Economic Times, 2018]. Another former governor of RBI also alludes to limited role and power of RBI [Rajan, 2018]. It is argued that one can't blame RBI for

bad loans as it is not supposed to micro-manage the credit decisions of banks or even investigate them when they are made. In their view "RBI is primarily a referee, not a player in the process of commercial lending". In our opinion however, role as a referee insinuates far-reaching responsibility of the central bank to ensure that all the 'players' including PSBs play a 'fair game' by adhering to all rules and regulations.

Rajan [2018] gives a list of actions RBI could have taken in the past! The regulator should have raised more flags about the quality of lending, initiated new tools of fraud detection, pushed for timely enactment of laws like IBC and used its authority to levy fine on non-compliant banks or people in his view. So indirectly he does admit that in the past RBI had powers to streamline the system but chose not to do it! It is perceived that RBI could have also decided to be transparent in declaring the names of wilful defaulters, thereby protecting more banks from being defrauded by the same people, but for some reasons it refrained from it until the Supreme Court forced them to produce the list [Agarwal and Srivas, 2019]. Similarly, its indifference is indicated by the fact that as late as in the year 2020 it woke up to prescribe necessary qualifications for the important posts like CCO and CFO for PSBs [Bandyopadhyay, 2020].

The former chief of SEBI affirmed in this context that RBI does not lack the power to clean up PSBs, but it lacks will to do so arguing that "powers are what you exercise, notwithstanding what the statute provides" [Damodaran, 2020]. He expressed that on the matters relating to expulsion of corrupt MDs or CEO of PSBs, the regulator (RBI) and owner (government) must work in tandem, and it really does not matter where the formal power resides as long as the outcome is beneficial to the nation [Damodaran, 2020].

*6.10 Loan Recovery and case disposal Rate through IBC and NCLT must improve:*

Incorporation of Indian Bankruptcy Code (IBC) took place in 2016 that helped banks to recover significant amount of loans, as reflected by the financial results of the banks [S. Agarwal, 2020]. The banks prefer to use this channel to resolve the issues of stressed loans since decisions that are taken through this mechanism have judicial backing [Ghosh, 2021].

Compared to only 11-13% rate of loan recovery during pre-IBC era, the rate achieved after functioning of the IBC, NCLT and NCLAT was as high as 43.1% [Kaul, 2020]. However, if we exclude

giant companies like Bhushan Power and Essar, the recovery turns out to be only 28% implying an average haircut of around 72% on bad loans!! This may be due to some inconsistencies in the legal format of IBC and NCLT which need be addressed at the earliest to achieve fast results. Although IBC Sec. 280 states that its provision would override any other laws that are in force, there remain some inconsistencies in these laws which have caused legal challenges and differences of opinions in the courts. Moreover, like CBI and other Indian courts, NCLT too is overloaded with large number of cases.

Just within one year- from January 2019 to December 2019- the number of cases referred to NCLT increased from 1497 cases to about 1961 cases implying 25% rise in the case burden. The rate of disposal or resolution has not kept pace with this adding further to the backlog [Agrawal, 2020; Kaul, 2020]. This must be investigated and addressed at the earliest.

## 7. CONCLUDING REMARKS

This paper presented data on frauds in the Indian PSBs and analysed the recent policy changes in the system introduced through both RBI and DFS. Though the amount involved in frauds show decline over last two years the magnitude and multiplicity of this problem is still significant and need serious attention by the

regulators. Merger of banks may help to improve operational efficiency and profitability but might not necessarily address other issues of work culture, competence, and moral rectitude.

Deloitte Report [2021] concludes that while the efforts of fraud risk management have ramped up, the root causes of frauds remain untouched. If these root causes are not removed, the weeds will simply grow again! A serious exercise of labour-force planning, management and employment audits accompanied by rationalisation of labour policies needs to be conducted with the PSB system with a sense of urgency. The HRM departments of the banks need to be brought into the twenty-first century and be required to hire and train professionals in the banks rather than focusing on filling up the vacant posts and handing out favours in terms of promotions and transfers to employees.

An approach of 'prevention is better than cure' is required to minimise the financial, reputational and efficiency costs. Privatisation of a few banks, which is on the card could significantly help in improving efficiency and competitiveness among banks. In those PSBs which are not the candidates for privatisation, the government needs to reduce its intrusion and allow them greater autonomy in terms of deciding their standards

and missions. Effective whistleblower policy in conjunction with proper reward and punishment system is the need of the day for the PSBs. Between the HRM, the senior officials of banks, the Board of Directors and RBI, power should be granted for immediate removal or suspension of any individual that is found to be potentially involved in any fraudulent activity.

The battle against corruption and inefficiency will be lost if the external (to the PSBs) probe agencies like CBI, CVC, ED, and the judiciary system are not expeditious enough to dispose of a heap of pending cases with them. Strict and timely actions against corrupt officials, unscrupulous borrowers and third-party entities are needed to prevent perverse incentives for frauds. Despite the introduction of IBC and NCLT the recovery from bad loans have remained quite low. Inconsistencies in these laws must be removed at the earliest to prevent delay in judgement and recovery of loan amount. Thus, along with the structural changes to improve the governance of PSBs, reforms in labour laws and judiciary system are must to mitigate frauds and credit defaults among PSBs.

## NOTES

1. LEI is a 20-digit global reference number which uniquely identifies a company. It is useful to prevent unscrupulous businessmen running away to other

countries with huge sums of taxpayer's money. At global level it has assumed greater importance as it is considered as a key measure to improve the quality and accuracy of financial data through improved risk management.

2. It is perceived that the role of ICAI stands significantly diluted, because apart from making recommendations to government, NFRA has the investigative and disciplinary powers.

3. We have deliberately avoided giving names of the big borrowers and the banks where big frauds worth thousands of crores took place and were unearthed during recent years.

4. The survey report by Deloitte [2015] had revealed that more than 80 percent of senior bank officials envisaged to invest sizable amount in anti-fraud measures.

5. It is necessary to clarify that the amounts involved in frauds do not need to be equal to the loss suffered by the reporting bank. It may refer to the amount outstanding in the books of the reporting bank [Reserve Bank of India, 2019].

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## DOCUMENTATION

The purpose of this section is to make available to the readers official documents such as reports of committees, commissions, working groups, task forces, etc., appointed by various ministries, departments, agencies of central and state governments and international organisations, which are not readily accessible either because they are old, or because of the usual problems of acquiring governmental publications, or because they were printed but not published, or because they were not printed and remained in mimeographed form. We also present in this section, official documents compiled from scattered electronic and/or other sources for ready reference of the readers. It will be difficult and probably not worthwhile to publish the documents entirely. We shall publish only such parts of them as we think will interest our readers. The readers are requested to send their suggestions regarding official documents or parts thereof for inclusion in this section.

We are also keen to publish Papers, Notes or Comments based on the material included in this section. We invite the readers to contribute the same to our journal, which we shall consider for publication in subsequent issues of the journal, after the usual refereeing process.

In the present section, we publish:

1. Prof. V. M. Dandekar's articles published in 1962-1965.
2. Working of Bombay Tenancy Act, 1948, Report of Investigation

## B. THE ECONOMICS OF LAND REFORM IN THE INDIAN SITUATION

V. M. DANDEKAR

22

### **Economic Theory and Agrarian Reform\***

COUNTRIES with retarded economic growth are in general characterized by a large proportion of their population depending for its subsistence on agriculture. Therefore, among the actions intended to release the forces which may initiate or accelerate the process of economic growth, agrarian reform usually receives a high priority. In most non-communist countries, where an agrarian reform has been initiated, it has usually taken the form of a movement aimed at creating individual peasant holdings. This has happened in countries with such widely different historical and cultural backgrounds as Japan, India, Iraq, Egypt, Cuba and Bolivia. Everywhere, without question, the principle seems to have been accepted that in conditions of agricultural overpopulation, individual peasant holdings is the best economic policy. However, the economic rationale of this policy is generally understood only inadequately and in fact there often exist lurking doubts whether it is all economic policy. Recently Georgescu-Roegen<sup>1</sup> has pro-

vided such a rationale. In fact, he comes to the conclusion that, "the proposition that capitalism and controlled socialism provide the best systems for developing an underdeveloped economy is patently false, at least for an overpopulated economy" and further that "the intuition that led the Agrarians to their double negation-not Capitalism, not Socialism-proves to have been surprisingly correct." The purpose of this paper is to examine this conclusion in the light of the theoretical schemata put forward by Georgescu-Roegen and by taking his argument a step beyond where, it seems, he has left it somewhat incomplete.

The analysis is confined to the situation of overpopulation which is recognized as a certain critical relation between the total population or total labour force and the total of available land-capital resources. It is this relation which ultimately governs the marginal productivity of labour under conditions of full employment. Georgescu-Roegen defines overpopulation to be the situation in

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\* Oxford Economic Papers, Vol. XII, (Feb. 1962), Pp. 69-80.

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1. N. Georgescu-Roegen. "Economic Theory and Agrarian Economics." *Oxford Economic Papers*, Vol. XII (1960), Pp. 1-40.

which, under conditions of full employment, the marginal productivity of labour falls short of the minimum subsistence of the worker. In the more extreme situation, the marginal productivity of labour may even reach zero before the conditions of full employment are realized. Georgescu-Roegen distinguishes this by calling it a condition of "strictly" overpopulation. Most underdeveloped countries do show such signs of overpopulation in a more or less extreme form. The process of economic growth consists in accumulating more and more land-capital resources so that the marginal productivity may progressively rise- first above the zero and then above the minimum subsistence. It is then that the condition of overpopulation ceases to exist.

From the standpoint of agrarian reform, it should be recognized further that, in the countries concerned, the agricultural sector is usually much more acutely overpopulated than is the economy as a whole. This is because the non-agricultural sector in these economies is usually organized on the capitalist principles and hence does not permit workers in unless they can contribute to the production more than the wages they receive, in return. Consequently, the entire residual population is thrown on the agriculture which by its nature and tradition employs or

accommodates whatever population is thrown on it without reference to the marginal productivity of labour. Conceived as a part of the problem of economic growth, the agrarian problem consists in holding on to this population until an increasing part of it is withdrawn to the non-agricultural sector and in the meanwhile in employing it usefully so as to maximize the total output of the agricultural sector.

That capitalism, cannot offer a solution to this problem is easily demonstrated. Because capitalism, understood as an economic system regulated by profit maximization, cannot offer employment to labour beyond the point where its marginal productivity equals the wages paid to it. Under conditions of overpopulation, this means that the capitalist system cannot employ labour beyond the point where its productivity equals its minimum subsistence. A part of the labour force, therefore, remains unemployed. Apart from its social consequences, this is obviously not even an economic solution for, though it maximizes the profit-rent of the capitalist entrepreneur, it fails to maximize the total output of the agricultural sector. Maximization of the total output requires that the entire labour force or at least the same

up to the point of zero marginal productivity is employed. Capitalism does not, provide an institutional structure to make this possible.

In this context, we should refer to the theoretical construction put forward by Leibenstein<sup>2</sup> with the purport of explaining how, even under the incentives of profit maximization, landlords may employ labour beyond the point where its marginal productivity equals the wages paid to it. In his theoretical construction, Leibenstein postulates that the productivity of labour depends not only on the kind of technology used and the amount of land-capital resources available per employed worker but also on the level of wages paid because it affects the amount of work effort a worker might put forth. Therefore, on this construction, there is not one curve of average or marginal productivity but several such curves appropriate to the different wage levels. Given a wage level and the corresponding marginal productivity curve, there is an optimum number of workers whom the landlords as a group would hire if they were to maximize their group income and this optimum is determined, as usual, at the point where the wage is equal to the marginal productivity of the employed workers. But the wage level is not given and the

landlords as a group have the choice of so fixing it as to maximize their group income. As for the supply of labour, under conditions of over population, the whole of it is supposed to be available at the minimum subsistence level. Under the usual construction where the labour productivity is not supposed to depend upon the level of wages paid, there is no incentive for the landlords to raise the wages above the minimum subsistence level. But now under the Leibenstein construction, the landlords might want to offer wages above the minimum because that might raise the labour productivity and more than compensate the landlords so that their total income might in fact rise. In general, under this construction, the group income of the landlords is maximized at a wage level somewhere above the acceptable minimum. The landlords will, therefore, choose to offer this wage. They will of course employ only the optimum amount of labour appropriate to that wage level and the marginal productivity of the employed workers will equal the proposed wage. Nothing unorthodox has so far happened except that the proposed wage level is above the acceptable minimum and simultaneously a number of workers remain unemployed.

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2. Harvey Leibenstein, *Economic Backwardness and Economic Growth*, John Wiley & Sons, Pp. 58-76.

But now it seems that in the face of a large number of unemployed workers, the landlords find it difficult to maintain the proposed wage level even though it is in their interest to do so. The competition among the unemployed and the employed workers depresses the wages. To counter this, the landlords must offer to employ the entire labour force. This they cannot do at the proposed wage level. It seems that finally they reach a compromise solution and offer a wage somewhere below the proposed one but nevertheless somewhere above the acceptable minimum and, what is more important, at this compromise wage, they offer to employ the entire labour force and not only the optimum appropriate to that wage level. In other words; they employ labour beyond the point where the marginal productivity equals the wage. Thus two things happen: in the first instance, the landlords offer a wage higher than the acceptable minimum; this they do because it raises the labour productivity and on the whole they make larger income than they would do if they employed the labour at the minimum subsistence. Secondly, at the proposed wage level, they offer to employ the entire labour; on this they lose because the marginal productivity of the employed labour falls below the wage level but, nevertheless, they do it because it enables them to maintain the wages at

the proposed level and on balance they still make more income than they would otherwise do.

The crucial part of the solution is that the landlords find it profitable to pay a wage higher than the minimum subsistence and in addition to employ the entire labour force at this wage. Of course, this is not inevitable; it might happen that the landlords do not find it profitable to do so and, therefore, they may allow the wages to be depressed to the minimum subsistence level. If and when this happens, this is important; the landlords have no interest in employing the entire labour force or in fact any labour beyond the point where the marginal productivity equals the minimum subsistence. Leibenstein does not specify the conditions under which the landlords may find it profitable to maintain the wage rate above the minimum subsistence and in particular it is not clear whether this would be true under conditions of overpopulation as defined by Georgescu-Roegen wherein the marginal productivity of labour falls below its minimum subsistence or even to zero. In the Leibenstein construction, this would mean that there is no wage level equal to or above the minimum subsistence, where, under full employment; the marginal productivity of labour would not be less than its minimum subsistence. Leibenstein is aware of this possibility

but does not examine its consequences. But it appears that under these conditions Leibenstein's special solution would not hold good and that the landlords would offer no more than the minimum acceptable wage and employ labour only to the extent where its marginal productivity equals the wage. The rest of the labour would then remain unemployed.

It is, of course, possible to presume that, under conditions of overpopulation, the landlords are not quite unfettered in their pursuit to maximize their incomes and that they work under some kind of institutional obligations to employ the entire labour force somehow. But then these are not quite the capitalistic institutions. We may, therefore, say that in general the capitalist system does not provide a solution to the basic agrarian problem. We should, therefore, look for some other institutional structure and it seems that it will have to be basically non-capitalistic.

In point of fact the traditional agriculture in overpopulated countries has developed its own characteristic institutions which, among other things, achieve precisely the same purpose, namely, to maximize the total output by maximizing the employment beyond the point where its marginal productivity falls below the minimum subsistence, or even to zero. For instance, as

Georgescu-Roegen points out, feudalism provided such an institution. For here, the entrepreneur-landlord was compensated not by profit-rent, but by means of a tithe or a share of the total produce. Therefore, for a given ratio of the share, in order to maximize the tithe, the total produce had also to be maximised. Feudalism thus did provide the needed structure. But feudalism is no longer serviceable, if for no other reason, for the reason that having come in close contact with capitalistic institutions, it ceases to be sufficiently feudal. The capitalist economy in the non-agricultural sector offers new opportunities to the landlords and they are anxious to free themselves from the obligations of a traditional society. This leads to absentee landlordism, rack-renting, and all those evils which ruin agriculture. Therefore, feudalism has to be replaced.

And replaced it is, almost with a vengeance. Its place is taken by the new agrarian doctrine of individual peasant holdings and the new doctrine seems to work, at any rate, up to a point. In explanation, Georgescu-Roegen points out that the principle of individual peasant holdings meets the requirements of the situation because it is essentially the old feudal formula under a new and a better form. From the standpoint of economic theory it is still feudal because the employment of the family labour is not

governed by considerations of marginal productivity but by considerations of maximising the total output. The family labour presumably works to the full limit of zero marginal productivity and it works better because it is rewarded by the entire product of its labour, no share going to the erstwhile landlord—an echo of Leibenstein's postulate that productivity is influenced by the reward.

But, as we shall see, the principle works only up to a point and in particular does not create certain important conditions for rapid economic growth. In the first instance, the principle does not remain confined to the creation of individual peasant holdings. It soon takes the form of a wider doctrine of self-employment, namely, that under conditions of overpopulation, self-employment provides the most favourable conditions for maximising the total output. The principle is easily extended to industry, and small-scale and cottage industry is recommended on grounds that it promotes self-employment. Labour-intensive techniques are thus often equated to self-employment techniques. This leads to serious consequences in agriculture. An immediate consequence is the elimination of the large peasant holdings because such holdings, even though effectively peasant proprietorships do involve a considerable amount of wage employment. Proposals for

ceilings on family holdings are not always put forward explicitly on these grounds; more often they are based on general egalitarianism and more particularly on the need to satisfy the land hunger of the landless families. Also, the ceiling limits are not always placed sufficiently low to eliminate or at any rate minimize wage employment. Nevertheless, it is obvious that it would be more rational to base such proposals on the principle of maximization of self-employment. Such a principle may also provide a more rational and meaningful basis for a fixing of the ceiling.

What concerns us here is that whatever may be the basis of the principle of ceiling on peasant holdings, it can have very serious consequences on the agricultural sector. For, whatever its justification, a ceiling on land-holding is a ceiling on how far a peasant may go as long as he remains a peasant. As a result, it is feared that the ability and enterprise which cannot be contained within the ceiling limits, would sooner or later leave the agricultural sector. Thus the agricultural sector would become progressively depressed and politically weak. These fears are all genuine. Nevertheless, it should be understood that they are the consequences of the initial proposition that, in an overpopulated economy, the agricultural sector must be organized on some principle other than capitalist

enterprise. We should remind ourselves of the initial fact: Because the non-agricultural sector is usually organized on the capitalist principle, the residual burden of the population is thrown on agriculture. Therefore, if a capitalist sub-sector were permitted within the agricultural sector, its immediate consequence would be to accentuate the conditions of overpopulation in the remaining part of the agricultural sector. Therefore, these fears regarding ceiling on holdings will have to be countered by means other than permitting or promoting capitalist enterprise within the agricultural sector.

If the advocacy of a ceiling on holdings were based primarily on maximizing self-employment, the reform would still remain within some limits. However, as more often is the case, when the advocacy of the ceiling has a pronounced egalitarian base, the process does not stop at elimination of large holdings. The reform is then aimed at not only the creation of family holdings which can be cultivated by the family labour, but of equal family holdings or more strictly of equal holdings after making due allowance for the size of the family. The streak of egalitarianism is usually strong among the agrarian reformers and it would have in fact gone longer than it has, were it not for some serious physical problems of equalization of agricultural holdings.

These are not always realized and equalization of holdings or reducing of existing inequalities in them is sometimes attempted, within the existing physical layout. For instance, the Cuban agrarian reform provides for bringing the small land-holdings up to a certain minimum by appropriately redistributing the land expropriated above the ceiling. The small holdings are of course too numerous and the expropriated land, even if adequate to meet the requirement, is seldom located conveniently for adding to the small holdings. Therefore, the objective of bringing up the small holdings up to a certain minimum would require not only the expropriation of the land above the ceiling, but also of the land in the small holdings and its completely new allocation—in other words a complete redrawing of the physical layout of the individual holdings. Egalitarianism has, therefore, to push forward more slowly than it would otherwise. When the physical layout of the holdings has to be redrawn anyhow because of considerations of agricultural technology, as in Iraq, the reform does provide for the creation of more or less equal family holdings.

It is, of course, true that even complete equalization of the family holdings can be justified on economic principles by following to its logical extreme the previous argument for maximizing the total



product. However, this is not always done and equal holdings are advocated, somewhat apologetically, on egalitarian grounds because some other considerations equally relevant to the problem of maximizing the total output appear running contrary to the objective of equal family holdings.

One such consideration is the size of the production unit. For various technological considerations, it seems that even in agriculture, in order to realize maximum output from given amounts of resources, the production unit has to be of an optimum size. Under conditions of overpopulation the principle of a holding for every peasant family and for that matter an equal holding obviously does not lead to an optimum size of the production unit. In fact, it might be argued that it puts the entire agriculture in production units below the optimum. Georgescu-Roegen recognizes this defect of the principle of a holding for every peasant family and remarks that "it led to a sub-optimum size of the production unit" and further that "this prevented the crystallization of the existing capital in the most efficient form compatible with the prevailing factor ratio and the available techniques." But he does not consider how the defect may be remedied. Instead he leaves this important point with the remark: "The facts just mentioned do not justify the

prejudice of Stalinist governments in favour of large and highly mechanized farms of the North American type. This prejudice errs in the opposite direction: it leads to a size far greater than the optimum compatible with overpopulation, and hence it uses labour inefficiently." This may be so. But the fact remains that something has to be done to the individual peasant holdings in order to secure an optimum production unit and the result may not be individual peasant holdings at all.

This question of the size of the production unit is often raised in the literature on the subject, but is not always understood in the same sense as it is being raised here. It will be useful, therefore, to make the distinction clear. In the context of the principle of individual peasant holdings, the question of the size of the optimum unit is usually discussed from the standpoint of the peasant proprietor and the optimum holding is supposed to give him a minimum or a desired or an optimum family income. To the extent that it is also considered as an efficient production unit, its efficiency is judged as that of a capitalist enterprise—the peasant proprietor is supposed to behave like a capitalist-entrepreneur and offer employment on the principle of marginal productivity. For instance, it is on some such understanding of the problem of the size of production unit that the ceiling on,

holdings is sometimes disputed. It is obvious however that if the optimum size of the production unit is to be determined on such principles, it will not satisfy the initial requirement, namely, that in order to maximize output, the maximum amount of labour resources must be utilized. Therefore, the only result of such a determination of the optimum holdings is to show that, under conditions of overpopulation, not all the peasant families can have, optimum holdings and that their creation would only lead to the creation of a large agricultural proletariat. The point is, therefore, given up as a hopeless idea, for it appears to run against the egalitarian principle. The peasant proprietorship and equal family holdings, therefore, continue to be advocated with greater egalitarian zeal and with a lurking fear that the reform in these directions might affect the total output adversely.

Therefore, it should be understood that the question of the optimum size of the holdings is not being raised here from the standpoint of an individual peasant proprietor. The elementary principle that, in order to maximize the total output, all the available resources must be utilized and that, in the particular context of the overpopulated countries, all their labour resources, or at least a maximum amount of them, must be utilized has to be firmly held on to. Therefore, given the quantity of land in agriculture and the number of

people it must absorb and support, the size of the individual holdings is automatically determined and one can hardly improve upon the principle of equal family holdings. Therefore, if the question of the optimum unit of production is to be raised, it must be clearly understood that the optimum must be determined under conditions that, whatever its size, the optimum unit must carry its proportionate burden of the population. In other words, while discussing the question of the optimum size of the production unit, one should not be discussing whether an individual should have a smaller or a bigger holding, for there is no choice in that respect; rather one should be discussing whether the equal peasant holdings should be operated, as production units, individually or whether there is an advantage in operating them jointly and, if so, how large such joint units should be.

To be sure, the question is sometimes understood in this light. For instance, this was how the Mexican agrarian reform approached the problem in its initial stages. Also, more recently, both the Iraqi and the Cuban agrarian reforms provide for the creation of the more or less equal individual holdings and, their almost immediate merger into some form of cooperative production units. However, more often, cooperation like egalitarianism is regarded as valuable *per se* and

is advocated without a full realization of its economic basis and implications. When these become fully apparent, the advocates of cooperation often fight shy of their initial advocacy.

The reasons for not realizing fully the implications of cooperativizing the individual holdings is that the economic basis for the advocacy of individual peasant holdings is not firmly understood so that one does not realize fully what is lost in the process of co-operativization. As Georgescu-Roegen points out, the main advantage of the individual peasant holdings, in conditions of overpopulation, is that they afford conditions under which labour may be employed without reference to its marginal productivity. Once the individual holdings are put in the form of a cooperative production unit, this advantage is lost because usually the conditions of employment in a cooperative farm are governed by considerations of marginal productivity. As a result, even the family workers of the members of a cooperative cannot be employed beyond the point where the marginal productivity equals the minimum subsistence wage. In terms of the usual formulation, the cooperative organization brings to surface the unemployment which otherwise appears in the disguised form of self-employment. This formulation is correct as far as it goes but it misses the important

point that, in addition, the cooperative organization also in fact reduces the employment if its decisions in this matter are allowed to be governed by the considerations of marginal productivity. This is in fact what usually happens because the manager of a cooperative farm, by training and background, is more often a capitalist-entrepreneur than a feudal landlord. Also he is called upon to function in an economy where the growing non-agricultural sector is worked on capitalist principles and consequently his own management is judged by the same criteria of efficiency. It is for this reason, mainly, that the co-operative organization of the individual holdings, in the sense it is usually understood and advocated, defeats its own purpose. There is, of course, one other method of achieving the optimum size of the production unit, except by pooling the individual holdings in some, form of co-operative joint production units. But for them to fulfil the original purpose; namely to achieve maximum output through a maximum utilization of labour, the co-operative farm has to be basically feudal and not capitalist.

In its feudal form, the co-operative organization should resemble a household rather than a business enterprise. The members of a co-operative organization are, in fact, often exhorted to act and behave like the members of a

family. But, usually, such exhortation is more romantic than realistic. Because, logically, the primary responsibility of the manager or the managing committee of a co-operative organization conceived as a household would be to feed its members and to occupy them usefully, and it is rarely that individual households are willing to yield themselves to a common discipline which may be necessary for the purpose. In any case, it takes more than an occasional exhortation for them to agree to such a submission.

Of all the responsibilities which may be put on the manager or the managing committee of a co-operative production unit; the most serious is that of usefully employing all its labour resources. Overpopulation, strictly speaking, means that, under conditions of full employment, the marginal productivity of labour is zero. This means that labour cannot be employed beyond the point of zero productivity without being detrimental to the total output. Obviously, therefore, all the labour cannot be utilized in current production. Therefore, a part of it must be utilized on capital works, which directly lead to capital creation. It is this possibility which enables the joint production units to create additional employment and to utilize the unemployed labour resources disguised as self-employed in family farms. The superiority of the joint

production units lies in this that they alone, as distinct from individual family holdings, can undertake certain categories of capital works. The optimum size of the production unit must, therefore, be decided, not by the exclusive considerations and techniques of current production, but also, and perhaps mainly, by the requirements of discovering, planning, and executing capital works. Thus conceived, it will be noted that few individual holdings, including even those above any proposed ceiling, can be regarded to be of the optimum size. In fact, thus considered, the optimum production units will be sizeable agricultural regions. This is not what is usually conceived by way of a co-operative organization of individual holdings.

With the accumulation of capital in the agricultural sector and with the withdrawal of a part of the agricultural population into the growing non-agricultural sector, the ratio of land-capital to labour in the agricultural sector improves and causes an upward shift in the marginal productivity curve. A stage is then reached when, even under conditions of full employment, the marginal productivity of labour in the agricultural sector is no longer zero—it is positive but still less than the subsistence wage. In terms of the definitions given by Georgescu-Roegen, the condition of overpopulation still persists but not quite strictly. Under this

condition, the management has a difficult choice to make between capital works and current production. However, what is more important in the present context is that under these conditions, in order to maximize the total output, the labour must be used to its fullest capacity. As Georgescu-Roegen points out, at this stage of development, the working class, can have no leisure at all. The co-operative organization of the individual holdings, as it is usually understood, does not create conditions for everyone to work to his full capacity. For that purpose, something more than the co-operative spirit is required.

It seems, therefore, that the individual peasant holdings or even these same organized in what are loosely called co-operatives do not provide a solution to the agrarian problem under conditions of overpopulation. The solution has to be found in an organisation of the agrarian sector in large units of land and population, feudal in theory, modern in technology and oriented to a socialistic purpose. Because the basic production units would be large, it is inevitable that the relation between man and land in them should be much looser than the one implied in individual peasant holdings. There is another reason why this relationship should be rather loose and certainly short of proprietary rights in land. The starting point of this discussion, it

will be remembered, was the problem of how to seek an institutional structure which would hold and employ the residual population until an increasingly larger portion of it was withdrawn into the non-agricultural sector. Therefore, the holding operation must be such as would facilitate the timely release of a part of the labour force when needed. In particular, while settling the whole population in agriculture, care must be taken to see that the settlements is not done in a manner which may obstruct this eventual withdrawal of a large part of the population or which may cause dislocation in agriculture when such withdrawal takes place. Individual proprietary interests in land in general create such difficulties. Therefore, it will be advisable to avoid creating such rights in land. In many countries such rights in land already exist, and possibly they have to be taken cognizance of. Nevertheless, two broad principles may be enunciated: Firstly, no individual rights should be created in lands where they do not already exist or where they have been destroyed for one reason or another, such as by expropriation or by the application of a ceiling. Secondly, granting of individual rights in land to persons who do not already have any should be avoided; in other words, permanent or long-term settlement of landless persons in agriculture should be avoided. On the other hand, those who are not yet settled on

land, should receive the highest priority and preparation for being withdrawn from the agricultural sector into the non-agricultural sector.

These are some of the considerations of internal organization of the agricultural sector which indicate that individual peasant holdings do not provide the requisite structure. There are also other compelling reasons which point in the same direction. One such consideration concerns the relation between the agricultural and the non-agricultural sectors. In the process of economic growth, when the non-agricultural sector continually grows, one of the crucial functions of the agricultural sector is to produce enough food and to release it for the use of the non-agricultural sector at reasonable price. There is no need to spell this problem more fully. The conflict is well known and is known to become spiny under conditions of overpopulation and peasant proprietorship. When food is in short supply, its equitable distribution becomes crucial. In other words, if the process of growth is not to be hindered on this account, the non-agricultural sector must be able to secure its due share of the food production. Whatever the form of the institutional structure we may desire to have for the agricultural sector,

it must provide for a feudal overlord who will collect the tithe and hand it over to the non-agricultural sector.

To repeat, all these considerations lead to the same conclusion, that the individual peasant holdings, though feudal in form and, therefore, answering the purpose up to a point and found culturally satisfying; do not meet several other requirements of economic growth. Further, this principle, when it is associated with romantic egalitarianism with its doctrine of self-employment, puts a ceiling on individual achievement and enterprise, depresses the agricultural sector and makes it politically weak. The argument leads inevitably to a structure composed of large production units managed not on capitalist principles, but for collective good. It will be seen that such a structure also offers a large network of institutions, where the enterprise and ability of individuals may find the fullest scope and where it may be amply rewarded, though rather differently. In the light of this it is difficult to accept Georgescu-Reogen's recommendation of the agrarian doctrine of individual peasant holdings and cottage industry involving the double negation-not Capitalism, not Socialism.

## UTILISATION OF RURAL MANPOWER

V. M. Dandekar

*The existing pattern of rural employment is agriculture-based, where every one clings to an inadequate and uneconomic land holding and competes haphazardly for-whatever wage employment might be available in agriculture. This is out of helplessness rather than by choice - because there is nothing else dependable.*

*If so this is added another source of not very secure or dependable employment as on local, and seasonal works, it might add somewhat to the total quantum of employment but would do little to reorganise or rationalise the pattern of employment. This is what is being done at present.*

*On the other hand, if by means of a rural works programme together with the other Plan projects, a certain amount of secure and dependable employment, that is regular, full-time employment throughout the year, could be created things would be different.*

*It should not be impossible to do this if we consider the total quantum of rural employment becoming available on all the Plan projects and the proposed supplementary works. The aim must be to convert as much as possible of the employment becoming available on the Plan projects into regular, full-time employment throughout the year so that it may be regarded as secure and dependable.*

*The main function of the supplementary works being proposed should be to bridge the, gaps in the phased programme of works, to provide stand-byes in the event of inevitable delays in the execution of some of the Plan projects and thus to ensure continuity of employment for the largest number of workers employed on the Plan projects.*

*Thus conceived the purpose of the supplementary works programme would appear to be not so much to provide slack season employment to those engaged in agriculture but to provide continuous employment to the largest number of persons on rural works of one type or another.*

THE utilization of rural manpower resources of the major aims of the Third Five Year Plan. In the statement of "Objectives of Planned Development" in Chapter I, it is stated that "the first condition for securing equality of opportunity and achieving a national minimum is assurance of gainful employment for every one who seeks work" and realizing that "for many years the greatest scope for utilizing manpower resources in rural areas will lie in programmes of agricultural development, road development projects, ... etc.," it is proposed in Chapter X on "Employment and Manpower" to undertake a "comprehensive programme of rural works during the Third Plan". It is emphasised that "the proposal .... is significant not merely for creating the additional employment opportunities which are required, but even more as an important means for harnessing the large manpower resources available in rural areas for the rapid economic development of the country." There already exist in the plans of States and local bodies projects which involve the use of unskilled and semiskilled labour. What is envisaged is the creation of supplementary works programmes to be organised in areas in which there is a high incidence of unemployment.

#### **PROBLEMS CHIEFLY ORGANIZATIONAL**

It is recognised that the problems in

this field are chiefly operational or organisational rather than financial. An attempt has therefore been made in the Plan to spell out in some detail the pattern of organisation envisaged. The salient points are as under:

(i) For local works as well as for the larger schemes it is essential that there should be clearly worked out programmes in each development block. The block plan will include all the works to be undertaken by different agencies through the block organisation and those falling within the general plans of the States.

(ii) In turn, the block plan must be split into village plans and in this form it should be made widely known in the area.

(iii) Since unemployment and under-employment are specially acute during the slack agricultural seasons, to the extent possible, works programmes should be planned for execution during these periods.

(iv) In all cases of works to be undertaken in villages, wages should be paid at the village rate.

And further:

(v) The necessary construction organisations and the labour cooperatives needed should be built up, specially at the block level. These organisations can



carry stocks of tools obtain contracts secure the necessary technical and administrative assistance, organise cadres of trained and skilled workers and work in close cooperation with district authorities, panchayat samities and others.

(vi) Voluntary organisations should also be able to provide local leadership and undertake educational and cultural work.

(vii) To carry out the rural works programmes on the scale suggested above, adequate organisations are to be built up mainly in the State and also to the extent necessary, at the Centre.

The Plan notes that "following broadly the lines mentioned above, a scheme of pilot projects for works programmes for utilising rural manpower has been recently introduced" and that "the object of this series of pilot projects is to 'furnish experience in organising works programmes which will make some impact on the problem of unemployment and underemployment'".

Thus evidently, considerable progress has been made in the matter of thinking on this subject over the ideas contained in the Second Five Year Plan. For once, it is recognized that the additional employment to be created has to be, in

the main, wage-employment on development works and not the make-belief self-employment in traditional hand-industries. It is also recognized that when someone works, he must be paid wages and that the wages to be paid have to be more or less at the prevailing wage rate; in other words, that you cannot ask for free and voluntary contributions of labour from an unemployed person on grounds that in any case he was not doing anything. Finally, it is recognized that the problems in this field are chiefly operational or organizational. Undoubtedly, this is an important step forward.

The ideas on the subject of organization are, however, yet far from clear and to the extent that these are spelt out in the Plan there is discernible in them a mixture of two rather different operational levels being contemplated. On the one hand, the need for a programme "which will make some impact on the problem of unemployment and under-employment" is recognized and a number of corollaries following from this are accepted. For instance, it is admitted that in order to carry out the rural works programme on this scale, adequate organizations must be built up mainly in the States and to the extent necessary, also at the Centre; that there should be clearly worked-out programmes of work in each development block; that the necessary construction

organizations and the labour co-operatives needed should be built up specially at the block level and that these should work in close cooperation with district authorities and panchayat samitis; that such labour organizations should carry stocks of tools, obtain contracts, secure the necessary technical and administrative assistance and organize cadres of trained and skilled workers. This is one level of operation envisaged.

On the other hand, the other approach chiefly aims at providing work and employment during slack agricultural season when unemployment and under-employment are specially acute. For instance, it is proposed that, as far as possible, the works programmes should be planned for execution during these periods. A number of corollaries follow. For instance, it is suggested that the block plan must be split into village plans and that it is in this form that it should be made widely known in the area; that in all cases of works to be undertaken in villages, wages should be paid at the village rates; and that voluntary organizations should be able to provide local leadership and undertake educational and cultural work. The emphasis is thus on dealing with the problem at the local or the, village level with the object of providing work during the slack agricultural season and as close

as possible to the homes of the persons concerned, This is the other level of operation envisaged.

### SEASONAL EMPLOYMENT

In order to see the difference between these two approaches, what they aim at achieving and the nature of their likely impact on the problem of employment and under-employment, we should first examine more closely the basis of the second approach, because it is apparently the simpler between the two and for that reason is most likely to be adopted. The basis of this approach, as explained above, is the fact that the employment in agriculture being seasonal, the rural unemployment and under-employment is specially acute during the slack agricultural season. This is, of course, generally true. However, the seasonality of agricultural employment does not affect all sections of the rural population in the same manner and in the context of a programme for utilizing rural manpower it is necessary to distinguish at least three or four classes. In the first place, there is a sizable class of cultivators who have large enough land holdings to keep them busy throughout the year. These cultivators are in fact over-worked during the peak season and have to call in hired labour to help them. Even during the slack season, these people have many things to do in preparation for the next season and they rarely get a respite from

the rigours of the agricultural cycle. There is also another sizable class with holdings not quite so large but nevertheless adequate, to keep them busy more or less throughout the year. These persons might be somewhat under-employed or even unemployed for short periods during the slack season. The brief respite is, however, more in the nature of an earned leave than, unemployment and the persons concerned are inclined to treat it that way. They have many social calls such as marriage functions to attend and they are busy though not gainfully employed. We need not grudge them this brief respite; in any case, they are usually not available for wage-employment during this period. Therefore, in a programme for utilizing rural manpower, we need not bother ourselves with these two classes.

Next comes the class of cultivators with holdings inadequate to keep them properly employed and particularly with, uneconomic holdings which do, not fetch them even a minimum income. Their holdings are adequate probably to keep them busy only during the peak periods. During the rest of the year they are more or less under-employed. The under-employment would, of course, be more acute during slack season when the persons might even be completely unemployed for short periods. But there is not necessarily only one slack season during the year and it would be found that

the unemployment or under-employment of this class is not quite confined to one or two periods of any length; it is rather dispersed and appears intermittently in brief spells. In fact, in spite of the shortage of employment from which they suffer, these persons would rarely be found to have been unemployed continuously over, say, a week. There is always some work to do off and on when you own a land holding but in between there is little to do. It is this aspect of agricultural employment rather than its seasonal nature which affects this class; and the reason for their unemployment or under-employment is not so much the seasonal nature of agricultural employment as the inadequacy of their land holdings.

The same is true, and even more acutely of the class of landless labourers. These persons again are adequately employed only during the peak agricultural season when enough wage-employment is available in agriculture. During the rest of the year they are under-employed. During the slack seasons, they may be unemployed continuously for brief periods of, say, one or two weeks. Over the rest of the year, they are intermittently employed and unemployed.

#### **IRREGULARLY EMPLOYED THROUGHOUT THE YEAR**

It is these two classes of rural population which are chiefly relevant in the context of a programme of utilizing rural manpower. At present this population is employed partly on owned land, partly in wage-employment on other farms and partly in wage-employment in non-agricultural occupations or on public works. Except for the small land holdings that some of them have, this population has no dependable means of livelihood. Therefore when there is no owned land to work on, or when there is no work to do on the small owned holding, the population seeks work wherever it might be available. In peak periods when agriculture requires much labour, and off and on throughout the year, a certain amount of work is available in agriculture. That is what this population chiefly subsists on. When this is not available, it seeks work elsewhere. When nothing is available, the population remains unemployed. The chief characteristic of this population is not that it is acutely unemployed or under-employed during slack agricultural season but that it is employed irregularly and inadequately and unemployed intermittently throughout the year. The reason for this is not so much the seasonal nature of agricultural employment but the inadequacy of the means at the disposal of this population. In the first instance, there is not enough land available to this population to employ itself upon. Secondly, there is not

available in sufficient measure regular and dependable full-time employment either in industry or in public works which would induce and enable a part of this population to gradually withdraw from agriculture. Under these circumstances and because nothing is dependable, everyone tries to secure whatever work is available and the total quantum is shared out haphazardly among all.

Of all the employment that is available to this class of population, the one in agriculture namely self-employment on owned land, is the most dependable. It might be seasonal; it might be irregular; it might be inadequate if the holding is too small; the returns from it might be uncertain and subject to the hazards of the season; but the employment is secure and dependable. So everyone holds on to the land, however small the holding might be; and those who have none, desire to own some. The facts of this situation are so patent, that they have even influenced the thinking among the policy makers in this field. There have been, for instance, recurring proposals to rehabilitate the landless persons on land, however small the holdings it might be possible to offer to them. It is not surprising, therefore that even the very small landholders would want to hold on to their inadequate holdings; because, however small a holding might be, it gives its owner something dependable to work on.

### **DEPENDENT ON AGRICULTURAL EMPLOYMENT**

The other source of employment available to this population is the wage-employment in agriculture. This is not quite as secure but it is, nevertheless dependable. In peak periods agriculture requires much labour and the family labour of the cultivators is not enough. There are also a few large, farmers who need hired labour more or less throughout the year. There are besides some farmers who, need an additional hand for ploughing or who need an additional hand for irrigation. Then there are emergencies in the families if the cultivators and someone needs a helping hand in cultivation. If one is on the spot, one knows when and where a hand is needed; and if one is willing, one is usually called in. So, that is dependable. It is also close to the homes of the persons concerned and it requires skills with which they are familiar. So they cling on and compete for whatever wage-employment is available in agriculture.

To sum up, agricultural employment, either on owned holdings or wage-employment on other farms, provides the base for the present employment of the population with which we are primarily concerned in a programme for utilizing manpower resources. Practically every-one of the class desires to make agricultural employment as the base and tries to

look out for additional employment either in non-agricultural occupations or on public works. Everyone retains a strong preference for agricultural employment and, therefore, rarely gets committed to other forms of employment so far as it will, require his giving up his tiny land holding or foregoing the seasonal and other wage-employment in agriculture that is available intermittently; because nothing else is quite as dependable.

It is this behavioural pattern of the rural population concerned which is relevant to any programme for utilising rural manpower resources. If additional employment is to be created so as to fit into this pattern, it is obvious that it must be created close to the homes of the persons concerned and that it should be available to them as and when they need it. In other words, the rural works programme must be planned at the local or the village level. When the works are so planned, there might not become available at any time more than say a dozen or so persons to work. Therefore, the works will have to be rather small. Also, there would be practically always a few persons who would want work so that some work should as far, as possible be always available. Further, persons working on the project might leave without notice when some other employment such as wage-employment in agriculture became

available to them. The conditions of employment on the supplementary works will, therefore, have to be rather flexible. For all these reasons, it is obvious that the organization of such works will also have to be left largely to local bodies and local leadership. Thus the supplementary works programme boils down to finding out small, local works which could be executed under the supervision of local leadership as and when a sufficient number of persons is wanting work. This appears to be the level of operation contemplated in the second of the two approaches described in the beginning.

The greatest advantage of a supplementary works programme of this nature is that it leaves the rural economy and, in particular, the structure of rural employment very much undisturbed. Everyone would continue to work as he did before and in addition, when he had nothing to do he would have some additional work to do and earn something in the bargain. It is for this reason that it is stipulated that the wages should be paid at the village rates, presumably at the rates prevailing at the time the work is executed. The works would be normally executed in slack season and evidently the wages then prevailing would be the lowest at which some people would be willing to work. The supplementary works would thus leave the entire structure of wages and

employment undisturbed. In fact sometimes it is even suggested that the wages to be paid on such works should be somewhat below the prevailing rates. This is not so much for economy as for ensuring that the rest of the economy remained undisturbed. If the wages being paid on the supplementary works are somewhat below the prevailing rates, persons would work on such projects only when they had nothing else to do. Their employment on the works would thus leave everything else undisturbed.

There is yet another condition that the supplementary works might as well satisfy. As we have seen the present behavioural pattern of the persons concerned is mainly conditioned by the fact that they have nothing dependable except whatever employment they can secure in agriculture. That explains their strong attachment to agricultural employment. To leave the things unchanged in this respect it would be desirable not to create a feeling of security and dependability in the rural works programme. An effort would of course be made to provide work as and when needed and as conveniently as possible. But there could be no question of a guarantee in this respect. There might be persons who wanted work; but if no suitable work could be locally found or readily organised there would, of course, be no work. There would always be difficulty in discovering and planning

a number of small works one after another, and more often than not, there would be no work to offer. Also though in the circumstance local leadership is the best agency to leave the organization of the programme to, the lack of experience, the small dispersed and irregular nature of the programme to be organized and all the other complicating factors associated with entrusting the welfare of the under privileged classes to the local leadership would make the works programme far from dependable so far as the unemployed are concerned. There is thus little danger of promoting a feeling of security and dependability in the works programmes if they are appropriately organized as a number of small and dispersed works to be executed under the supervision of local leadership. Thus conceived the rural works programme might provide some additional employment to those who need it without disturbing the existing structure of rural employment.

#### **BLOCK LEVEL APPROACH**

These seem to be broadly the lines along which the second of the two approaches is conceived. In contradistinction the other approach is conceived primarily at the district or the block level and its keystone is the proposal to build up construction organizations and labour co-operatives at the block level. It will be

remembered that these labour organizations are expected to work in close cooperation with the district authorities and the panchayat samitis and that they are supposed to carry stocks of tools, obtain contracts, secure the necessary technical and administrative assistance and organize cadres of trained and skilled workers. It is obvious that there would hardly be any scope or need for such organizations if the rural works programme were to be conceived primarily at the village level and executed under the supervision of local leadership. It is also evident that it would be hard to build up any such organizations on the basis of seasonal, part time or intermittent work to be provided on small sized local works. Finally, if in fact such organizations were promoted. It should be clear that they would most certainly not leave undisturbed the present structure of rural employment.

There is, of course, no reason why we should take the existing pattern of rural employment for granted or why we should want to leave it undisturbed. In fact it is not only desirable but imperative to reorganize and rationalize this pattern if the rural manpower is to be mobilized for efficient utilization. This is also not impossible to do. As we have seen, the existing pattern of rural employment of the class of population with which we are concerned is based on agricultural

employment where everyone clings to an inadequate and uneconomic land holding which one might have, tries to secure a land holding howsoever small if one has none, and where everyone competes haphazardly for whatever wage-employment might be available in agriculture. This is out of helplessness rather than by choice because there is nothing else dependable. Therefore if to this is added another source of not very secure or dependable employment as on local and seasonal works, it might add somewhat to the total quantum of employment but would do little to reorganize or rationalize the pattern of employment. This is what is happening at present. For instance, a certain amount of rural employment has become available on a number of Plan projects in recent years. But it merely added haphazardly to the total quantum available and did little to reorganize or rationalize the total pattern. The same would happen to the additional employment proposed to be created on supplementary rural works if these were conceived merely as a series of small local and seasonal works providing employment when and where it was needed. Everyone would still want to have a bit of land; everyone would still compete for the meagre wage-employment in agriculture; and everyone would want to work on the rural works when he was doing nothing else. On the other hand, if by means of a rural works

programme together with the other plan projects, we could create a certain amount of secure and dependable, that is regular, full time employment throughout the things would be entirely different. In particular, it might go a long way in reorganizing and rationalizing the pattern of rural employment.

It should not be impossible to do this if we could take a look at the total quantum of rural employment becoming available on all the Plan projects and the proposed supplementary works. The district or the block would be the appropriate level to attempt such an assessment. As it is proposed in the Third Plan: "For local works as well as for the larger schemes it is essential that there should be clearly worked out programmes in each, development block. The block plan will include all the works to be undertaken by different agencies through the block organization ... and those falling within the general plans of the States ... programmes for large and medium irrigation projects, road development, etc." This must be done. The Plan proceeds to suggest that "in turn, the block plan must be split into village plans and, in this form it should be made widely known in the area". This may be done. However, what is more important in the present context is to fully and clearly programme the several projects and works over the years and over each year, to phase them and to



dovetail them appropriately so that the largest number of workers may be given regular full time employment continuously throughout the year. The aim must be to convert as much as possible of the employment becoming available on the several Plan projects into regular, full time employment throughout the year so that it may be regarded secure and dependable. The main function of the supplementary works being proposed should be to bridge the gaps in the phased programme of works, to provide stand-byes in the event of inevitable delays in the execution of some of the Plan projects and thus to ensure continuity of employment for the largest number of workers being employed on the Plan projects. Thus conceived the purpose of the supplementary works programme would appear to be not so much to provide slack season employment to those engaged in agriculture but to provide continuous employment to the largest number of persons on rural works of one type or another.

This will induce, and enable a part of the agricultural proletariat to withdraw more or less completely and permanently from agriculture and will create conditions for its organizing into appropriate construction organizations and labour cooperatives of the type contemplated in the Plan. This seems to be the idea underlying the first of the two approaches

to the rural works programme. It is only when the programme is thus conceived that it becomes significant, as it is intended to be, "not merely for creating the additional employment opportunities which are required, but even more as an important means for harnessing the large manpower resources available in rural areas for the rapid economic development of the country". It is only when the programme is thus conceived that it becomes meaningful, in each development block, to look at "all the works to be undertaken by different agencies through the block organization ... and those falling within the general plans of the States ... programmes for large and medium irrigation projects, road development, etc." as one single works programme aimed at "harnessing the large manpower resources available in rural areas". Thus conceived, what the works programme aims at is that while agricultural and social capital is being created in the rural areas through the several projects and works, and while these projects and works offer additional employment opportunities for the rural manpower, the same will be utilized for reorganizing and rationalizing the existing structure of rural employment, for withdrawing permanently a part of the rural population at present leaning on agriculture and for holding it in appropriate labour organizations, for training it for skilled jobs until eventually it is

absorbed in the growing industry. This is a gigantic task but it is this scale of operation which is contemplated when it is suggested that "to carry out the rural works programme on the scale suggested above adequate organizations are to be built up mainly in the States and also to the extent necessary, at the Centre".

#### **BEGINNING WITH SELECT BLOCKS**

This is different from the supplementary works programme aimed at discovering small local works at the village level which might provide additional employment opportunities during the slack season without otherwise disturbing the pattern of rural employment. This also demands organization of quite a different order. It seems that the pilot projects now in the field belong mainly to the other category. If that is true, they are not likely to furnish experience in organization of the desired kind and order. We suggest, therefore, that in addition to the pilot projects already in the field, a few pilot projects of the requisite order may also be immediately started.

We might make a beginning in a few selected development blocks. In these blocks, the rural works programme should be conceived really at the block level. To begin, with, as already suggested, we should make a complete tally of all the plan projects and supplementary

works that may be executed during the Plan period; we should programme these over the years and over each year; phase these works and dovetail them appropriately so as to create a continuum of employment for the maximum possible number; and, finally, we should assess the number that may thus be employed. At the same time we should begin enlisting persons who are willing to undertake employment of this kind; regular, full time, throughout the year, on projects and works anywhere in the block. As and when work becomes available these persons should be called up and deployed taking care that once a person is put on the job he will not be disbanded except for good reasons; that he will be kept employed on one or the other job all the time. These are the first steps to create a cadre of rural labour fully and properly employed on rural works.

There are several organizational and administrative problems which will crop up once we make a beginning. It is impossible to list them in advance or to suggest solutions. We might nevertheless cite a few. In certain blocks more persons might enlist for employment than we could immediately call up. In such cases, the landless persons should be given priority over the rest. This would be the most convenient thing to do for this class of population would have the least difficulty in moving out of the home villages

and thus abiding by the conditions of employment, namely to accept regular, full time employment on works anywhere in the block. Also, if some persons must be moved out of agriculture and employed elsewhere, the landless labour should be the most appropriate class to choose from. It will also be right to give this class priority attention. For this is the class which benefits least from the several Plan projects. It will, therefore, be only fair to reserve for it at least the direct or primary benefits of the rural works.

In fact a complete and total withdrawal of the landless labour population from agriculture might be kept as the minimum objective of the rural works programme in a development block unless of course some of them could be settled on adequate land holdings. This alone might make some impact on the problem of unemployment and under-employment in agriculture. Once the landless labour is withdrawn from agriculture, the competition for wage-employment in agriculture will be reduced and the wage-employment will be entirely available to the class of very small land holders. They might then find adequate employment partly on their own holdings and partly in wage employment on other farms.

The entire pattern of rural employment will thus be rationalized: there will be some persons who will be entirely and fully employed in agriculture while the others will be employed on a series of rural works until they are eventually absorbed in the growing industry.

#### **PROBLEM OF UNECONOMIC HOLDERS**

The withdrawal of the landless labour from agriculture will prove enough in many regions in the sense that once this is done the remaining population will be adequately employed in agriculture. But this might not be everywhere so. In such cases even some of the very small and uneconomic land holders may have to be induced and encouraged to leave agriculture. There will of course be some among them who will have enlisted for recruitment under the programme; provided there is work to give, these may also be called up. However, for them the rural works programme could attempt to do something more than this, depending upon its own bargaining power. In all the discussion on land reform that has gone on in the country during the last 10 years, not much attention has been paid to the problem of uneconomic land holders. The Third Plan does not even make a reference to this problem. It is not that the existence of the problem is not recognized; but there is no solution to propose. There is a vague talk about organizing the uneconomic holders into cooperative

farming societies. But because cooperation has to be voluntary, not sufficient thought has been given to the difficulties that are in the way of organizing the uneconomic holders into viable cooperatives. There are, of course, several reasons why farmers do not join cooperatives. With small farmers there is, however, an added and relevant reason. The uneconomic holdings are uneconomic in several senses of the term. The one relevant in the present context is that they are unable to provide adequate employment to the members of the owners families. In other words, the uneconomic holders and the members of their families are usually under-employed. Now, this under-employment which might otherwise be disguised comes to surface as soon as such farms are pooled into a cooperative farm.

The danger of being thrown out of employment constitutes an important reason why the small farmers are reluctant to join cooperative farming societies. Hence, if the rural works programme were able to offer to them alternative secure and dependable employment in case the cooperative farming society has no work for them, an important obstacle might have been removed. Therefore, before offering employment on the rural works programme to a landholder, we might insist that he owned a less than economic holding that he had pooled it

into a cooperative farming society and that the society was not able to give him adequate employment in agriculture. The rural works programme could thus force a structural change in the lowest stratum of agriculture, which is what that stratum badly needs.

In the beginning, the entire responsibility of enlisting, recruiting and deploying the persons on the several works will have to be accepted by an appropriate agency of the block organization. In other words, in the beginning, the persons will have to be employed departmentally and hence on a time wage. It should be clearly understood that what the programme aims to do is not offering relief but offering regular full-time employment to able-bodied persons. Therefore, they must be paid not only at the rate prevailing in the rural area but, in fact at the rate which is regarded as the requisite minimum in the area. This will not only promote efficiency on the rural works but will also ensure the enforcing of minimum wage in agriculture which there seems to be no other way of doing.

#### **TOWARDS LABOUR COOPERATIVES**

But the-departmental organization must not be continued too long. As soon as there is a sizable number of persons enlisted and employed, the earliest

opportunity should be taken to decentralize the organization into a number of regional labour groups to be gradually developed and shaped into labour cooperatives, which would then work block organization. It is these labour cooperatives which will be duly trained to carry stocks of tools which might include transport and camping equipment to secure necessary technical to obtain contracts. For several reasons, the ultimate form of the labour organization will have to be some kind of a network of labour cooperatives. But this must be kept as the goal and not be made the starting point. In particular, formation of labour cooperatives must not be made a precondition for the entire programme of rural works. It should be realized that the persons concerned are unskilled, illiterate and very poor; they are scattered all over the place and they have no base to organize. The rural works programme must offer them this base and accept the consequent responsibility until these men gather together, stand on their own and organize themselves into viable cooperatives.

It should be mentioned that though this population is being with-drawn from agriculture, in fact it will be employed for quite some time in creating agricultural and social capital. Hence, it is being withdrawn effectively only from current operations of agriculture. There can be

little doubt that this will have a salutary influence on the agricultural development. It is possible, however, that if the programme succeeds too well, agriculture in some areas might suffer from a certain shortage of labour during the peak periods. In such an event, there would be no objection to some of the labour cooperatives undertaking contract work in agriculture such as for harvesting. While programming their works over the year, the block organizations could easily meet such a requirement. However, even if this became necessary, there would be an important difference between the employment situation now prevailing and then obtaining: In the first instance, this labour would no longer be leaning on agriculture; it would be only meeting the demands of agriculture. Secondly, it would work not as unorganized casual labour but as teams of organized and efficient labour. Even this would not be a mean achievement.

#### **PILOT PROJECTS NEEDED**

There will be innumerable other difficulties and problems. It is to gather experience on them that a few pilot projects on the proposed lines are urgently needed. As experience gathers, these could be multiplied to cover more and more blocks. Once the rural works programme is initiated in a block and a number of labour cooperatives are organized, it will be the responsibility of the

block organization or other local bodies such as the panchayat samitis to discover and plan productive works in their area which could be contracted out to the labour cooperatives one after another. Arrangements must also be made at the same time to pick up the promising and able among the workers for training in industrial skills. Eventually, everyone who cannot be settled in agriculture will have to be absorbed in industry. But until that happens, these men, once organized into labour cooperatives equipped with tools transport and camping equipment,

will have to be moved from work to work within the block; from block to block within the district, if there is no more useful work to be found in a block; from district to district within the State, if a district fails to provide work; and even from State to State if there is more important work to do in one State than in another. They will have to be moved to where work is available, anywhere in this vast country. It is true that there will be many persons to be thus taken care of. But there is also much work to do.

# EMPLOYMENT AND UNEMPLOYMENT OF ADULT RURAL POPULATION

V. M. Dandekar and Vasant P. Petre

## *Introduction*

This paper deals with the pattern of employment and unemployment of the adult rural population. It also studies the variations in employment as between the big and small cultivators. The paper is based on data on employment gathered in the course of a programme of comprehensive socio economic inquiry of the region of the old Bombay Deccan, which is usually most liable to famine and drought. The survey-programme was carried out by the Gokhale Institute of Politics and Economics, Poona during 1947-51. The investigation into the employment of the population covered a sample of 2,379 households selected from 34 villages of the Ahmednagar, Satara, Sholapur, Poona and Bijpur districts. The investigation was done in 1949-50. Every household in the sample was visited once in every four weeks during the year of inquiry and information was elicited regarding the employment of every member of the family over six years of age for the seven days preceding the date of visit.

A few points regarding the data set out below may be noted to start with. In the first place, it should be remembered that in the following tables, the classification given is that of the 'person-days' and not

of the persons. The information on employment was collected, as said earlier, for seven days preceding the interview; hence every person has been classified seven times in the various employment categories. The classification, therefore, shows the disposition of the entire labour force on a day during the different months of the year. Secondly, about eleven categories of employment have been distinguished, on the basis of such considerations as to whether the adult male was employed (a) gainfully or in non-earning occupations, (b) in the village or outside, (c) on the farm or in non-farm occupations, (d) on his own or as a hired labourer, etc. The various categories of employment thus framed throw light on the extent of employment and the various forms in which voluntary, involuntary or disguised types of unemployment prevail in the rural economy.

## *Employment of adult males*

Table 1 presents a percentage distribution of the total adult male days according to various employment categories. The figures in the table give a dimensional picture of the employment and unemployment pattern of the adult male population. About six per cent of the

adult male labour force was engaged outside the village of residence. This might be roughly taken

**Table 1. A Percentage Distribution of The Adult Male Days According to Employment Categories**

Employment categories	Percentage of adult male days
1. Out of village	5.52
2. Self-employed on farm	33.03
3. Hired farm-labour	14.66
4. Self-employed in non-farm occupations	5.26
5. Hired non-farm labour	18.99
6. Unemployed	2.74
7. Ill-health	4.31
8. Disabled	3.65
9. Not seeking work	8.97
10. School	0.36
11. Household work and domestic duties	2.32
12. Not given	0.19
Total number of adult male days	1,33,175

as an average year-round out-migration of the rural labour force. If the various categories of gainful employment, are taken for consideration, it will be seen that nearly half of the labour force was engaged in farm work, of which about 33 per cent was self-employed and 15 per cent was hired for wages. Employment in the non-farm occupations was about 24 per cent, five per cent of this being self-employment and 19 per cent hired employment. It will be thus seen that while farm employment was largely

self-employment, non-farm employment was predominantly wage-employment. Taking into account both the farm and non-farm employment, hired labour force accounted for about 34 per cent of the total labour-time employed in gainful activity.

The proportion of the male days engaged in the non-earning activity of all kind was about 23 per cent of the total. This, in fact, represented various forms and degrees of unemployment. The component of the reported overt unemployment was nearly three per cent. The labour force which had to be economically idle due to ill-health or disability might be looked upon as involuntarily unemployed on account of temporary or permanent physical disability, respectively. Such labour force accounted for eight per cent of the total. The last three categories, viz., not seeking work, school, and household work, might be taken as different forms of voluntary unemployment. Together, they formed about 12 per cent of the total labour force of the adult males.

In Table 2 is shown a percentage distribution of the total adult male labour force according to the economic status of the household and the employment categories. The households selected in the sample were grouped into four quartile groups, after taking into account the



size of their cultivated holdings. The first two quartile groups might be taken to represent large and medium cultivators, while the last two groups, small cultivators and the agricultural labourers. The differential conditions regarding the employment and unemployment pattern are quite visible as between the different classes of the adult male labour force. As could be expected, self-employment on the farm was prominent in the case of the labour force coming from the big and the medium cultivator households, whereas hired farm-labour accounted for a relatively higher proportion of the labour force of the small cultivators and agricultural labourers. The proportions of the unemployed labour days and also of the migrant labour were comparatively higher, though only slightly, in the latter group than in the former.

It is obvious that the single largest proportion of the labour days was employed in farm work on own fields. A break-down of this self-employment on the farm according to different agricultural operations month-wise is given in Table 3. It will be seen that nearly 40 per cent of the total labour time year round of the adult males was required for preparatory operations (columns 1-3), about

27 per cent for sowing and related operations (columns 4-7), 15 per cent for harvesting and threshing (columns 8, 9), and the remaining for miscellaneous activities (column 10). Obviously, certain agricultural operations are possible and important only during certain months and seasons of the year. Thus, while a large proportion of labour force was occupied for ploughing from March to June, sowing and related operations were important in June-July (*kharif*) and September-October (*rabi*). Harvesting and threshing were the main jobs to be done in October-December and January-February.

### ***Employment of adult females***

Table 4 sets out a percentage distribution of the total adult female days according to the employment categories. As distinguished from the employment pattern of the adult males, the most distinct feature of the employment of adult females was that a large proportion (nearly half) of the adult female days was accounted for by household and domestic work. This was quite expected. Out-migrant labour, among the females, was less than two per cent. While

**Table 2. A Percentage Distribution of The Total Adult Male Days According to Economic Status and Employment Categories**

Quartile groups	Out of village	Self-employed on farm	Hired farm-labour	Self-employed in non-farm occupations	Hired non-farm labour	Unemployed	Ill-health	Disabled	Not-seeking work	School	Household work and domestic duties	Not-given	Total adult male days
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
I	3.41	56.58	4.37	2.24	14.19	1.08	3.98	3.50	8.09	0.26	2.12	0.18	46837
II	5.57	29.83	12.15	8.86	22.46	2.31	3.97	3.21	8.98	0.25	2.19	0.22	34328
III	6.27	19.52	21.79	6.52	20.52	3.94	4.93	5.10	8.59	0.36	2.26	0.20	27146
IV	8.59	7.84	29.75	4.57	21.56	5.16	4.75	2.95	11.04	0.68	2.92	0.19	24864
Total	5.52	33.03	14.66	5.26	18.99	2.74	4.31	3.65	8.97	0.36	2.32	0.19	133175

**Table 3. A Percentage Distribution of Self-Employed Adult Male Days on Farm Work (Excluding Exchange labour) According to Month and the Different Agricultural Operations**

Months	Ploughing	Harrowing	Manuring	Sowing	Weeding	Watering	Watching	Harvesting	Threshing	Miscellaneous	Unspecified	Total male days
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
October	1.24	2.33	0.12	2.95	8.10	32.67	10.55	11.20	11.84	16.38	2.62	3394
December												
January	8.25	-	0.05	-	0.54	13.94	11.94	36.21	15.45	13.21	0.41	7513
February	34.38	0.79	1.42	0.55	0.63	8.90	2.49	8.16	21.78	19.11	1.79	4573
March	46.76	8.77	3.79	1.79	1.00	8.13	3.01	0.08	2.10	22.11	2.46	4910
April	39.75	16.51	5.73	0.56	0.57	13.06	2.26	0.24	0.12	19.97	1.23	5936
May	26.61	24.55	3.18	5.61	2.30	14.81	1.91	0.35	0.50	18.53	1.65	6009
June	15.12	24.07	0.68	6.22	6.87	21.28	2.18	0.34	0.27	21.24	1.73	6185
July												
August												
September	17.82	23.17	1.16	5.85	9.01	18.51	3.54	0.91	0.19	16.93	2.91	4294
Total	23.80	12.81	2.06	2.84	3.22	15.74	4.79	8.34	6.36	18.34	1.70	42814

**Table 4. A Percentage Distribution of The Adult Female Days According to Employment Categories**

Employment categories	Percentage of adult Female days
1. Out of village	1.59
2. Self-employed on farm	10.87
3. Hired farm-labour	7.38
4. Self-employed in non-farm occupations	0.65
5. Hired non-farm labour	8.61
6. Unemployed	1.94
7. Ill-health	3.73
8. Disabled	5.63
9. Not seeking work	9.72
10. School	0.002
11. Household work and domestic duties	49.63
12. Not given	0.25
Total number of adult female days	136,885

self-employment of the female labour force was mostly in farm occupations (about 11 per cent), hired employment was reported in both farm and non-farm occupations (about eight per cent each) - The total proportion of the labour force that was voluntarily or involuntarily unemployed was about 21 per cent.

A percentage distribution of the female labour force according to the economic status of the households and employment categories is shown in Table 5. Like the adult males, in respect of the female labourers also, differential conditions regarding the employment pattern were observed as between the different groups of cultivators. Self-employment on the farm was characteristic of labourers coming from big and medium cultivating households, whereas wage-employment was prominent in the case of labour force of small cultivators and agricultural labourers. Unemployment and out-migration of labour were also relatively a little larger in the latter group than in the former.

In Table 6 is given a percentage distribution of the self-employed adult female days on the farm according to month and the different agricultural operations. Compared to the similar table for the adult males it will be seen that weeding, harvesting, and threshing are usually women's jobs which are done mostly during October-March.

**Table 5. A Percentage Distribution of The Total Adult Female Days According to Economic Status and Employment Categories**

Quartile groups	Out of village	Self-employed on farm	Hired farm-labour	Self-employed in non-farm occupations	Hired non-farm labour	Un-employed	Ill-health	Disabled	Not-seeking work	School	House-hold work and domestic duties	Not given	Total adult female days
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
I	1.30	18.67	2.43	0.08	6.51	0.92	3.67	6.27	9.13		51.09	0.20	43302
II	1.13	10.43	4.76	1.19	8.20	1.98	3.74	5.34	-9.89		52.96	0.38	33068
III	2.01	7.38	10.23	0.67	9.24	2.41	3.67	5.19	-9.92		49.05	0.23	30471
IV	2.47	3.67	14.51	0.85	11.44	2.88	3.86	5.48	10.19	0.01	44.45	0.19	30044
Total	1.59	10.87	7.38	0.65	8.61	1.94	3.73	5.63	9.72	0.002	49.63	0.25	136885

**Table 6. A Percentage Distribution of Self-Employed Adult Male Days on Farm Work (Excluding Exchange labour) According to Month and the Different Agricultural Operations**

Months	Ploughing	Harrowing	Manuring	Sowing	Weeding	Watering	Watching	Harvesting	Threshing	Miscellaneous	Unspecified	Total male days
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
October												
December	-	-	0.46	-	24.22	1.93	5.87	27.66	28.35	8.26	3.25	2589
January												
February	-	0.26	-	-	3.09	1.33	8.69	48.47	33.30	4.62	0.24	5411
March	0.37	-	0.37	0.37	3.47	2.84	3.11	25.32	50.53	12.52	1.10	1900
April	0.21	1.28	1.50	-	5.57	12.42	11.57	13.49	8.57	45.39	-	467
May	0.12	0.71	2.00	0.94	4.70	4.94	12.92	1.65	35.72	35.01	1.29	851
June	-	0.8	1.55	5.46	26.40	4.79	8.11	1.33	17.92	33.48	0.15	1356
July	0.23	1	-	3.86	38.80	9.28	8.73	2.47	1.00	34.39	1.24	1294
August												
September	0.54	-	-	2.39	38.37	9.89	13.37	9.35	4.02	21.31	0.76	920
Total	0.12	0.25	0.42	1.09	14.47	3.73	8.05	27.27	27.95	15.61	1.04	14788

### **Summary**

This paper deals with the pattern of employment and unemployment of the adult rural population. The paper is based on data on employment gathered in 1949-50 by the Gokhale Institute, in the course of a programme of comprehensive socio-economic inquiry of the famine tracts of the old Bombay Deccan.

As regards the employment of adult male population, it was found that nearly half of it was engaged in farm work, about a quarter in non-farm work and the remaining were either voluntarily or involuntarily unemployed. While employment on the farm was largely self-employment, non-farm employment was predominantly wage-employment. It was interesting to find that the variations in the employment pattern, as between the big and small cultivators, were quite

significant. For example, while self-employment was characteristic of labour force coming from big and medium cultivating households, hired farm-labour was prominent in the case of labour force of small cultivators and agricultural labourers.

The most distinct and quite expected feature of the employment pattern of the adult female labour force was that nearly half of it was engaged in household work. As between the different classes of cultivating households, the same differential conditions in the employment pattern as of adult males were also observed in the case of female labour force. Regarding employment in the various agricultural operations, weeding, harvesting and threshing were usually the women's jobs which accounted for nearly 70 per cent of the female self-employment on the farm.

# FUNDAMENTAL PROBLEMS OF AGRARIAN STRUCTURE AND REFORM IN SOUTH AND SOUTH-EAST ASIA

V. M. Dandekar

*A paper read before the International Conference on Fundamental Problems of Agrarian Structure and Reform in Developing Countries, invited by Deutsche Stiftung Fur Entwicklungslander, Berlin-Tegel, in May, 1962.*

The purpose of this paper is to describe in brief outline the agrarian structures of the countries of the south and south-east Asia and indicate certain of their features calling for reform. In the following are listed the countries included in the region and in order to afford a rough idea of the size of the whole region and of the relative sizes of the several countries, against each country are given its estimated population in 1960, (UN Demographic Year Book, 1960) and its arable land area (FAO Production Year Book, 1960).

Country	Population persons	Arable land hectares
India	408,699,000	159,637,000
Pakistan	86,623,000	24,625,000
Nepal	9,160,000	3,694,000
	504,702,000	188,556,000
Burma	20,662,000	8,614,000
Thailand	25,520,000	9,896,000
North Viet Nam	14,300,000	1,300,000
South Viet Nam	12,300,000	2,697,000
Cambodia	4,845,000	2,500,000
Laos	1,760,000	1,020,000
Philippines	27,456,000	7,296,000
	106,643,000	33,525,000
Indonesia	92,600,000	17,681,060
Federation of Malaya	6,698,000	2,186,000
Singapore	1,634,000	14,000
Ceylon	9,612,000	1,523,000
	110,544,000	21,404,000
Total	722,089,000	243,465,000

India, Pakistan and Nepal together with Ceylon form what might be called the South Asia but Ceylon goes better with the countries of the South-East Asia. The countries of the South-east Asia may be divided broadly into two regions: Above and below the 5th-parallel. The whole region may thus be divided into three regions, South, South-east and Equatorial. That is how they appear grouped in the above list.

Recent population censuses taken in some of the countries suggest that the estimates of population given above are likely to be underestimates and that the present population of the region might be in the neighbourhood of 800 million. Considering that the economy of the region is overwhelmingly agricultural, the population it is called upon to support must be regarded as very large. The agrarian structure of the region is characterized by this extremely heavy pressure of population on agriculture.

The pressure of population in the region has been a phenomenon of comparatively recent making. At the beginning of the last century, the population of the region was probably nowhere more than its agriculture could support. The whole economy was self-sufficient and subsistent, characterized by either unsettled tribal populations subsisting on shifting cultivation in sparsely populated

hilly regions or agricultural communities settled in more or less self-contained villages exercising communal control of varying degree on the use of agricultural land. On this agrarian structure was superimposed a political or feudal superstructure of principalities and kingdoms. But except demanding allegiance and recovering tithe and other feudal dues, the political superstructure hardly ever interfered with the agrarian communities. A small amount of internal or even international trade went on but that too touched the agrarian communities only on the periphery.

This self-contained and in a sense contented agrarian life was suddenly exposed to the competitive exchange economy of the West. By the beginning of the eighteenth century, a number of European powers had secured a number of footholds in the region and by the middle of the century, practically the entire region had passed under the political domination of Europe. At the same time, the Industrial Revolution was forging ahead in Europe and under its dictates the European powers deliberately pursued economic policies to develop the countries under their domination as counterparts to their home economies, namely, as sources of raw materials for their industries and food for their populations and as markets for the finished product of their industries. The

opening of the Suez canal in 1869 greatly facilitated this intercourse and the agrarian economies of the south and south-east Asia became inextricably bound up with the industrial economies of the European countries.

Under the stimulus, the economies of the Asian countries expanded rapidly. Agricultural production increased and though population also increased, on the whole production outstripped population and led to an increased standard of living. Money and exchange came to play an increasing role in the life of the agrarian communities; nevertheless they did little to learn its ways. They kept themselves assiduously to the physical processes of agricultural production and trusted the mechanics of money to the European masters and to the small class of Indian and Chinese merchants who were well-versed in the mysteries of money. For a while everything apparently went on all right and the agricultural communities admired the long stream of industrial products which kept entering their lives. But before long and before they knew what was happening, the whole economy was engulfed by the Depression of the 1930's. The Depression hit the industrial economies of the European countries as well but it hit harder the agrarian economies of the Asian countries and hurt more deeply the agricultural

communities than the financial intermediaries operating upon them. Overnight the entire agrarian structure was enslaved and strangled by money and finance.

Steps were beginning to be taken to retrieve the agrarian structure from the clutches of money and finance but before much was done, the region became a theatre of the World War II. Most of the countries of the south-east Asia were physically involved and suffered great physical destruction. After the end of the War, the countries of the region achieved National Independence one after another, some peacefully but others not without a national struggle. Some of these were simultaneously or subsequently also afflicted by civil strife and in a number of them the conditions have not yet quite returned to normal. Physical rehabilitation is their most urgent problem.

The encounter with the western capitalistic economies have left behind two major problems. One is certain maladjustments or imbalances caused into the agrarian economies. Steps are being taken everywhere to correct these. The other is more fundamental. The agrarian economies were very greatly affected by the contact and nevertheless they had failed to or in fact they did not care to assimilate the money economies into themselves; the latter grew merely as a cancer in the body economic. The



present day agrarian structure of these countries is thus characterised by a dualism and the indigenous subsistent economies are still found lying side by side and subservient to the western capitalistic economy. The present problem facing these countries is, now that a return to subsistence is neither possible nor desirable, how best to absorb and assimilate into their indigenous structure, the money and exchange economy impressed upon them.

The problems are best exemplified in the economies of the south-east Asian countries lying above the 5th parallel for here they appear in their purest form. Before they came in contact with the western economies, these countries were content with producing enough food, mainly rice, for the agrarian communities and for supporting the feudal super structures. After they came in contact with the western world, the countries continued to grow rice but now much more rice than they needed and which they exported in return of imported industrial consumer goods. This brought them in contact with money and credit. Firstly, a certain amount of capital was needed for the expansion of rice cultivation. There was little indigenous capital available locally for none was needed in a subsistence economy. However, it was readily supplied by Indian financiers in Burma and by Chinese merchants in Thailand

and Indochina. Secondly, because the cultivators now began to produce rice for the market, they naturally began to handle money; but they never grasped its significance and use. In particular, they never realised that a certain reserve of money was a necessary adjunct for operating in an Exchange economy and they continued to treat their entire earnings as they were used to treating their entire crop in a subsistence economy. They spent all their earnings on domestic necessities and luxuries so that when it came to financing the next crop or meeting emergencies, the invariable remedy was to borrow. With such competent financiers as the Indian Chettyars and the Chinese merchants at their service, credit was readily available though they hardly realized the cost of this service. Without their ever realizing it, they were already paying a good part of their earnings towards only a part of the interest on loans while a part of the interest was continually being compounded with the principal. The burden of debt was thus mounting.

In the meanwhile and again without their fully realizing its implications, the concept of occupancy rights in land was undergoing a radical change. The impact of money and the mechanism of credit had decommunalized and commercialized the concept of ownership in land and the cultivators had pledged their lands

without ever realizing that the communal protection was no longer available. The meaning became painfully clear when in the depression of the 1930's, the agricultural community lost much of its land to the alien trader-moneylender class and numerous cultivators became tenants on their own lands. The alien trader-moneylender was joined by the new indigenous middle class recruited firstly from the feudal hierarchy and later from the official class created by the foreign administration. This class had a surplus to invest and it invested in land through direct purchases. With the control of a large portion of agricultural land thus passing out of the hands of the agrarian community and with the growth of population, land became increasingly scarce and both the rentals and interest rates were pushed sky high. Practically the entire agricultural surplus began to be mopped up in the form of interest on debts and rentals on land. The *laissez faire* revolution in agriculture was complete and the agrarian community, returned to subsistence at a level probably not much higher than before, but now supporting an alien and capitalistic superstructure much more expensive than the indigenous feudal superstructure of the olden days.

Thus the western capitalism left behind three grave mal-adjustments into the agrarian economies; agrarian

indebtedness, concentration of ownership particularly in the hands of absentee owners and consequent rack-rented tenancy. The situation was the most critical in Burma. In 1939, in Lower Burma where the largest expansion of rice cultivation had occurred, 48 per cent of the cultivated land was owned by non-agriculturists and 59 per cent was cultivated by tenants. Even in Upper Burma where commercialization had not gone very far, 14 per cent of the cultivated land was owned by non-agriculturists and 32 per cent was tenant-cultivated. The process of concentration of landownership in the hands of absentee landlords and consequent growth of tenancy had occurred in Indochina to a certain extent more directly and otherwise than through the operation of financiers. Here the French had acquired in the southern part of the country large areas presumably for plantation agriculture but a large part of which they subsequently rented out for rice cultivation. In 1954, in South Viet Nam, 40 per cent of the rice lands were held by about 2500 individuals many of whom were French. Worse had happened in the Philippines. Here the Spaniards began to treat the local village heads who were customarily no more than communal centre-pieces, as the landlords of the soil and gave them additional rights in return of their aid in taxation. Further they grafted into this, their own colonial system of land grants and made huge grants

of land to encourage Spanish settlers and to reward persons who had been helpful. The inevitable consequence was extensive tenancy and a large class of landless labourers unequalled anywhere in the south-east Asia. At the last detailed census in 1939, less than half the farmers owned the land they worked, about 16 per cent owned some of the land they worked and 35 per cent were pure tenants. This was at the end of strenuous United States efforts to undo the social evils and economic paralysis left by the Spanish aristocrats in the countryside.

One of the first acts of the independent governments of the countries of south-east Asia in the postwar period were aimed at partially correcting this situation by relieving the burden of past debt and regulating tenancy. The experience everywhere has been that regulation of tenancy is extremely difficult to enforce. In the first instance, cases of present and future tenancy would be innumerable and it would be impossible to provide with administrative machinery to enforce legal provisions in all these cases. Secondly, the relations between the landlord and the tenant are hardly ever confined to tenancy; they have a hundred and one points of contact and it would be impossible to distinguish what goes under tenancy and what goes besides it. Therefore, even a conservative agrarian

policy, wanting to do no more than correct gross abuses of tenancy, inevitably moves towards more radical measures. At the root of tenancy is firstly ownership of land by non-cultivators and secondly an inequitable distribution of landholdings among the cultivators. Agrarian policy therefore moves towards, abolition of absentee ownership and promotion of a more equitable distribution of landholdings. Thus even a conservative government such as in South Viet Nam, acting in consultation with American advisors, promulgated in October 1956, an ordinance authorizing compulsory land transfers. It deals only with rice lands, and provides, broadly speaking, that no person may hold more than 100 hectares of rice land. The excess is to be purchased by the government for resale to tenants who are charged the same price as paid to the landlords. According to the present records, a total of about 700,000 hectares belonging to about 2500 owners is subject to transfer to tenants. Among these are 433 French citizens and they own about 262,000 hectares. It is proposed to distribute this land to about 225,000 tenants which gives each about 3 hectares. There were initial delays in settling prices. Then the land to be acquired had to be surveyed and demarcated. Presently the most serious administrative problem is one of the inevitable delays in the preparation of titles and executing formal transfers to

the new owners. The actual transfer began in the latter part of 1957. By end of 1959, 55,439 hectares were actually transferred to 28,432 new owners. The programme was expected to be completed by the end of 1960.

In the Philippines, the Land Reform Act of 1955 established a Land Tenure Administration for the purpose of acquiring by purchase, at almost the market value, estate lands for subdivision and resale to the actual occupants. But the exceedingly high land values coupled with lack of adequate funds have limited the implementation of the Act. Moreover, the market values of the land have been placed so high that it has become impossible for the new owners to pay them even when they are spread over 25 annual instalments. The progress therefore has been rather slow.

In Burma a programme of land transfers is undertaken under the Land Nationalization Act of 1953. The Act authorizes the President to resume all land except such as may qualify for exemption. Lands owned by agriculturist families to the extent of 50 acres of paddy land per family plus an additional 12 1/2 acres for every member over a total of 4 adults were exempted from resumption. Lands owned by non-agriculturist families to the extent of 20 acres of paddy land per family was also exempt provided the

head agreed to live permanently on the land and work it himself. The resumed land is to be distributed to agriculturist families who must undertake to join whatever agricultural organizations may be formed such as mutual-aid-teams or farmers' cooperatives. The redistribution is to be done according to a given order of priorities and in practice, in a majority of cases, it amounts to confirming the sitting tenants.

Though in fact the main purpose of the Act was to abolish tenancy and to effect a more equitable distribution of land, it was called Land Nationalization Act because the government had a more radical vision of establishing what was called a New Order for the peasants. It was expected that the distribution would result in each family receiving about 10 acres of land. The farming families would then join together in mutual-aid-teams consisting of five families who would cooperate in cultivation by modern methods and borrow loans and market their produce collectively. The redistribution of 10 million acres of land to a million peasant families would be completed by the end of 1955. As experience of cooperative methods was gained, so every four mutual aid teams would become 50,000 cooperatives and the system of agriculture would change from the present obsolete methods to fully mechanized agriculture. But even

this would be a transitional phase. From 1954-55 onwards, Producers Cooperatives would be grouped into collective farms of 800-1000 acres and a complete revolution in Burmese agriculture would thus be accomplished. That was the vision.

The actual progress was less spectacular. During the five years from 1953-54 to 1957-58, altogether 3,357,000 acres were resumed. Of this 1,627,000 acres were exempted from redistribution and 1,636,000 acres were available for redistribution. Of these 1,456,000 acres were redistributed to 190,000 cultivators a majority of them being the sitting tenants. The new owners did not have to pay any price. Since 1958-59, the work of nationalization has been temporarily suspended in order to review the work so far done and correct any defective proceedings. Mutual-aid-teams have been nominally set up in a few places but they have no visible effect on the agricultural practices. In general, farming goes on its age old ways.

It is not surprising that little progress towards mutual-aid-teams, agricultural producers' cooperatives and finally collective farms was made in Burma. The experience in North Viet Nam suggests that this is a path which only a determined government with a strong countrywide political party organization and one

endowed with leadership with rare political acumen, can take; and even then at great political risk and considerable human and material sacrifice. After much spade work by effectively remedying the most crying abuses of the old system, the government in North Viet Nam began on its proper programme of agrarian reform in 1953. The land reform in 1953 was confined to redistribution of land and therefore technically was in the same category as the Burmese Land Nationalization or South Viet Nameese Land Transfer programmes. Nevertheless, here it assumed the form of a political campaign aimed at not merely breaking up of the big estates but liquidation of the landlord and feudal class. The government of North Viet Nam, as other communist governments, recognizes the basic fact that any radical agrarian reform requires considerable political preparation. This it proposed to do by what was called the 'Mass Mobilization Movement'. This was conducted in three stages: (a) creation of an anti-landlord opinion, (b) classification of the entire population into distinct categories of landlords, rich farmers, middle class peasants, poor peasants, etc., and finally (c) liquidation of the landlords through public trials and redistribution of their holdings. The movement was codified by a decree in April 1953 but despite precautions taken, it soon got out of hand and within six months had to be suspended.

The programme was taken up again two years later in a modified form but basically aiming at gaining a complete control over the countryside and destroying the major landowning groups. Again excesses were committed but this time they were countered by what was called the Mistakes Correction Campaign which was conducted in 1956-57. At the same time, the programme was pushed ahead and by 1959 had succeeded in realizing its primary objectives without seriously reducing the agricultural production. Of the 1.5 million hectares of arable land in North Viet Nam, the land reform affected about 700,000 hectares and apparently gave some land to about 1.6 million peasant households. The ultimate distribution is therefore in much smaller parcels than obtained either in Burma or in South Viet Nam. But they are not intended to be viable holdings. In fact their purpose is to demonstrate the absurdity of individual holdings under conditions of over-population and thus to pave the way for eventual collectivization. For the same reason, little time is wasted in observing the legalities and creating legally valid titles. Redistribution of land is clearly regarded a stage in collectivization. Then collectivization begins by organising what are called 'manpower exchange teams' or what the Burmese called the mutual-aid teams. A beginning was made in 1956 and at the end of the year 190,249 teams were

reported. But then the progress was slow. In September 1958, there were still only 195,324 teams and reportedly they covered 50 per cent of the peasant population. In May 1959, there were 245,000 teams and they embraced over two-thirds of the peasant population. Nevertheless, in their actual operation a majority of them were not yet sufficiently socialistic. Next come the cooperatives. Two types of cooperatives are being prompted: One elementary, where the individual property in land and animals is still recognized and the other advanced type, where everything is pooled into cooperative property and members are paid according to their work contribution. In April 1959, there were 6,830 cooperatives covering 7.3 per cent of the peasant families; but only 64 of them were of the advanced type. Nevertheless the government is pushing ahead with determination along these lines and there appears little doubt that it will have soon achieved its objectives.

Debt relief, regulation of tenancy and, redistribution of land, if we leave aside eventual collectivisation, are all ameliorative measures. Provided they are effectively implemented, they would correct some of the maladies caused by uncontrolled operation of laissez faire commercial enterprise on an agrarian economy. However, if one rests there and merely holds to the line of no debt, no

tenancy and equitable distribution of land, the economy might easily fall back into the subsistence pattern of the good old days. To orient it to growth and development, it has to be converted into a capital creating and capital consuming structure. On the other hand, if for this purpose, it is left in the company of laissez faire commercial enterprise, the danger is that the economy might fall into the same evils all over again. It is evident therefore that the private agencies operating in agricultural credit and marketing have to be replaced by something more sympathetic and something more indigenous to the agrarian economy. The purpose is not merely to eliminate the private entrepreneur from the field, but to create in his place an agency better integrated with the agrarian structure. The cooperative credit and marketing agencies are intended to serve this purpose.

A beginning in cooperative credit was made early enough in all the countries of the south-east Asia but in none of them the movement had taken roots until the Second World War. In some of the countries, as in Burma, the movement was positively discredited because of the failure of the borrowers to repay the loans. Among other factors, it was evident that the farmer did not know the use of credit - in fact that was the reason why he fell prey to the private moneylender.

There was obviously no remedy other than to persist and in postwar years, the movement has been revived and promoted in all the countries. It has thus far met with varying and only qualified success.

Postwar developments in Burma in this field well illustrate the problems and the manner in which they may have to be tackled. Here the cooperative credit continued to suffer from the basic defect of failure to repay. For instance, out of nearly K.2.3 million advanced through cooperative societies during the years 1945-52, as much as 35 per cent were not repaid. Nevertheless, government persisted. During the period 1953-57, government advanced nearly K 50 million through cooperative societies and 20 per cent of them did not return. It was impossible to continue at this rate and finally, in 1957-58, government ceased lending through cooperative societies. In the meanwhile, Government had tried another line and not more successfully. It was making direct loans to the cultivators under the Agriculturists Loans Act of 1947. The government was operating through the agency of Village Land and Tenancy Committees and the recoveries were even worse than through the cooperative societies. Until 1954, the overdues had risen to over 70 million Ks which was almost half the total advances made till then. The government persisted

nevertheless as something had to be done to take the place of the Indian Chettyar who had withdrawn. Over the period 1953-60, government advanced nearly 175 million Ks and failed to recover nearly 40 per cent. Besides the low recoveries there were numerous cases of fraud and misappropriation of funds at various levels so much so that in 1959-60, government had to make fresh loans to those who had suffered on account of such malpractices. The policy of government now is to stop direct loans to cultivators and only operate through the State Agricultural Bank.

The operations of the State Agricultural Bank have been very satisfactory from the beginning. The Bank was established in 1953 and began to operate through newly established village banks and in their absence through the existing cooperative societies. In 1955-56, the Bank was still working largely through cooperative societies, and nevertheless, out of 15 million Ks advanced, only 10 per cent were defaulted. Since then the network of village banks has been greatly expanded and the policy of the Bank has been to operate as far as possible through the village banks. During the period 1956-60, the Bank loans amounted to 113.2 million Ks with less than 2 per cent default. There are presently more than 2000 village banks and since 1958-59, the Bank has been operating exclusively

through the village banks. The loaning policy of the Bank is naturally more conservative. Nevertheless, during 1959-60, the Bank loans amounted to over 42 million Ks. It is evident that in Burma, the State agricultural Bank has established itself as the sole agency supplying agricultural credit.

The Burmese experience clearly demonstrates that under conditions where the cultivators do not yet know the use of business credit, cooperative or government administrative agencies are not the most appropriate to replace the private moneylender and that in particular they are not likely to promote business attitudes and principles among the cultivators. Apparently therefore the job has to be entrusted, at least in the beginning, to an appropriate public banking agency such as the State Agricultural Bank in Burma. Such an agency working through a large network of village agencies is likely to educate the cultivators better in the use of business credit. The stage then may reach when beginning with progressive decentralization of control, the credit structure may be ultimately cooperativized.

In the Philippines too, the supply of agricultural credit was initially entrusted to the public banking agency though without creating a specialized agricultural bank for the purpose. The Rural



Banks' act of 1952 authorized the Central Bank of the Philippines to establish rural banks for the purpose of supplying the normal credit needs of the small farmer, small merchant and small businessman. In 1957, the Central Bank through the rural banks had advanced 24 million pesos to the agriculturists.

A more significant development in the Philippines has been the establishment at the same time, that is in 1952, of what is called the Agricultural Credit and Cooperative Financing Administration. This agency supplies agricultural credit through Farmers' Cooperative Marketing Association, which it promotes. In 1957, the loans had amounted to over 48 million pesos which is double the agricultural credit advanced by the Central Bank through the rural banks. The administration makes its loans either against the future crop pledged to be delivered to the cooperative warehouses or against an actual deposit of the crop with the Marketing Associations. The recovery of loans has been generally satisfactory.

The linking of the agricultural credit to the agricultural marketing is merely following the practices of the private traders and moneylenders who have been until now operating in these fields. In the hands of a cooperative credit and marketing organisation, the linking has an added

advantage. Apart from providing security to the credit, it acquaints the cultivators much better with the commercial component of his business.

In Burma too practically the whole of agricultural marketing has been taken over by the public or cooperative agencies. The central agency responsible for the purpose is the agricultural Marketing Board. The Board was established in 1946. Since then it has continually expanded its operations both in internal and external markets. In 1948, only 16 per cent of the paddy crop was purchased by the Board. In 1950, only 20 per cent of the exports were in private hands. Thereafter the entire exports are being handled by the Board. The same is true of the internal purchases. In 1952, practically the whole of internal purchases were handled by the Board through a network of cooperatives. The operations of the Board were not however without a blemish. There were reports of malpractices and inefficiency. Late in 1954, a special enquiry was set up to examine the Board's operations. Subsequently in 1955, the entire organization of the Board was overhauled with the assistance of UN experts. Since then, among other improvements in administration, accounts and procedures, the Board has been paying special attention to the development of facilities for rice milling and storage and a number of new rice

mills and a large number of godowns with modern handling facilities have been constructed. On the whole, the agricultural marketing appears to be now well established in the public and cooperative sector though it is not clear how well it is integrated with the credit operations of the State Agricultural Bank. However, both agencies being in the public sector, the integration is evidently a matter of course.

The important lesson of the experience both in Burma and the Philippines is that the business principles of agricultural credit, marketing and processing remain the same whether they are left to the private operator or taken over into the public and cooperative sector and that for successful business operation, the three have to be closely integrated. The experience in Thailand illustrates the consequences of failure to do this.

There exists in Thailand a carefully nurtured cooperative movement. In 1951, there were nearly 8000 societies with a membership of nearly 150,000. Since 1947, a Bank of Cooperatives has been established to supervise the working of the cooperatives and to supply them with funds. On the whole, the working of the cooperatives has been satisfactory, but the movement lacks vitality and is confined to the channelling of government funds to its members. At the same time,

the entire marketing and processing of rice remains alien to the agrarian structure. In 1937, it was estimated that half of the export price of rice went to the miller, exporter and middleman. In postwar years, government had an excellent opportunity to take over the marketing and processing of rice in the public or cooperative sector. Because of its external commitment in the matter of rice exports, the government had established a complete monopoly over the export trade. Nevertheless it did little to establish control over the internal marketing and processing of rice. The Thai Rice Corporation was established for the purpose but it did not go beyond taking over 10 large mills owned by the Chinese. The rest of the milling industry and the internal market remained in the hands of the Chinese. Government purchased its requirements from the millers ex-mill and sold the same to the shipping agencies ex-mill. Then in 1951, the government began to issue permits for exports against commercial contracts. Since the business had large margins, exporters were eager to secure export permits and there soon arose a black market in export permits. The net result has been the rise of a class of Thai middlemen who are replacing the Chinese to a certain extent. For the rest, the conditions remain unchanged. It appears unfortunate that this opportunity was wasted. The conditions in Thailand are in many ways

favourable for the building into the agrarian structure a well integrated system of cooperative credit, marketing and processing. One such circumstance is for instance the existence of and the recent growth of numerous small rice mills and in fact even thousands of portable rice mills in successful competition with the large mills whose number has remained stationary for many years.

In the countries south of the fifth parallel namely in Indonesia, Malaya and Ceylon, the problems of agrarian indebtedness, tenancy and concentration of landholdings exist in varying degrees but here they are all overshadowed by another problem. Europeans brought to these countries not only money economies but also new crops grown entirely for the export market and which they themselves undertook to cultivate on large estate plantations for which they acquired land by various means. Subsequent agricultural expansion in these countries was dominated by the cultivation of these crops and the indigenous agrarian structure was soon relegated to a subordinate and subservient position. The problem created by these crops is how best to integrate them into the indigenous agriculture.

In Indonesia, before the War, out of nearly 42 million acres under cultivation, about 6 million were under plantations.

Rubber, tobacco, sugar, palm oil, hard fibre, coffee, tea, cacao and cinchona were some of the new crops introduced. Initially these crops were grown almost exclusively on large plantations but gradually some of them were also taken up by the smallholder Indonesian cultivators. In pre-war years, sugar, palm-oil, cacao, cinchona and hard fibre were still almost entirely grown on large plantations; tea and tobacco were primarily grown on estates but there was also considerable cultivation of tobacco by the small holders. Rubber and coffee were produced about half and half by the estates and the smallholders. Of the total cropped area, between 35 and 40 per cent was under the several commercial crops and the entire economy of the country had come to depend heavily upon the production and export of these crops.

In contrast to the several new crops appearing in Indonesia, Malaya came to be dominated by one single crop, namely, rubber which occupied nearly 70 per cent of the total cropped area. As in Indonesia, in Malaya too rubber is presently grown both on estate plantations and by smallholders. Before the war, out of about 3.5 million acres under rubber, 2.0 million acres were under estates and 1.5 million acres in small holdings. Besides rubber, coconut which was an indigenous crop also came to be cultivated under estate plantations. Coconut has come to be an

important commercial crop in all the three countries, namely, Indonesia, Malaya and Ceylon and also in the Philippines but except in Malaya it is predominantly grown as a smallholder crop. In Malaya; coconut occupies about 10 per cent of the cropped area.

In Ceylon, tea, rubber and coconut are the major commercial crops and occupy 15, 18 and 33 per cent, respectively of the total cultivated area of about 3.3 million acres. The remaining 33 per cent is under rice. Commercially tea is the most important crop in the country and is almost exclusively a plantation crop. Rubber too is mainly a plantation crop but about a fourth of the area is grown in small holdings of under 10 acres. Coconut is almost exclusively a smallholder crop.

The problem of integrating the new crops into the, indigenous agriculture has to be faced at two or three levels. In the first instance is the problem of how best to continue the production of these crops efficiently and to retain the export markets under the changed situation of national independence. The problem is most acute in Indonesia for several reasons. Firstly, during the War and subsequent civil strife, large plantation areas have been destroyed either wantonly or in order to extend production of food crops. These have to be rehabilitated

which requires large financial outlays and settled tenure conditions. Secondly, large estate areas have been illegally occupied by squatters and their eviction has not been politically and administratively easy. Thirdly, because of its strained relations with the Dutch, in 1957, the government of Indonesia seized all Dutch interests including plantations in Indonesia and has been working them as nationalized concerns since then. This has given rise to acute problems of shortage of technical and management personnel. These problems, particularly of shortage of capital and trained personnel also exist, though to a smaller extent, both in Malaya and Ceylon. Because of the uncertainties of national policies in the matter of estate plantations, foreign capital and personnel are gradually being withdrawn and local capital and personnel is entering in an unplanned manner. In the process, some of the, estates are reportedly being broken up indiscriminately.

The uncertainties of national policies in this field arise apart from general attitudes towards private foreign capital and its continued participation in national agriculture, from the questions of the most appropriate form of organization for the plantation crops in the changed circumstances. Large estate plantations run as private capitalistic enterprises

evidently do not fit into either the traditional agrarian structure or the one envisaged for the future. There appear, therefore, two alternatives: One is to retain the business organisation of the estate plantations as of now but to run them as nationalized enterprises. That seems to be the course preferred in Indonesia. The alternative is to break the estate plantations and to distribute them among a number of smallholders on the general principle of promoting smallholding peasant proprietorship. Probably this is politically the most expedient course to adopt. There is a danger however, that it might have detrimental effect, at least in the immediate future, on the production of these crops.

Whichever course is adopted, caution is evidently of the greatest importance. The paramount need is to keep the production going while the structure is being reformed. To run the plantations as nationalized undertakings appears to be the simplest course to adopt for it has the advantage of keeping the basic business organization unaffected. However, unless the plantation authority is made sufficiently autonomous as a business corporation, bureaucratic control can do much harm. Moreover, to run the plantations as nationalized undertakings can be regarded only as a transient stage, unless of course it is conceived as part of a total programme of nationalizing the

entire agriculture. Otherwise, in the midst of smallholder peasant agriculture large estate plantations, even if nationalized, would remain as alien to the indigenous agrarian structure as before. The ultimate question of how best to integrate the new crops and the estate plantations with the indigenous agrarian structure therefore remains valid.

It is evident that the solution to this problem will vary from crop to crop. Certain crops, particularly those which can be taken in rotation with food crops, can be more easily integrated with the indigenous agrarian structure. In such cases, smallholding peasant agriculture has a special advantage. In the first instance, the commercial crop becomes closely integrated with the subsistence agriculture and thus brings in a greater variety and diversity into agrarian living making it culturally fuller and richer. Secondly, to the extent that the producer of commercial crop also grows his own food, the total crop economy becomes less susceptible to the market. Finally, in times of crisis or market failures or adverse price situations, switching over from one crop to another becomes much easy.

In Indonesia, sugar and tobacco are and can easily be so integrated with the, cultivation of rice. Sugar estates in Java are usually founded on lands obtained in

short leases from small cultivators. Sugar is planted in rotation with food crops so that it is grown on the same land only once in three years. Breaking up of such estates and switching over to small holder production therefore should present little difficulty. The same is true of much of the tobacco plantations in Java. The tobacco plantations in Sumatra are however worked on land obtained on long leases. They occupy extensive areas in which tobacco is grown only once in eight years, the land lying fallow in between. During the Japanese occupation the fallow lands were used for food production and during the postwar years, they have been occupied by squatters. The squatter problem has been serious even after these estates were nationalized and evidently remains unsettled. If the government eventually considers settling the problem by breaking up the estates into numerous small-holdings, whatever other problems this may raise, the fact that tobacco can conveniently be taken in rotation with food crops suggests that there would be no serious agricultural problem.

Integration of perennial crops such as tea and rubber with indigenous agrarian structure poses more difficult problems. In the first instance, these crops cannot agriculturally be taken in rotation with other crops. That should not however prevent their being combined with other

crops in small holdings. Much of the smallholder production of rubber in Indonesia, Malay and Ceylon is of this type. But it is obviously not possible to achieve this within the framework of existing plantations. It will have to be achieved as a deliberate longterm replanting policy. It will of course mean spreading the present area under the commercial crops over a wider region, at least two or three times its present spread. Human relations at present existing on some of the estates suggest that such a spreading of the crop might be worth attempting if climate and soils permit. These crops require much labour and when they are grown on large estate plantations, much labour has to be imported into the area from outside. For instance, rubber estates in Sumatra were supplied labour from Java. In Malaya, in 1948, 2 million acres under rubber plantations employed 300,000 workers of whom 52 per cent were Indian and 29 per cent Chinese. In Ceylon, in 1953, 500,000 acres under tea plantations employed about 500,000 workers of whom over 80 per cent were of Indian origin. Apart from problems of labour management and labour unrest which they create, their settlements present serious cultural problems in the countryside. They live in squalid hamlets scattered within the plantations; their quarters are almost makeshift and show

every sign of their unattached and floating lives. They refuse to be part of their surroundings and instead appear to tolerate its monotony and crudity in order to accumulate enough money to set themselves up somewhere else. Thus while the plantations continue to produce wealth, the human populations living on them are an eyesore in the countryside. Therefore, if climate and soils permit it, it would be desirable ultimately to disintegrate these estates and to promote deliberately the cultivation of even perennial commercial crops in smallholdings in combination with normal annual crops. In the first instance, it will integrate the perennials with the agrarian structure of the country. Secondly, it might reduce the need to import labour from outside. Finally, to the extent immigrant labour will continue to be used, it will enable its closer integration with the indigenous population and its eventual settlement into healthy agrarian communities.

Where this is not possible or until it becomes possible, it is evident that the plantations will have to remain plantations. In such cases, if it facilitates management and gives the workers a greater sense of attachment and responsibility, a plantation may be broken up into a number of smallholdings to be organized into a large cooperative enterprise. The point to remember is that mere breaking

up of the estate into smallholdings will not by itself go very far in integrating the plantation economies with the indigenous agrarian structure. For that purpose, like the dairy industry has produced a distinct cultural landscape and tradition elsewhere, so deliberate effort must be made to create around tea, and rubber and other plantations, traditions and associations more intimately, and permanently linked to their setting and in greater harmony with their surrounding than is at present the case.

All the commercial crops require a certain amount of processing. Even rice, the staple food crop of these countries requires milling. This is an advantage because the processing of crops offers the simplest and the most convenient focus around which the smallholders may be organized into cooperatives. At present the entire processing industry in these countries is either in the hands of Europeans or of Chinese traders and middlemen. Even rice milling which in these countries is done only for internal consumption is in the hands of the Chinese. For instance, it is reported that in West Java, in 1952, out of 218 rice mills only 20 were owned by Indonesians.

Indonesia has several commercial crops and they are processed in a variety of processing industries. Sugar, margarine and cooking oil are the major

factory-produced food products. Before the War, there were some 185 sugar mills but in 1954 only 55 were in operation. Most of them are owned by either Europeans or by Chinese. In addition, small cane processing mills are operated by diesel engines and several thousand mills are operated by cattle power. Though technically, they are less efficient, they offer nuclei for cooperation. Production of margarine and cooking oil is largely concentrated in two foreign owned companies. They use domestic copra allocated through Copra Foundation. Both the products are sold entirely in the domestic market. To convert coconut meat into copra either sun drying, smoke drying or kiln drying is used depending upon the size of the lot. Smallholders who predominate in Indonesia, Philippines and Ceylon usually sun-dry or smoke-dry their coconut and sell as the copra. In Malaya, where large plantations have developed, coconut drying is done mostly in smoke-kilns. In Indonesia, tapioca has long been processed in a number of small factories. Before the war, there were reportedly 200 such plants. Beer production largely for foreign population, was until recently in the hands of two Dutch companies. Cigarette manufacture is extensive, with production on a large scale by European firms and on a medium and small scale by domestic producers. The processing of rubber for export into latex or sheets is an important industry,

centered in the rubber producing areas of Sumatra. Aside from the production of European-owned estates, rubber processing is largely in the hands of the Chinese. Rubber processing is also the main processing industry in Malaya and is in the hands of the European plantations. The same is true of tea and rubber in Ceylon.

Though completely dislocated during the War, cooperative credit movement has been reorganized in Indonesia. Presently, there are nearly 10,000 credit cooperatives with a membership in the neighbourhood of 2 million. They are largely financed by the People's Bank of Indonesia and the Bank for Farmers and Fishermen. The movement is strongly supported by Government. There are besides a number of village banks numbering around 4600 and in addition about 3600 village rice banks which also supply agricultural credit. The numerous processing industries thus afford excellent opportunity for linking up the credit with processing, and marketing and thus integrate the entire commercial enterprise with the agrarian structure.

In Ceylon too there exists an excellent and well established cooperative movement. In 1952, there were over 2000 Credit Cooperatives with a membership of nearly 70,000. There were also a number of Marketing and Production



Societies. The latter movement is more recent and had begun just before the War. But presently there are over 500 societies with a membership of almost 100,000. A special feature of the cooperative movement in Ceylon is what are called Stores Societies which are in fact consumer cooperatives. In 1951, there were over 3000 of these with a membership of nearly a million. Ceylon provides an excellent illustration of what may be achieved by linking up the three types of societies in a coherent system. In communities where the three types of societies exist side by side and are so linked the Production and Marketing Society furnishes implements and other farming requisites in kind and on credit; the Credit Cooperative arranges a line of credit which can be used at the Stores Society to purchase needed goods between harvests; and either the Credit or the Production and Sales Society advances the costs of planting and harvesting. When the harvest comes in, the cultivator sells it to the Sales Society and the advances he has received are recovered out of the proceeds. The movement is however not so well linked up everywhere. Moreover, the entire field of rubber and tea estates is out of its bounds.

Cooperative movement in Malaya is of more recent origin. A serious beginning has been made only since 1955 and presently there are over 1000 societies

with a membership of about 47,000. They are supervised and financed by the Rural Cooperative Apex Bank. They are presently more active in the rice areas and are also undertaking cooperative marketing and processing of rice on an increasing scale. There are also a few societies undertaking cooperative marketing of rubber. The whole economy is however so infested with private trader and moneylender, that government will have to take greater initiative and offer stronger support and protection to the cooperative movement if it is to survive and thrive.

A problem common to all the countries of south-east Asia, both north and south of the fifth parallel is their excessive dependence on a few agricultural crops. In the countries to the north of the parallel, the economies depend on the production of rice and in the Philippines on the coconut besides. The agrarian economies of these countries have therefore developed into pure food growing economies. In the countries to the south of the parallel, the reverse has happened, and in the pursuit of certain specialized commercial crops, these countries have come to depend increasingly on imported food and clothing. There is therefore obvious need to achieve a greater degree of balance in the agrarian economies of all these countries.

Another problem common to most of these countries is the very uneven regional development within their borders so that while there are certain regions supporting the highest densities of agricultural populations, there are regions nearby with large unpopulated areas. The development of these areas will need large transmigration of populations and their settling on new lands. Many efforts have been made in this direction as in Indonesia for transferring some Javanese population to Sumatra or in Ceylon where a number of settlement projects have been undertaken over the last 25 years under the Land Development Ordinance of 1935. The results have been generally unsatisfactory. It was not very long ago that vast areas of these countries were opened and developed by European enterprise directly or under the stimulus of its impact. There is need now to substitute in its place something equally driving which will make people leave their traditional homes and adventure into the unopened areas within their own national borders.

The countries of the Indian sub-continent, namely, India, Pakistan and Nepal are probably not so well endowed in their land resources and nevertheless have large populations to support. Economically they are therefore the poorest and presently have the lowest standard of living. Certain defects of their

agrarian structures have been partly responsible for the prevailing poverty. Until recently they were characterised by feudal rights of intermediaries, tenancy and indebtedness. Much has been done to correct these defects during the last 15 years. Progress has not been equal in all the three countries nor is it the same in different states of the Indian Union. But reform has generally proceeded along familiar lines. Intermediary feudal rights have been abolished. Indebtedness has been relieved by cancellation or adjustment of old debts. Tenancy has been regulated by abolition of share renting, fixation of maximum rents and by providing security of tenure. Tenancy is being abolished by increasingly transferring rights of ownership to the sitting tenants first by giving them the right of preemption in case the landlord wanted to sell, then by giving them right to purchase land under their cultivation if they so desired and finally making an obligatory transfer of ownership of land from the landlord to the tenant. Thus the agrarian structure in these countries is rapidly progressing towards the ideal of smallholder individual proprietorship.

But the holdings are generally too small and there remains a large agrarian population, about 20 per cent of the total which is practically without any land. Efforts have been made to find land for these people. There is not much land

available to be opened and settled anew. Efforts are presently being made to acquire some land from the bigger land-owners. For this purpose, the individual holdings are being subjected to a ceiling limit. To begin with the limits applied to future acquisitions so that no one with a holding above the ceiling could acquire additional land by purchase or otherwise. Now the ceiling is being applied to the existing holdings and the surplus is being acquired for redistribution. Ceilings on individual holdings are pretty low. In comparison with 100 hectares (about 250 acres) of paddy land in South Viet Nam or 50 acres of paddy land in Burma, the Indian ceilings are usually 50 acres of dry land or half of that of seasonally irrigated land or quarter of that of perennially irrigated or paddy land. Nevertheless, the first indications are that there will not become available much land for redistribution.

The agrarian problem of these countries is therefore one of overwhelming population pressures on land. In order to keep the benefits of agricultural production within the agricultural community, leakages are being plugged. The co-operative credit movement is now well established and the principle of government initiative, sponsorship, and active participation at least in the initial stages, is recognized. Progress of co-operative marketing is yet not satisfactory

and with the existence of an indigenous trading community well entrenched in the field progress may be difficult to achieve, unless again government offers positive support and protection. Importance of processing industries as key to marketing is recognized and recently attention is focussed on promoting cooperation in processing industries such as sugar, rice milling, cotton ginning, oil pressing and the like.

An integrated system of cooperative credit, processing and marketing will effectively plug the leakages and will retain within the agrarian economy all the benefits of agricultural production. It is doubtful however whether the present level of agricultural production is adequate to support the agrarian population and leave a surplus which might be ploughed back into agriculture so that the production may improve and at least keep pace with the increasing population. The crucial question therefore is one of finding capital within the agrarian economy which is needed for its own development. There are serious doubts whether a structure based on small, individual peasant proprietorship can perform the task. In the first instance, under conditions of marginal and sub-marginal living, family enterprise is not the most suitable to trust capital creation to. Secondly, while population is the great burden which the present resources have

to carry, population also is the main capital asset in these economies. Small peasant holdings are too small to offer opportunity for pressing this resource into service for creating new physical capital in agriculture and the family enterprise is organizationally too weak to shoulder such an undertaking. Current thinking is therefore proceeding along two lines: One is promotion of cooperative farming; the other is mobilization of rural manpower for creating physical capital in agricultural sector. The current programmes in this field are still at the experimental stage. There is little doubt however that if and when they are pushed further, they will fundamentally affect the agrarian structure in these countries, and consequently in the entire region of south and south-east Asia.

# A REVIEW OF THE LAND REFORM STUDIES SPONSORED BY THE RESEARCH PROGRAMMES COMMITTEE OF THE PLANNING COMMISSION\*

V. M. Dandekar

1. This is a brief review of the several land reform studies sponsored by the Research Programmes Committee of the Planning Commission. The following is a list of the studies covered by this review:

1. *The Economic and Social Effects of Zamindari Abolition in Andhra*: By Dr. B. Sarveswara Rao: Covers the period from 1946-47 to 1954-55.
2. *Economic and Social Effects of Jagirdari Abolition and Land Reforms in Hyderabad*: By A. M. Khusro: Covers the period from 1948-49 to 1953-54.
3. *Working of Bombay Tenancy Act, 1948*: Report of investigation by V. M. Dandekar and G. J. Khudanpur: Covers the period from 1948-49 to 1952-53.
4. *Report of an Enquiry into the Working of the Bombay Tenancy and Agricultural Lands Act, 1948* (as amended up to 1953) in Gujarat (excluding Baroda District): By M. B. Desai: Covers the period from 1948-49 to 1952-53.
5. *An Enquiry into the Effects of the Working of the Tenancy Legislation in the Baroda District of Bombay*

*State*: By V. Y. Kolhatkar and S. B. Mahabal: Covers the period from 1949-50 to 1953-54.

6. *Report on the Effects of Land Reforms in Saurashtra*: By R. R. Mishra: Covers the period from 1947-48 to 1954-55.
7. *Co-operative Farming in Gujarat*: A Study into the working of the co-operative farming societies in Gujarat: By the Gujarat Co-operative Farming Survey Committee, Ahmedabad: Covers the period from 1949-50 to 1955-56.
8. *Problems of Small Farmers*: Report on an enquiry into the problems of low-income farmers in Kodinar Taluka: By C. H. Shah: Covers the period 1952-53.

2. The following points may be noted: (a) The first six studies concern certain land reform measures in certain states. The last two studies concern two problems directly relevant to land reform. (b) All the studies cover a period beginning sometime before the First Five-Year Plan and ending sometime in the middle of or towards the end of the First Five-Year Plan. (c) The studies cover a few states:

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the then Andhra, Hyderabad, Bombay and Saurashtra; or the present Andhra, part Mysore, part Maharashtra and Gujarat.

We shall first review the first six studies concerning the effects of land reforms in the respective states; and then refer to the last two studies concerning the two related problems.

3. As is usually done, it is convenient to distinguish land reform into two categories: (a) Abolition of intermediaries; and (b) Tenure reform. Of the six studies mentioned above, the two, related to Andhra and Saurashtra, respectively, are exclusively concerned with the abolition of intermediaries in the two states. The study in Hyderabad is partly concerned with the abolition of intermediaries and partly with tenure reform. The three relating to Bombay State are exclusively concerned with tenure reform.

4. The abolition of intermediaries is principally a reform of land revenue administration. One of its direct effects may be a slight reduction in the burden of rent or revenue on the cultivators. But most of its other benefits follow from the improvement in the administration. The case for the abolition of intermediaries is therefore obvious. The benefits following from it are also obvious, whether or not they are detected by a fact-finding

investigation. The abolition of intermediaries is also now more or less complete in all the states. The results of the above studies in this respect are, therefore, of no more than academic interest. Hence the present review is confined to the studies of the effects of tenure reform.

5. As mentioned above, there are four studies on the effects of tenure reform. Three of them relate to Bombay State and concern the working of the Bombay Tenancy and Agricultural Lands Act of 1948. The fourth study relating to Hyderabad concerns the working of the Hyderabad Tenancy and Agricultural Lands Act of 1950. The two legislations, one in Bombay and the other in Hyderabad, have many features in common. We may therefore say that all the available studies concern the working of a certain type of tenancy legislation.

6. The Bombay Tenancy and Agricultural Lands Act of 1948 (i) offered a certain protection to the tenants from being evicted from the land; (ii) placed restrictions on the transfer of agricultural lands and in particular, encouraged their transfer into the hands of the tenants and prevented their future acquisitions into holdings above a certain ceiling; and (iii) fixed the maximum rent payable by a tenant for the lease of any land. The Hyderabad Tenancy and Agricultural Lands Act of 1950 had similar provisions

corresponding to (i) and (ii) above. However, it made no attempt to regulate the rents until by an amendment of 1954.

7. In evaluating the effects of the tenancy legislation, or in fact any legislation, it is convenient to distinguish two questions:

(i) Was the legislation implemented effectively?

(ii) To the extent it was, had it the desired effects?

Accordingly, in the following, we shall review the effects of the tenancy legislation in these two stages.

8. Dandekar and Khudanpur in their study, *Working of the Bombay Tenancy and Agricultural Lands Act of 1948*, observe as follows: "The main facts brought out by this investigation are, firstly, the extensive resumption and changes of tenants that took place even after the enforcing of the Act showing that the protection given to the tenants could not be effective in practice; secondly, a more or less normal market in land showing that the provisions for promoting the transfer of lands into the hands of the tillers were not quite effective; and thirdly, an almost complete absence of any signs of lowering the share and cash rents or of any changes in the tenancy practices." (page 187.)

9. These conclusions are corroborated by both Desai, and Kolhatkar - Mahabal. Desai observes as follows: "The large shift in the area held under tenancy during the period 1949-53, indicates considerable uncertainty and insecurity of tenancy... There has been extensive surrender of lands by tenants voluntarily.... Eviction of protected tenants during 1951-54 was considerable... Lands sold by tenants nearly offset those purchased by them and land acquisition by tenants from landlords was relatively less significant than that from others... Economic conditions rather than the benefits of the tenancy legislation seem to have been the factor responsible for the phenomenon. In almost all cases of purchases by the tenants, the prices were arrived at by mutual agreement... The levels of Tent over a period of time appear to be going down and give an impression of settling down to levels permissible under the Act. But the process is very slow and gradual and is likely to take a long time." (pages 94-95.)

10. Kolhatkar and Mahabal observe: "There has been a sharp rise in the area under personal cultivation... thus indicating a large scale eviction of tenants on the eve of the application of the Act... Most of the cases of the termination of tenancy arose out of the demand for the land by the landlords for personal cultivation. There are reasons to believe that

the personal cultivation for which the landlords terminated tenancies was not genuine... None of the tenants studied purchased land from the landlord... No landlord had to sell the land because he held more than fifty acres and because his tenant demanded that he be allowed to purchase the land... Only in 32 per cent of the cases, the rent was reported to be within the maximum prescribed under the Act. There has been no change in the practices of sharing the costs between the tenants and the landlords.... There were few disputes that were referred to the Mamlatdars and fewer still in which the initiative was taken by the tenants. Many of the disputes were initiated by the landlords and were mainly for taking over possession of the land for personal cultivation." (pages 50.51.)

11. Khusro has similar observations to make regarding the Hyderabad Tenancy and Agricultural Lands Act of 1950. He observes: "A significant degree of evasion is noticeable with respect to tenancy legislation and the law regarding ceiling on land...It appears that out of the originally created protected tenants in 1951..  $2\frac{1}{2}$  per cent have been legally evicted, 22 per cent have been illegally thrown out while 17 per cent have voluntarily surrendered... The so-called voluntary surrenders are very often a subtle form of illegal evictions, and only a proportion of

these surrenders is genuine. The tendency is for the smaller tenants to be more readily evicted than the larger ones and purchases of land have been undertaken more by the larger tenants than the smaller ones... The evasion of legislation with respect to ceilings on land takes the form of purchases or transfers... many of these transfers have been bogus and have not resulted in any change in management or any redistribution of land which was the main intention of the legislation." (page 169)

12. Thus all the studies emphasize the basic failure to implement the tenancy legislation effectively. In view of this, a discussion of the effects of the reform, if it were effectively implemented, becomes rather of doubtful validity. Nevertheless, we shall summarize below the main conclusions arising out of the several studies.

13. One of the main objects of tenancy reform is to promote full and efficient use of agricultural lands. This is supposed to follow from the protection offered to the tenants who as a consequence are expected to take better care of the land. Among the available studies, Khusro's gives more specific attention to an assessment of such effects. We shall therefore begin with his study.



14. Arguing that better security of tenure would lead to greater investment in land and consequent increased productivity of land, Khusro suggests that as a result of the tenure reform, the gap between the owner-cultivators and the tenant-cultivators in respect of the investment in land and productivity of land, should narrow down. To test this, "the predominantly owner-cultivating families in the sample were separated from the predominantly tenant-cultivating families in all the 43 ex-jagir villages and their levels and patterns of investment and production as well as the changes in these levels and patterns were studied separately," (page 153). It then seems that

"between the two years 1948-49 and 1953-54, the absolute amount of investment among the owner-cultivators rose by 79% while the rise among the tenant-cultivators was 74%." This includes both the agricultural and non-agricultural investment and therefore "conceals the correct picture. If we exclude non-agricultural investment and look at agricultural investment only we shall find that whereas the money investment of owner-cultivators increased by only 64%, that of the tenant-cultivators rose by no less than 146%." (page 153) Briefly, the statistical statement is as under:

*Investment among owner-cultivators and tenant-cultivators (Table 57: page 152)*

	Agricultural investment	Non-agricultural investment	Total investment
Owner cultivators:			
1948-49	40,758	3,390	44,148
1953-54	66,859	12,292	79,131
Per cent increase	64.0	362.6	79.2
Tenant cultivators:			
1948-49	4,050	2,010	6,060
1953-54	9,972	557	10,529
Per cent increase	146.2	-72.3	73.7
All cultivators:			
1948-49	44,808	5,400	50,208
1953-54	76,811	12,849	89,660
Percent increase	71.4	237.9	78.6

Thus from the figures as they are, it seems that though the increase in the total investment by the owner-cultivators and the tenant-cultivators is of the same order, the owner-cultivators have diverted a larger part of their investment to non-agricultural channels while the tenant-cultivators have diverted a larger part of their investment to agricultural channels,

In fact, the tenant-cultivators seem to have reduced in absolute terms their non-agricultural investment.

15. The number of owner-cultivators and the tenant-cultivators and the acreage of their cultivating holdings on which these data are based are given below:

Year	Owner-cultivators		Tenant-cultivators		All cultivators	
	Number	Area (Std. acres)	Number	Area (Std. acres)	Number	Area (Std. acres)
1948-49	537	10,488	109	2,099	646	12,587
1953-54	577	10,276	97	2,099	674	12,403

The figures for total investment given in the above may therefore be expressed on a per cultivator and per acre (standard) basis. This is done in the following

Table:-

On both counts it is obvious that the rate of increase in agricultural investment

*Agricultural investment per cultivator and per standard acre among owner-cultivators and tenant-cultivators  
(Table 58 and 59: pages 154 and 156)*

	Agricultural investment per cultivator (Rs.)	Agricultural investment per standard acre (Rs.)
Owner-cultivators		
1948-49	75.9	3.88
1953-54	114.1	6.47
Per cent increase	50.3	66.8
Tenant cultivators		
1948-49	37.2	2.33
1953-54	102.8	5.58
Per cent increase	176.3	139.5

among tenant-cultivators is much faster (176.3% per cultivator or 139.5% per standard acre) than the rate of increase in agricultural investment among the owner-cultivators (50.3 per cent per cultivator or 66.8 per standard acre), "showing that the gap between the investment activity of these two classes is tending to be closed... Thus in whichever manner we prefer to strike a comparison between the two classes of people - absolute levels of investment or per acre investment or investment per family - we tend to reach the same conclusion that the investment activity of tenants is forging ahead at a decidedly more satisfactory pace than that of the owner-cultivators. And this can perhaps safely be attributed to land reform rather than to any other factor in the whole agricultural situation." (page 157.)

16. It should be noted that Khusro draws these conclusions on the basis of a two-year comparison, namely, between

1948-49 and 1953-54 and nevertheless implies a steady trend when he observes: "the investment activity of tenants is forging ahead at a decidedly more satisfactory pace than that of the owner-cultivators." It will be difficult to justify such conclusions particularly in view of the evidence that the reported figures of annual investment are highly fluctuating from year to year. This will be evident from the 1st table on the next page.

17. These wide fluctuations in the reported figures of annual investment throw grave doubts on some of the conclusions drawn by Khusro. However, as he points out, "if these findings are correct and if the pace of investment is related to production and productivity then we should expect on '*a priori*' grounds, important repercussions on the levels of productivity of the two classes under consideration." This may be done by comparing

*Agricultural investment (AU Jagirs) (Table 43: page 113)*

Year	Amount (Rs.)	Increase over previous year (per cent)
1948-49	47,334	
1949-50	28,373	-40.1
1950-51	42,026	48.1
1951-52	52,963	26.0
1952-53	37,474	-29.2
1953-54	77,692	107.3

the per acre productivity among the cultivators. This is done below: Here owner-cultivators and the tenant- again, we shall not raise the question

*Productivity (production in standard maunds per standard acre) among the owner-cultivators and the tenant-cultivators (Table 60: page 158)*

Year	Owner-cultivators	Tenant-cultivators	All cultivators
1948-49	3.07	2.62	3.00
1953-54	2.85	2.64	2.81
% increase	-7.3	0.8	-6.3

of the reliability of the production figures. We should note nevertheless that they show changes within a range of less than 10 per cent and that ordinarily it requires a rather large sample to be able to comment on change of this magnitude. In the following, we shall take the figures as they are and examine their implications.

18. The figures show that in 1953-54, the productivity of the lands cultivated by the tenant-cultivators remained constant or rose by a negligible amount while the productivity of the lands cultivated by the owner-cultivators in fact fell quite considerably. However, the relevant point, apparently is that there was an improvement in the productivity of the tenant-cultivators relative to that of the owner-cultivators and hence that the gap between the two was narrowed down. Presumably, this is the kind of result one expects to follow from the tenancy reform. Khusro also feels that this was in accordance with what was noted earlier

regarding the agricultural investment undertaken by the two classes of cultivators. He observes: "If productivity in terms of acreage or families has anything to do with not only the level but the rate of change of investment, then the present results in terms of productivity behaviours would seem to be well correlated with the earlier ones in terms of rates of change in investment and it is gratifying to note the reflection of the one in the other." (page 161)

19. Of course it would have been more gratifying if the productivity of the owner-cultivators' lands had not declined but instead gone up and then had the productivity of the tenant-cultivators' lands caught up with the same. In point of fact, the gap between the owner-cultivators and the tenant-cultivators has been narrowed down not by any rise in the productivity of the tenant-cultivators' lands but by a decline in the owner-cultivators' lands. It is extremely difficult

to consider this as gratifying even analytically in view of the fact that over the period the agricultural investment per acre of even the owner-cultivators' lands shows a substantial increase (66.8%). It is not possible to lay the blame on the season. For Khusro records: "In most of the tracts investigated, the years 1953-54 and 1948-49 witnessed normal weather conditions. There were no crop failures due to plant diseases or locusts or excessive or unduly little or untimely rains, etc. Nor were there bumper crops beyond the normal expectations of cultivators. Comparability therefore was not distorted as far as one can discern." In any case, there is no reason why the seasons should treat the tenant-cultivators' land differently. Khusro's explanations of the phenomenon of the decline in the productivity of the owner-cultivators' lands appear rather tenuous guess work.

20. In the first instance, he suggests that though the investment per acre by the owner-cultivators shows a substantial increase (66.8%) in money terms, much of it could be due to an increase in the general price-level so that it, in fact, represented very little investment in real terms. On the other hand, as the investment by the tenant-cultivators had increased much more (139.5%), presumably at least in part it represented an increase in real investment. "It is, therefore, a matter of small wonder that

the productivity of owner-cultivated lands has been changing somewhat adversely while that of tenant-cultivated tracts has given a better account of itself relatively to its owner-cultivating counterpart." (page 161)

21. Khusro offers yet another important reason as he points: "The institutional significance of this reason is great in the context of land reforms. It is well known....that land reforms had led to a good deal of resumption of land by owners partly because they wanted to cultivate the extra land and largely owing to expectations and psychological attitudes which this reform had led to. If the land so resumed had in fact been resumed with the intention of cultivation with at least the same standards as already existed in owner-cultivated tracts, the productivity of the owner-cultivators would have remained at least constant. In point of fact, however, the land which is resumed is not resumed with the express intention of immediate cultivation or for improved efficiency of this cultivation. On the contrary it is resumed for keeping intact what is otherwise likely to become a doubtful asset; it is resumed for institutional and legal reasons to safeguard against future encroachments by tenants. Thus the resumer has no intention of making any investment on the land immediately or growing crops on it with the same efficiency with which he has

been cultivating his other tracts. The result is to push up owner-cultivated acreage without simultaneously pushing up the production of this class." (pages 161-163). This is of course plausible. Unfortunately, it is not supported by the data. The above discussion regarding the productivity of the owner-cultivators' lands is based on data covering 537 owner-cultivators with a total area of 10,488 standard acres in 1948-49 (an average of 19.5 acres per owner-cultivator) and 577 owner-cultivators with a total area of 10,276 standard acres in 1953-54 (an average of 17.8 acres per owner-cultivator). There is, therefore, no evidence of the owner-cultivated acreage having been 'pushed up' because of the resumed land. The same is obvious if we examine the data for the tenant-cultivators. There were 109 tenant-cultivators with 2,099 standard acres in 1948-49 (19.3 acres per tenant-cultivator) and 97 tenant-cultivators with 2,127 standard acres in 1953-54 (21.9 acres per tenant-cultivator). There is thus no evidence of the tenant-holdings having been reduced because of the alleged resumption. This is not to doubt the fact that considerable resumption had taken place, but to point out that for whatever reasons the same is not reflected in the data on which the discussion of the relative productivity is based and that

therefore it cannot supply an explanation of the decline in the owner-cultivators' productivity.

22. It seems that Khusro is trying to read too much into his data. In all probability, the data are not quite as reliable and the sample is too small to take so seriously a difference of six or seven per cent. It is also obvious that the apparent changes in the productivity are not in consonance with the changes in the reported agricultural investment so that the relation between the reported investment and the productivity is not quite as direct and immediate as Khusro presupposes. In spite of it all, if the reported data on production are to be taken so seriously, their striking feature is not so much the narrowing gap between the productivity of the owner-cultivators and the tenant-cultivators but the clear decline of the overall productivity. As has been stressed, the gap between the owner-cultivators and the tenant-cultivators has been narrowed down because of a decline in the productivity of the owner-cultivators. If this is real and if it is the result of tenancy reform, it is a very serious effect indeed and there is little gratifying about it.

23. Dandekar and Khudanpur also present certain data on investment. They report investment expenditure on owner-cultivated and tenant-cultivated

lands over a period of five years from 1948-49 to 1952-53. There is a small distinction between these data and the data presented by Khusro which might be noted. Khusro gives investment expenditure by predominantly owner-cultivators and by predominantly tenant-cultivators on their respective cultivation holdings (not necessarily entirely owner-cultivated or tenant-cultivated). Dandekar-Khudanpur on the other hand give investment expenditure on owner-cultivated and tenant-cultivated lands as such and in relation to

the tenant-cultivated lands they also make a distinction between the expenditure incurred by the landowners and the tenants, respectively. In a sense therefore, their data are more direct. They are also based on a much larger sample: About 2,450 cultivators with about 23,000 acres of owner-cultivated area, about 5,000 acres of area leased out by the owners and about 8,500 acres leased in by the tenants. In the following is the reported investment expenditure incurred on different kinds of land:

**Investment expenditure (Rs. per acre)**  
(Table No. 8.9: page 144)

Year	Owner-cultivated	Leased out	Leased in
1948.49	3.4	0.3	0.7
1949-50	4.1	0.6	0.8
1950-51	3.8	0.6	0.8
1951-52	5.0	0.7	1.2
1952-53	7.9	0.1	1.6

24. Commenting on these data, Dandekar-Khudanpur observe: "One striking fact arising out of this Table is that the scale of expenditure on land improvement has increased considerably.... The second obvious fact brought out by this Table is that the scale of expenditure on improvement of the owner-cultivated lands is very much higher than on the tenant-cultivated lands even after the expenditure on them by

both the landlords and the tenants is taken into account.... From the standpoint of the present study the immediately important fact however is that.... though the investment expenditure on land improvement has generally increased, the expenditure on the tenant-cultivated lands continues to bear more or less the same relation to the expenditure incurred on the owner-cultivated lands. This means that little effect in this respect is

ascribable to the Tenancy Act and hence that little evidence can be put forward from this standpoint to show that as a result of the protection given to the tenants by the Tenancy Act, the tenant-cultivated lands are now better attended to than before. There is at the same time no evidence to suggest that the situation in this respect has in any way worsened. Not only the tenant-cultivated lands, as compared with the owner-cultivated lands, continue to receive the same level of attention as they received prior to the Act, but the relative shares of the landlord and the tenant in this respect also continue to remain more or less the same as before; so that as a result of the Tenancy Act, neither are the tenants induced to pay more attention to the lands they cultivate, nor have the landlords tended to neglect whatever care they bestowed on the lands they leased out. The Act has thus left the situation more or less unchanged." (pages 143-145.)

25. Dandekar-Khudanpur offer no data on the comparative productivity of the owner-cultivated and the tenant-cultivated lands because it seemed to them "extremely difficult to obtain any reliable data to examine this point." (page 14)

26. Desai also presents no direct data on productivity. His data on investment in

land are also rather meagre and inadequate to judge the effect of the tenancy reform. The following illustrates the nature of Desai's data on this point: "Of the part-tenants, about 60 per cent had not carried out any improvements either on their own or leased lands during the period of five years beginning with 1949.... About 22 per cent of the part-tenants effected improvements on leased lands. Thus, the figures suggested some discrimination by the tenants as between their owned and leased lands in the matter of outlay under this head." (page 91) The data are obviously not in a form to enable any assessment of the effects of the tenure reform.

27. The same is more or less true of the data presented by Kolhatkar and Mahabal. They observe: "By and large the results are not at all encouraging. Some slight progress is made in respect of seeds, manures, bunding and levelling but it may also be the result of the ordinary course of general economic development.... The Tenancy Act may not take any special credit for this slight improvement. Increased investment in implements, repairs and digging of wells and other irrigation projects would certainly have indicated a greater measure of confidence of the tenants in their tenure. But we find little progress in these



directions." (page 42) In fact, their data are not in a form to enable any discussion of the point.

28. Another result expected to follow from a tenancy reform is a better distribution of land. However, neither the Bombay Tenancy Act nor the Hyderabad Tenancy Act had any provisions enforcing ceiling on the existing holdings. Therefore these Acts could not be expected to cause any direct redistribution of land. There were, however, certain restrictions on the future acquisitions and transfers of agricultural lands and these could indirectly affect the pattern of distribution of land. In point of fact, there is little evidence of any change in the distribution of land-holdings having

occurred. Dandekar and Khudanpur present the following data on the distribution of ownership. (See table given on the next page.) Dandekar-Khudanpur make the following observations: "Our total sample is fairly large and should ordinarily be adequate to indicate the size distribution of land holdings. Nevertheless, we wish to remind of the two circumstances which are likely to affect our results in this respect. In the first instance,.... our sample does not cover the absentee landlords residing in urban areas; secondly, our information relating to land areas is obtained by interview and not from the village records. For both these reasons, the distributions of land-holdings as

*Distribution of land-owners by size of owned-holdings showing cones-paneling distribution of owned area  
(Table No. 8.2: page 133)*

Size of owned holding (acres)	1948-49		1952-53	
	per cent owners	per cent area	per cent owners	per cent area
100 or more	1.0	18.1	1.0	13.8
50 or more	5.0	30.0	4.9	29.1
20 or more	24.2	66.2	24.0	65.9
10 or more	47.5	86.4	47.5	86.4
5 or more	64.8	94.3	64.8	94.3
2.5 or more	82.3	98.6	82.1	98.6
1.5 or more	89.4	99.5	89.3	99.5
0.5 or more	97.1	99.9	97.0	100.0
Total number of land-owners	1769		1777	
Total area owned (acres)		28,162		28,247

appearing.... may not be entirely representative and trustworthy. From the standpoint of the present study, however, the chief interest lies in comparing the size distributions of the land-holdings over the period of five years since 1948-49. For this purpose, of course, our data are quite adequate.... It may be noted that the distributions for the five years are based on one and the same sample of land-holders and hence that the information for the five years related to the same set of landowners; for this reason we should expect our data to give a more accurate comparison over the five years.... It is obvious that there has been no change whatever in the size distributions of land-holdings during the five-year period since the passing of the Tenancy Act, though here again we

should remind that our data relate to the landowners resident in the rural areas only and exclude the absentee landlords resident in the urban areas. Of course, if there had occurred any substantial change in the size distribution of the land-holdings of these absentee landlords, presumably in the direction of reducing the size of their holdings, though such a change would not directly appear in our data, we should expect to discover in our data certain compensating changes in the size distribution of the land-holdings of the land-holders covered by our data. In fact, no such change is noticeable." (p. 130-32).

29. The same is true of the size distribution of the cultivated holdings. In the following are the relevant data:

*Distribution of cultivators by size of cultivated holding showing corresponding distribution of cultivated area (Table No. 8.4: page 135)*

Size of cultivated holding (acres)	1948-49		1952-53	
	per cent cultivators	per cent area	per cent cultivators	per cent area
100 or more	0.7	7.3	0.7	7.3
50 or more	4.3	25.3	4.2	25.0
20 or more	20.7	63.5	20.8	63.5
10 or more	40.5	84.4	40.5	84.4
5 or more	53.5	91.8	53.5	91.8
2.5 or more	70.6	97.0	70.4	97.0
1.5 or more	81.4	98.7	81.2	98.6
0.5 or more	98.2	100.0	98.2	100.0
Total number of cultivators	2447		2459	
Total area cultivated (acres)		31,791		32,030

Evidently there had occurred no change whatever.

30. Desai and Kolhatkar-Mahabal do not offer any direct data on this subject. The same is true of Khusro. Kolhatkar-Mahabal give a size distribution of ownership holdings on the basis of 241 landowners and observe: "As many as 31.6 per cent of the land-holders own land up to 5 acres only and hence may be considered 'poor'" (page 7.) Khusro also gives a size distribution of ownership and cultivation holdings on the basis of a sample of 635 landowners and 630 cultivators. His size classification is in terms of fractions or multiples of a family holding which is defined by the Hyderabad Land Commission, as quoted by Khusro (page 21) to be an area "which a

family of five persons including the agriculturist himself, cultivates personally according to local conditions and practices, and with such assistance as is customary in agricultural operations and which area will yield annually a produce the value of which, after deducting 50% therefrom as cost of cultivation, is Rs. 800 according to the price levels prevailing at the time of determination." His data briefly are as given in the table on the next page. These data are of course useful to show the preponderance of small holdings. But neither Khusro nor Kolhatkar-Mahabal present any data to examine any possible changes that might have taken place in these distributions.

*Size distribution of ownership holdings (Table 26: p. 77) and of cultivation holdings (Table 27: p. 78)*

Size of holding	Ownership holdings %	Cultivation holdings %
Up to 1/3 family holding	54.0	53.0
Between 1/3 and 2/3 f. h.	22.2	23.2
Between 2/3 and 1 f. h.	12.0	11.4
More than 3 family holdings	3.8	3.0
Between 1 and 2 f.h.	8.0	9.4
Total ownership/cultivation holdings in the sample	635	630

31. The preponderance of small holdings is also evident from Dandekar-Khudanpur data of the size distribution of owned and cultivated holdings. Thus, here 35.2 per cent of the owned holdings were of less than five acres each. The

corresponding distribution of the area brings out the inequality in the distribution; for it seems that between themselves these holdings (35.2 per cent of all holdings) held only 5.7 per cent of the owned area. Small cultivated holdings

were even more numerous; 46.5 per cent of the cultivated holdings were of less than five acres each and between themselves they accounted for only 8.2 per cent of the total cultivated area.

32. Sarveswara Rao gives extremely useful data on owned and cultivated

holdings. Though his study concerns the economic and social effects of zamindari abolition in Andhra and not the effects of any tenancy legislation, we might examine his data as they are of considerable interest. In the following are his data on the size of owned holdings.

*Percentage distribution of the number and extent of owned holdings in 1946-47 and 1954-55 according to size (Table 5.7)*

Size of holding in acres	1946-47		1954-55	
	per cent owners	per cent area	per cent owners	per cent area
0 - 1	24.4	2.9	25.2	3.1
1 - 2 1/2	26.7	8.7	27.8	9.4
2 1/2 - 5	23.1	16.1	21.8	15.6
5 - 10	14.2	19.3	14.0	19.7
10 - 25	8.5	25.2	8.3	25.0
Above 25	3.1	27.9	2.9	27.3
Total number of landowners	6885		7428	
Total area owned (acres)		36,026		37,601

Thus quite clearly the small holdings are even more numerous in Andhra than in those parts of Maharashtra and Karnatak covered by Dandekar-Khudanpur. In Andhra more than half the holdings are of less than 2.5 acres and between themselves have a little over 10 per cent

of the total area. Incidentally, there is little change in the situation over the period 1946-47 to 1954-55.

33. Sarveswara Rao presents similar data for cultivated holdings. They are as under:

*Percentage distribution of the number and extent of cultivated holdings in 1946-47 and 1954-55 according to size (Table No. 5.41)*

Size of cultivated holding (acres)	1946-47		1954-55	
	per cent cultivators	per cent area	per cent cultivators	per cent area
0 - 1	21.5	2.7	21.3	2.6
1 - 2 1/2	27.3	9.2	27.8	9.4
2 1/2 - 5	23.9	16.9	23.1	16.2
5 - 10	15.3	21.1	15.6	21.4
10 - 25	9.0	26.5	9.4	27.2
Above 25	2.8	23.6	2.7	23.2
Total number of landowners	7,069		7,530	
Total area owned (acres)		36,764		39,092

It is worth noting that the proportion of cultivated holdings of less than one acre is somewhat smaller than the proportion of owned holdings of less than one acre. It seems therefore that for many owners, the size of their owned holdings is not worth cultivating, either they lease it out or lease in more land to cultivate.

34. This brings us to the related question of who among the landowners lease out their lands and who among the cultivators lease in lands to cultivate. Sarveswara Rao gives much detailed data on the subject. The information is available for both the years 1946-47 and 1954-55; but

as there is little change in the situation over the period, we might concentrate attention only on the later year. In 1954-55, 6.1 per cent of the landowners in Sarveswara Rao's sample were non-cultivating owners or pure rent receivers and between themselves they owned 6.6 per cent of the total owned area. This indicates that the non-cultivating owners were not particularly large owners. This is also evident from the following Table, where the same information is given for each size group of owned holdings namely the proportion of non-cultivating owners and the extent of their owned area in each size group.

*Non-cultivating owners and the area owned by them in each size group of owned holdings in 1954-55 (Table 5.15)*

Size of holding in acres	Non-cultivating owners per cent in the size group	Area owned by the non-cultivating owners-per cent in the size group
0 - 1	6.5	6.9
1 - $2\frac{1}{2}$	6.4	6.5
$2\frac{1}{2}$ - 5	6.3	6.5
5 - 10	4.9	5.8
10 - 25	4.1	3.9
Above 25	6.5	9.5
All groups	6.1	6.6

Thus the proportion of the non-cultivators as also the area owned by them is more or less the same in all the size groups. The small variations are not regular and systematic and there is little evidence to suggest that the non-cultivating owners are particularly large landowners. This means that the circumstances leading to the leasing out of the entire owned land are independent of the size of holding and arise equally frequently in all size groups of the landowners.

35. The remaining 93.9 per cent of the owners were themselves cultivators. However, some of them had leased out part of their owned holdings. Between themselves, they had thus leased out 8.4 per cent of their owned area. In the following Table, is given the same information of each size group of landowners.

*Areas leased out by cultivating owners in each size group (Table 5.23)*

Size of holding in acres	Leased-out area as per cent of the owned area in each size group
0 - 1	5.7
1 - $2\frac{1}{2}$	6.4
$2\frac{1}{2}$ - 5	7.2
5 - 10	6.7
10 - 25	7.6
Above 25	11.9
All groups	8.4

There is a slight evidence that the proportion of the area leased out increases somewhat in the larger size groups; but the evidence is not indeed conclusive except in the last size groups of the holdings above 25 acres.

This means that the reasons for leasing out a part of the holding are again more or less unrelated to the size of the holding except in the case of holdings of above

25 acres; it is only in these holdings that there is some evidence to suggest that owners lease out a part of their holding because it is a little too much for them to cultivate by themselves. These points are fundamental to an understanding of the tenancy situation and we shall return to them later.

36. We might similarly view the situation from the cultivators' end and ask the question as to who leases in land to

cultivate. In Sarveswara Rao's sample, 9.2 per cent of all cultivators were non-owners or pure tenants and they accounted for 4.0 per cent of the total cultivated area. Evidently, therefore, the pure tenants generally belonged to the small class of cultivators. More details are given in the following Table, where proportion of pure tenants and the area cultivated by them are given for each size group of cultivated holdings.

*Non-owning cultivators and the area cultivated by them in each size group of cultivated holdings in 1954-55 (Table 5.45)*

Size of holding in acres	Non-owning cultivators per cent in the size group	Area cultivated by the non-owning cultivators per cent in the size group
0 - 1	15.9	18.0
1 - $2\frac{1}{2}$	12.8	13.0
$2\frac{1}{2}$ - 5	7.2	7.0
5 - 10	6.0	5.8
10 - 25	6.2	7.0
Above 25	1.1	1.0
All groups	9.2	4.0

Thus the pure tenants are proportionately very few in the size groups of holdings above 25 acres while they are quite many in the smallest groups of under 2.5 acres. They form nearly 16 per cent of the cultivating holdings under one acre.

37. The remaining 90.8 per cent of the cultivators are themselves landowners. Some of them had of course leased in

additional lands for cultivation. It would have been useful to know what proportion such leased-in lands bore to the total cultivated area in each size group of cultivated holdings. However, Sarveswara Rao does not furnish the tabulation. But he gives a tabulation showing the leased-in area as a proportion of the owned area in each size of owned holdings. It seems that the area leased-in by

the owner-cultivators, (i.e., excluding the pure tenants) forms 10.7 per cent of the area owned by them. The proportions in the different size groups of owned holdings are as under:

*Area leased in by owner-cultivators in each size group of owned holdings (Table 5.23)*

Size of holding in acres	Leased-in area as per cent of the owned area in each size group
0 - 1	76.8
1 - $2\frac{1}{2}$	26.3
$2\frac{1}{2}$ - 5	13.6
5 - 10	8.9
10 - 25	4.8
Above 25	3.1
All groups	10.7

Thus quite evidently it is the small owners with small holdings who make a proportionately large addition to their holdings by leasing in lands. This should not, however, be conceived to mean that the leased-in land is concentrated very much in the hands of the small cultivators. The small cultivators have small amount of owned lands and in proportion to their owned lands, the lands leased in by them are large. But that does not necessarily make the land leased in by the small cultivators quantitatively important in the total leased-in land. We shall return to this point later. For the time, what the above data show is that the very small owners must lease in additional lands if

they are to remain cultivators; otherwise it would not be worth their while to be cultivators.

38. Though Dandekar-Khudanpur do not directly furnish similar data, the same can be derived from the tabulations given by them. In the following, we shall present such derived data. In Dandekar-Khudanpur's sample of landowners, 17.3 per cent of the owned land is leased out. The proportions of leased-out area in the different size-groups are as under:

*Proportions of leased-out area in different size groups of owned land holdings (1952-53) (Derived from Table Nos. 8.2 and 8.6)*

Size of holding in acres	Leased-out area as per cent in the size group
0 - $1\frac{1}{2}$	10.4
$1\frac{1}{2}$ - $2\frac{1}{2}$	9.6
$2\frac{1}{2}$ - 5	10.8
5 - 10	15.5
10 - 20	14.5
20 - 50	11.5
50 - 100	8.7
Above 100	50.3
All groups	17.3

Thus there is not evident any systematic increase in the proportion of leased-out area as the size of holding increases, except for the highest group of holdings above 100 acres. The proportion of leased-out area is higher in the middle groups of holdings between 5 and 20



acres but it declines in higher groups. It seems therefore that the proportion of leased-out area is about 10 per cent in all groups up to 100 acres of holdings. It is only in the group of holdings above 100 acres that the proportion of leased-out area is decidedly high. These results are

similar to those given by Sarveswara Rao.

39. In Dandekar-Khudanpur's sample of cultivators, 27.1 per cent of the cultivated area was leased in. The proportions of leased-in area in different size groups of cultivated holdings are as under:

*Proportion of leased-in area in different size groups of cultivated holdings (1952-53)*  
(Derived from Table Nos. 8.4 and 8.8)

Size of holding in acres	Leased-in area as per cent in the size group
0 - $1\frac{1}{2}$	75.4
$1\frac{1}{2}$ - $2\frac{1}{2}$	67.7
$2\frac{1}{2}$ - 5	51.0
5 - 10	28.9
10 - 20	32.2
20 - 50	24.5
50 - 100	17.4
Above 100	12.2
All groups	27.1

Thus clearly, the smaller cultivators are seen to lease in proportionately more land. Here again the results are in accordance with the results given by Sarveswara Rao though we should note the slight difference between the two sets of data: In Sarveswara Rao's data, the leased-in area is expressed as a per cent of the owned area; in the above it is expressed as a per cent of the cultivated area.

40. It was mentioned that Dandekar-Khudanpur do not present these data in the form in which they are presented in the above two paragraphs. The manner in which Dandekar-Khudanpur have presented these data is also instructive. For instance, in respect of the leased-out area, they give its distribution according to the size of the owned holdings of the owners who leased out a part or a whole of their holdings. The results appear as under:

*Distribution of land owners by size of atoned holdings showing corresponding distribution of the leased-out area (1952-53) (Table No. 8.6)*

Size of owned holdings (acres)	Per cent landowners	Per cent of leased-out area
100 or more	1.0	40.2
50 or more	4.9	48.3
20 or more	24.0	72.3
10 or more	47.5	89.4
5 or more	64.8	96.5
2.5 or more	82.1	99.2
1.5 or more	89.3	99.7
0.5 or more	97.0	100.0
Total number of owners	1777	
Total area leased out (acres)		4878

We have earlier seen that the practice of leasing out is more or less equally common among the land-owners in all size groups, except in the largest size group where the practice of leasing out is naturally more frequent. The important fact brought out by the above Table is that nevertheless a large part of the leased-out area belongs to a small fraction of the landowners all belonging to the large size groups of holdings. Thus, it seems that 40.2 per cent of the leased-out area belonged to landowners with holdings above 100 acres and that they comprised just 1.0 per cent of all the landowners; or, 48.3 per cent of the leased-out area belonged to landowners with holdings above 50 acres and they comprised only 4.9 per cent of all the landowners. In fact,

the leased-out area would in fact belong to even fewer owners because all those with above 50 acres holdings might not have leased out some land. The reason why the leased-out area is concentrated in such few hands even though the practice of leasing out appears common in all the size groups of holdings is the inequality of the distribution of land-holdings to which we have earlier drawn attention. For the present we note that a large part of the leased-out area in fact belongs to a few large landowners. We shall later see that this fact is important from the standpoint of an effective implementation of the tenancy reform.

41. We might similarly examine the distribution of the leased-in area in dif-

ferent size groups of cultivated holdings. What the above Table shows is that, (See table on next page.) In respect of the leased-in land we had earlier noted that nevertheless, the area leased in by the the small cultivators lease in more land small cultivators does not amount to proportionately to their owned area. much in the totality of the leased-in area

*Distribution of cultivators by size of cultivated holdings showing corresponding distribution of leased-in area (1952-53) (Table No. 8.8)*

Size of cultivated holdings (acres)	Per cent cultivators	Per cent of leased-in area
100 or more	0.7	3.3
50 or more	4.2	14.7
20 or more	20.8	49.5
10 or more	40.5	74.4
5 or more	53.5	82.3
2.5 or more	70.4	92.1
1.5 or more	81.2	96.1
0.5 or more	98.2	100.0
Total number of owners	2459	
Total area leased out (acres)		8670

and that a large part of the leased-in area is cultivated by a relatively few large cultivators. Thus 49.5 per cent of the leased-in area is seen to be cultivated by cultivators with holdings above 20 acres and they seem to comprise only 20.8 per cent of all the cultivators. We shall later return to this point because it too will be seen to have implications regarding an effective implementation of the tenancy reform. 42. It is possible to derive similar results regarding leased-out area from the data given by Sarveswara Rao. In the following is a distribution of the landowners and the area leased out by them according to the size of their holdings.

*Distribution of landowners by size of owned holding showing corresponding distribution of the leased-out area (1954-55) Derived from Table Nos. 5.7 and 5.20)*

Size of owned holdings (acres)	Per cent landowners	Per cent of leased-out area
25 or more	2.9	24.5
10 or more	11.2	50.2
5 or more	25.2	70.8
2.5 or more	47.0	87.0
1 or more	74.8	96.8

Thus quite clearly a very large part of the leased-out area belongs to a few landowners with large holdings. The situation is therefore the same as indicated by Dandekar-Khudanpur's data. Comparable results for leased-in area cannot be derived from the tabulation furnished by Sarveswara Rao, but it is obvious that the results would not be basically different.

43. Earlier, we have referred to the preponderance of small owners and small cultivators in the samples of both Sarveswara Rao and Dandekar-

Khudanpur. In his 'Report on an enquiry into the problems of low income farmers in Kodinar Taluka' Shah has focussed attention on the problems of small farmers. The study is based on 280 small farmers who are contrasted with 107 big and 210 medium farmers. The details of their owned and cultivated holdings confirm the findings of Sarveswara Rao and Dandekar-Khudanpur that the practice of leasing out or leasing in land is not confined to only the big or the small cultivators. Shah's results are as under:

*Owned and operated holdings with leased-out and leased-in areas shown as percentages of the owned and the cultivated areas respectively (1952-53) (Table V-I: page 61)*

Group	Owned area (acres)	Leased-out as per cent of owned	Operated area (acres)	Leased-in as per cent of operated
Big	16.7	8.4	21.1	27.5
Medium	7.6	10.5	10.3	34.0
Small	3.8	10.5	4.5	24.4
All groups	12.4	8.9	15.8	28.5

Thus the practice of leasing out is not only not confined to or is not more common to the big farmers but, if anything, the medium and the small farmers are seen to have leased out slightly larger proportions of their owned area. Shah observes: "It is difficult to say whether this feature of leased land bearing a fixed proportion to owned land is peculiar to the Kodinar taluka." The data of Sarveswara Rao and Dandekar-Khudanpur earlier presented show that the feature is not peculiar to Kodinar taluka. In the same way, the practice of leasing in is not confined to only the small farmers a Sarveswara Rao's and Dandekar-Khudanpur's data had indicated that at any rate the practice was more common among the small farmers in the sense that they had leased in more land in proportion to their owned land. Even that does not seem to be so in Shah's data. The general point is thus clearly established, namely, that the practice of leasing out or leasing in is not confined to either the big or the small cultivators and therefore in general the circumstances leading to these practices do not appear directly related to the size of holding. Shah observes: "Two features of farm tenancy in the Kodinar taluka may be noted in this connection. In the first place, landless tenants formed a small minority. Secondly, lands taken on tenancy were fairly diffused among cultivators in different groups." The following Table is instructive:

*Owners, part-tenants and pure tenants (Table V-2: page 61)*

Group	Owners per cent	Part tenants per cent	Pure tenants per cent
Big	43.3	51.3	5.4
Medium	48.3	42.0	9.7
Small	69.5	21.7	8.8
All groups	48.7	44.3	7.0

44. As Shah points out "the central problem of the small farmer is relatively greater imbalance of factors of production.... Imbalance in factor combination takes two forms. Firstly, since the quantum of family labour is given and the size of holding is inadequate to provide full employment to all working members of the family, his economy has surplus of labour, only a part of which is employed outside. Unemployed labour is a heavy drag on his small income. Secondly, a certain minimum of equipment and housing facilities is necessary but this investment is rather heavy for his size of holding. On the other hand, his equip-

ment is inadequate for efficient farming. Further, the low income leaves very little for investment in working capital. With his small holding, he commands low credit which is inadequate to meet the requirements of working capital. As a result his efficiency to work his farm

suffers and he gets relatively low yield per acre." (pages 2-3.)

45. The excess of labour supply and the relative overstocking of capital equipment may be seen from the following:

*Labour supply and investment in cattle and implements per acre (1952-53) (Tables I and II: pages 3-4)*

Group	Size of holding (acres) per acre	Labour supply Man months per acre	Investment in cattle Rs. per acre	Investment in implements Rs. per acre
Big	21.1	2.24	60	11
Medium	10.2	3.67	54	10
Small	4.5	6.27	68	18

The supply of labour for work on farm was calculated by deducting off-farm employment from total labour available; and nevertheless, the excess of labour is obvious. The overstocking of cattle and implements per acre is also apparent. The position is, however, even more serious than this. Both cattle and implements are in general indivisible, and some farmers have them while others have none. Therefore, those who have, are even more seriously overstocked and those who have not suffer from lack of them. The following Table brings this out:

Thus only half of the small farmers have complete sets of bullocks and imple-

ments. They would be overstocked while the remaining would suffer from lack of equipment.

*Adequacy of bullocks and implements  
(Table III page 5)*

Group	Farmers with complete set of implements and bullocks per cent
Big	96.8
Medium	83.4
Small	49.2

46. The result of under-equipment and lack of resources in the case of small farmers was lower yields per acre. In the following are comparative yields for the principal crops

*Per acre yields (1953-54) for small farmers compared to those of the medium and the big farmers (Table VI-5)*

Group	Small farmer yields expressed as per cent lower (-) as compared to the yields of	
	Big farmers	Medium farmers
Paddy	- 17.2	- 9.3
Wheat	- 17.3	- 14.2
Jowar	- 20.7	- 16.8
Bajri	- 6.6	- 7.8
Cotton	- 32.1	Nil
Groundnut	- 11.9	- 4.4

"Between them these crops occupied 76.1, 75.7 and 71.9 per cent of the total cropped area for big, medium and small holdings, respectively. It may be noted that of the remaining area nearly eight per cent was devoted to fodder crops. The crop-yield index shows that, on the whole, yields per acre for the small farmers were, in the year under survey, 12.3 per cent lower compared to that of big farmers. Compared to that of medium farmers they were 7.2 per cent lower. In other words, lands in possession of small farmers were less intensively utilized to that extent." (page 74.)

47. In discussing the remedial measures, Shah observes as follows: "There can be two remedies to correct the faulty combination of factors.... If capital investment is increased to enable the

small farmer to under take highly intensive cultivation which has also high employment potential, the problem can be greatly solved.... Though this is very desirable both for the economy as a whole and for the small farmer himself, it can be only a long-term goal.... Immediately some other remedy has to be applied. The only alternative is redistribution of land." However, after examining the case for redistribution, Shah observes: "Land distribution cannot solve all the problems of the small farmer. It can, at the most, set a stage for other measures to operate more successfully. Besides, benefits of land distribution soon exhaust themselves unless this measure is supplemented by other suitable measures which widen more and more production possibilities. To solve the problem of under equipment on one hand and inadequate supplies of current production resources available to the small farmer on the other, co-operative farming is advocated as the most suitable remedy. On examination it will be found that.... the ideal form of co-operative farming, if it is to be on the voluntary basis, can be the result of an evolutionary growth over much longer duration." (page 11)

48. Shah was in a particularly favourable position to assess and evaluate the role of co-operation from this standpoint. For as he observes: "Cooperation in Kodinar is over 50 years old. During this period the

movement has not only encompassed practically the entire Kodinar taluka but has covered many fields of economic activities. It assumed the multipurpose form more than two decades ago in the taluka. During the last ten years, co-operative marketing, irrigation and co-operative farming also were undertaken. Hence, when we study working of co-operation in Kodinar, we evaluate one of the best organized movement." (page 127)

49. In spite of this long-standing and mature development the co-operative movement had not evidently reached all the strata of farmers equally well. Shah observes: "Our earlier analysis has indicated a direct correlation between the size of holding and the membership of agricultural co-operatives. Membership was low among small farmers. Secondly, the co-operative movement could not embrace farmers cultivating land on tenancy as widely as those cultivating own lands." The following data make this evident:

*Membership of co-operatives (Table III-6: page 50)*

<i>Group</i>	<i>Members as per cent to total in the group</i>
Big	62
Medium	55
Small	31
All groups	55

*Leased-in land as per cent to total cultivated land (Table. X-I: page 130)*

<i>Group</i>	<i>Members</i>	<i>Non-members</i>
Big	20	40
Medium	25	42
Small	24	26

Thus the membership of co-operatives among the small farmers was only half as extensive as among the big farmers. Further, among the big and the medium farmers, it is obvious that the leased-in land was much more extensive among the non-members than among the members. This means that the membership of co-operatives was more among the big and the medium farmers with predominantly owned holdings. The membership had extended much less among the small farmers and among the tenant-farmers, even when they were not so small.

50. "The small farmers were not only handicapped in regard to the access to co-operative societies, they were further denied the full benefit of the membership. The co-operative aid.... was received by comparatively fewer among the small farmers." (page 132.) The loans to the small farmers were also generally smaller in size. This will be evident from the following:



*Borrowers and loan per borrower (1953-54)*  
(Table X-5 and X-7)

Group	Borrowers as per cent of all members in the group	Loan per borrower (Rs.)
Big	76	299
Medium	69	194
Small	51	149

51. "The tardy progress in bringing the small farmer into the co-operative fold is traced to the practical difficulty of recovery of loans from this group. The economy of the small farmer hangs as if by a thin thread; one sub-normal year shatters his economy making recovery at every such turn increasingly difficult. Hence, even though the annual repayments compared to loans taken out during the year by the small farmer were comparable with those of the other two groups, the low repayments during the year 1951-52 (a sub-normal year) piled up overdues in the case of the small farmer. For the same reason the past overdues ran high in subsequent years in his case." (page 135.) In the present case, the year 1951-52 was sub-normal and its effects were still evident in 1953-54. This will be seen from the following Table:

*Repayment and overdues (1953-54) (Tables X-8)*

Group	Repayments as per cent of loans during the year	Overdues as per cent of total dues
Big	81	34
Medium	80	47
Small	88	67

52. The comparative impact of the co-operative movement on the big and the small farmers is best judged by the long-term effects, and these are well reflected in what Shah calls "the movement (of the member farmers) on agricultural ladder." For this purpose he gives the increase or decrease in the owned and leased-in holdings of the member farmers since they joined the co-operative societies. In considering the increase or decrease in the owned or leased-in land, only the changes resulting from land transactions are included, and in particular, decreases in holdings due to subdivision are not taken into account.

*Movement on agricultural ladder - increase or decrease in holdings after joining co-operative societies  
(Table X-17)*

Group	Per cent of farmers showing increases, decrease or no change in					
	Owned land			Leased-in land		
	Increase	Decrease	No change	Increase	Decrease	No change
Big	15.9	9.6	74.5	11.2	1.5	87.3
Medium	9.6	17.1	73.3	7.1	3.0	89.9
Small	4.3	40.0	55.7	6.1	2.6	91.3

It will be seen that as many as 40 per cent of the small farmers had suffered a decline in their owned, holdings, from causes other than sub-division, since they joined a co-operative society. Their decline on the agricultural ladder was of course not due to their joining a co-operative society; but as Shah observes "Nevertheless, the broad indications that are available show that co-operation has not helped to halt or reduce the pace or decline of the small and the medium farmers on it, the decline being more steep in the case of the former." (page 140.)

53. Though, as Shah reports, the co-operative movement in Kodinar taluka had "assumed the multipurpose form more than two decades ago" and "during the last ten years, co-operative marketing, irrigation and cooperative farming also were undertaken," his study does not directly give much information regarding the working of the co-operative farming

societies. It is possible that in Kodinar Taluka, they had little impact on the problem of the small farmers with which Shah's study was primarily concerned. From this standpoint, the study "Co-operative Farming in Gujarat" which is a study into the working of the co-operative farming societies in Gujarat, prepared by the Gujarat Co-operative Farming Survey Committee, Ahmedabad, is of great interest. "The main objects of the study were to find out (a) which of the four types of Co-operative Farming Societies, viz., better farming, tenant farming, joint farming and collective farming, is most suitable to our conditions; (b) whether Government help given to these societies was justified and adequate; and (c) whether any contribution was made by these societies towards the solution of sociological problems such as relations between landlords, tenants and agricultural labourers, relations of agriculturists with cattle breeders; rehabilitation of displaced persons, etc." (page 1.)

54. The Co-operative Farming Scheme of the Bombay State was started in 1949-50. The inquiry relates to the period from 1949-50 to 1955-56. The inquiry was divided into two parts: (a) general survey, and (b) intensive survey. The general survey covered all the working societies. There were in all 83 such societies. Their classification by types and size was as under:

*Co-operative tanning societies in Gujarat by type and size (Table No. 1: page 3)*

Type	No. of societies	Size of membership	No. of societies
Tenant	39	Below 15	23
Joint	16	16-30	26
Collective	28	31-45	19
		Above 45	15
Total	83	Total	83

Of these, 24 societies were studied more intensively. The intensive case study of the societies was further supplemented by a study of 150 members of these societies and 56 non-members residing in the same villages. The value of this study is thus obvious.

55. "A majority of these societies, (55 out of 83) were formed of backward class people because of the Government policy of giving Government lands preferably to the backward class people.... Adivasis who were mostly tenants formed co-operative farming societies to protect their tenancy rights.... This was also true of the non-backward class people who were tenants. Landlords also made unsuccessful attempts to form the co-operative societies with a view to defeat

the purpose of the Tenancy Act.... Such attempts did not get any encouragement from the department and proved abortive. But there were other landlords who joined with their tenants in forming the co-operative farming societies with a view to develop their lands and to be assured of their income. Such societies were registered and given every encouragement by the department... Khar land development was found to be an impossibility without co-operative effort. Therefore these societies were also formed by the non-backward class people. Similarly river-bed and tank-bed societies were formed. In all these cases conditions of work were such that it was not possible to work individually." (pages 13-14.)

56. "The types of land on which these important light on their nature." (page societies have been formed also throw 14.) This is shown in the following Table:

*Distribution according to the type of land of co-operative farming societies in Gujarat on 30-6-1955  
(Table No. 5: page 15)*

Type of land	Collective farming societies	Joint farming societies	Tenant farming societies	All types	
				No. of societies	No. of members
Waste land	10	3	33	46	1484
Khar land	1	-	4	5	1129
Forest land	1	-	-	1	15
Cultivable land	2	13	-	15	403
River bed and Tank bed lands	14	-	2	16	579
Total	28	16	39	83	3610

"Most of the joint farming societies have been formed on cultivated lands. Out of a total of 15 societies formed on cultivated lands, only two are formed by the tenants or agricultural labourers who have taken these lands on lease from the landlords. The rest of them have been formed by landlords and tenants by pooling their lands. These 13 societies formed by actual pooling of their lands could be considered real co-operative farming societies. The rest are a direct result of the Government policy of giving lands to co-operative farming societies." (page 15) The membership of these 13 societies amounts to 327. This might be regarded as a measure of the "growth of the movement over a period of five

years." Later we learn that a majority of these societies had disintegrated and had resumed individual farming.

57. "Of the three types, the tenant farming seems to be the most favourite. Members get land on account of the society, but do not have to undertake joint cultivation. Large number of collective farming societies have been formed either on account of the Government insistence as in the case of Amroli or Dabaka Schemes, or on account of certain natural conditions as in the case of tank-bed and river-bed societies. Out of the 28 collective farming societies four have taken to tenant farming though they continue to be known as collective

farming societies." (page 15)

58. "The joint farming society.... is the least favoured as it demands greater loyalty from its members. Members are required to pool their resources as well as to agree to work jointly. Therefore, even if once formed, great efforts are required to be made to keep the members together. If some unfavourable circumstances crop up, forces of disintegration immediately start. It is therefore not surprising to find 10 out of 16 co-operative joint farming societies resuming individual farming. These societies had to face great difficulties in their working, and had therefore, compulsorily to suspend joint farming. The most common difficulty which these societies had to face was about their legal position. Landlords filed suits against the tenants who joined the joint farming societies and transferred their tenancy rights to the societies. The Tenancy Act had given a protection to the tenant that if he became a member of a co-operative farming society he could not be evicted even if the landlord required land for his personal cultivation. This provision had frightened the landlords that they would never get back their lands if they once accepted the transfer of the tenancy rights from the tenant to the society. They therefore tried their utmost to stop this transfer. This resulted in long litigations. 10 societies had to pass through this ordeal. In some cases (4

societies) they were forced to surrender the lands transferred to them by the tenants on technical grounds. In some cases one court decided in favour of the tenant members, a higher court in favour of the landlords and a still higher court again in favour of the tenant members. This state of continuous litigation succeeded in breaking the morale of the members." (pages 15-16)

59. "Another difficulty which these societies had to face came from an unexpected corner. While joining the society, members expected an easy flow of credit from the co-operative banks, but these hopes were not realized. In the scheme, the Government had not provided for working capital to be given to the co-operative farming societies but it had expected the co-operative banks to perform this function. The banks, in their turn, became reluctant in advancing credit to these new organizations whose future was not very certain. They thought it safer to advance credit to individual farmers through multipurpose or credit societies than to these co-operative farming societies, because the Government had also advanced loans to them for development purposes and had taken the property of the societies under their charge. They, therefore, felt it would be difficult to recover dues in cases of default. Result was, whatever credit

members would have received individually was not available when they formed a co-operative farming society." (page 16)

60. "Some of the difficulties, particularly financial, were also experienced by the members of the collective farming societies, but as most of them had received Government lands, they could not change the mode of their work as they liked. They had to abide by the provisions of the

societies. Therefore the effect was not so obvious as in the case of joint farming societies." (page 16.)

61. In a Table in para 56 above, it was mentioned that the 83 farming societies had a total of 3,610 members. The five Khar land societies were rather large and had a total membership of 1,129. If we leave them out, we have the following general sizes of the three types of the societies.

*Membership of the co-operative farming societies in Gujarat as on 30-6-1956 after excluding the five Kharland societies (Table No. 6: page 22)*

Type of society	No. of societies	No. of members	Average No. of members
Collective	27	970	36
Joint	16	358	22
Tenant	35	1153	33
All types	78	2481	32

62. "Analysis of the type of membership reveals that mostly landless labourers have joined the co-operative farming

societies. They constitute 78 per cent of the total membership as seen in the following Table" (page 23.)

*Ownership status of members of the co-operative farming societies in Gujarat (Table No. 7: page 23)*

Type of society	Land holders per cent	Tenants per cent	Agricultural labourers per cent
Collective	8	3	89
Joint	52	34	14
Tenant	9	5	86
All types	14	8	78

62. We might now examine the sizes of these societies in terms of the areas operated by them. The five Khar land societies are in a different category. They possessed rather large areas, 13,233 acres together. The societies were busy in reclaiming the lands and no part of the area had yet been brought under cultivation. We might, therefore, exclude them from the following Table giving the area commanded and the area cultivated by the societies.

*Area commanded and cultivated by the farming societies in Gujarat as on 30-6-1956  
excluding five Kharland societies (Table Nos. 8 and 9: pages 24-25)*

Type of society	No. of societies	Total area (acres)	Cultivated area (acres)	Cultivated Area	
				per society	per member
Collective	27	4740	3097	115	3
Joint	16	4710	3216	201	9
Tenant	35	12707	8401	240	7
All types	78	22,157	14,714	188	6

"Cultivated area per member, if compared with the average cultivated holding per Khatedar (landholders) in the village shows that the average holding of the member is smaller than that of the Khatedar. The difference becomes more striking when we consider the kind of land on which these societies have been formed. Most of it is dry waste land of Jirayat type." (page 25.)

63. The Khar lands were of course Government lands given on lease to the societies concerned. Particulars of the sources of the lands commanded by the other societies are given in the following Table:

*Sources from which the land is obtained by the Co-operative farming societies in (Gujarat as on 30-6-1956  
(excluding five Kharland societies) (Derived from Table No. 10: page 26)*

Source of land	Land from different sources shown as percentages to total area			
	Collective	Joint	Tenant	All types
Contributed by members	-	37.6	-	8.0
Taken on lease from non-members	1.0	20.0	-	4.5
Purchased by the societies	-	24.0	52.6	35.3
Taken on lease from the government	99.0	18.4	47.4	25.2

Thus practically all the land belonging to the collective farming societies was government land. The tenant-farming societies had purchased over half the land belonging to them. Our main interest is, however, ha the joint farming societies. Here 37.6 per cent of the land was contributed by the members and 24.9 per cent was purchased by the society. The remaining was leased from non-members and from the government.

64. "Only 9 out of the 28 collective farming societies and 4 out of the 16 joint

farming societies maintained bullocks. The rest of them allowed the members to maintain them and called them on hire when required. Three joint farming societies and two collective farming societies also owned tractors. These societies had extensive land and therefore they could make good use of them." (page 26-27.)

65. In the following Table are given total funds available to the three types of societies and the distribution of the funds by source:

*Funds - (liabilities) of the co-operative farming societies in Gujarat as on 30-6-1956 (Table No. 12: page 19)*

Type of farming society	Total funds per society	Percentage distribution of the total funds		
		Share capital %	Owned funds %	Other liabilities %
Collective	-	10.0	22.0	68.0
Joint	26,305	21.7	28.7	49.6
Tenant	22,438	13.6	10.9	75.5
All types	24,013	14.3	18.8	66.9

Thus it will be seen that over two-thirds and three fourths of the collective farming and tenant farming societies are derived from sources other than share capital and owned funds of the societies; these include government loans, short term credit obtained from co-operative banks and private sources and loans obtained from Kharland Board. These sources supply about half the funds of

the joint farming societies.

66. The Government provided assistance "both by way of subsidy and loan to the co-operative farming societies for different purposes.... Out of the 83 societies, 64 societies received assistance from the Government for different purposes. Total assistance received for current agricultural requirements was of Rs.



2,44,913, out of which Rs. 1,20,560 (page 30) In the following Table are given (49%) were by way of loan, while Rs. the details for the different types of 1,24,353 (51%) were by way of subsidy." society.

*Government assistance for current agricultural requirements as on 30-6-1956 (Table No. 14: page 31)*

Type of Society	Total government assistance ( Rs.)	Of which	
		Loan %	subsidy %
Collective farming	103,264	83.3	16.7
Joint farming	55,333	35.3	64.7
Tenant farming	86,316	17.4	82.6
All types	244,913	49.2	50.8

Thus a large part of the government in the form of outright subsidy. assistance to the societies, The purposes for which the subsidy particularly to the joint farming was given are shown in the and tenant farming societies, was following Table.

*Government subsidy for current agricultural requirements (Derived from Table No. 14: page 31)*

Type of society	Percentage distribution of the subsidy			
	Maintenance of buttocks %	Manure and seed %	Manager's Salary %	Engine driver's Salary %
Collective farming	-	43.4	56.6	-
Joint farming	1.3	55.6	38.0	5.1
Tenant farming	8.0	64.9	27.1	-
All types	5.0	59.2	34.3	1.5

It will be seen that a large part of the subsidy is given for the purchase of seed and manure, i.e., for the most primary agricultural purposes. Subsidy for the manager's salary which accounts for another large part of the total salary is understandable; a farm manager is an innovation necessitated by the particular farm organization being promoted and until his utility is generally demonstrated, it would be right to subsidize his salary. But seed and manure is the most primary

farming need and is obviously unavoidable whether one adopts collective, joint, tenant or individual farming. That it should be found necessary to subsidize this primary need to such a large extent seems inappropriate.

67. In addition to the assistance for current requirements of farming, government provided assistance for development activities such as land

development, lift irrigation, purchase of tractors and other agricultural implements, construction of cattle sheds and godowns and purchase of bullocks. Total government assistance for this purpose was Rs. 724,446, out of which 79.6 per cent was by way of loan and 20.4 per cent was by way of subsidy. In the following Table are given these particulars for the different types of society.

*Government assistance for development activities as on 30-6-1956 (Table No. 15: page 32)*

Type of society	Total government assistance (Rs.)	Of which	
		Loan %	Subsidy %
Collective farming	156,951	89.9	10.1
Joint farming	153,380	62.4	37.6
Tenant farming	414,115	82.0	18.0
All types	724,446	79.6	20.4

Thus evidently the element of subsidy in government assistance for development activities was smaller than in the government assistance for current agricultural requirements. The reasons are not clear. As a general proposition it seems that it is the development activities which need to be subsidized to a larger extent; the reason is that because the benefits of such activities are not immediately obvious or cannot be reliably estimated, the cultivators must be induced by way of subsidy to undertake such activities. Also when an activity is subsidized, it

would be necessary to supervise the use of the assistance and this it would be easier to do with development activities than with current agricultural operations. In any case, it seems that the extent and form of government assistance to co-operative farming societies needs a more careful consideration. One of the objectives of the present study, as stated by the authors, was "to find out whether Government help given to these societies was justified and adequate." (page 1) Apparently, the authors did not go into this question beyond describing the

extent and nature of the government assistance.

68. The report includes an intensive study of a sample of 24 co-operative farming societies. The net result of the working of these societies is described in terms of their financial condition as follows "In 1955-56 out of 24 societies, 20 were working with profit, while 4 were working at a loss. In 1953-54, 18 societies were making profits while 3 were making losses out of a total of 21 societies. In 1954-55, number of societies making profits was 15 while that of societies making losses was 7 out of a total of 22. Accumulated profit or loss position for 24 societies shows that on 30-6-1956, 18 societies had made profits on the whole while 6 societies had incurred losses." This is not very unsatisfactory as far as it goes. However, in view of the large amount of government subsidy given to these societies, one would want to know to what extent the government subsidy had turned losses into profits; the report does not furnish the relevant data.

69. This is a brief summary of the findings of the several land reform studies sponsored by the RPC and listed at the beginning of this note. As mentioned at the beginning, the studies do not have an adequate geographical coverage of the country. They also relate to a period which is rather out of date. In spite of

these limitations the studies do help in focussing attention on certain issues which appear crucial while defining future policy in this field. In the following concluding paragraphs, we shall briefly summarize these issues.

70. The first and the most crucial question is that of implementation. The studies emphasize the basic failure to implement the tenancy legislation effectively. This may be partly due to the inherent weaknesses or loopholes in the legislation as some of the studies point out. Such weaknesses, when they come to notice, can be and are being amended in many cases. Here we shall not concern ourselves as to the manner in which the tenancy legislation need to be amended or strengthened so as to minimize evasion. In any case, since the above studies were undertaken much progress has been made in many states in the matter of legislation. But a part of the failure to implement may also be due to a failure of the administration and here the studies have little factual information to offer. In particular, none of the studies went into the question of what was involved, by way of administrative effort, in an effective implementation of tenancy legislation and the extent to which administrative effort had in fact been put into. A few fresh studies on these lines might prove useful.

71. It is clear, however, that an enormous administrative effort is required in order to implement effectively any tenure reform and that, in general, the existing revenue administration is inadequate for the purpose and shall have to be strengthened very considerably. Until this was done, it is worth examining whether the tenure reform could not be graduated so that it might be more effectively implemented in stages. There are several ways in which this could be done. One is to adopt a 'go slow' policy in legislation and legislate only that much as could be effectively implemented and then gradually improve the legislation. This appears neither feasible nor desirable. In the first instance, the legislation in a number of states has already gone too far and it will be impossible to retrace any of its provisions. Secondly, continuous revision of the legislation causes confusion, and uncertainty regarding ultimate objectives and much waste of administrative effort; this has already happened in a number of states. It is therefore desirable to have a legislation which lays down unambiguously the ultimate design even though the whole of it may not be immediately attainable. From this point of view, the legislation in certain states has recently made notable progress. It is advisable that the same be done in all states and to a fuller degree.

72. Given the existing revenue administration, the limited possibilities of its strengthening and the numerous and ever increasing duties which fall on it, a full and effective implementation of a comprehensive tenancy legislation will take considerable time. It is best to recognize this explicitly and provide for a deliberately graduated or phased programme of implementation. A usual method of phasing implementation is to make the legislation applicable region by region or, say, district by district. With such fundamental legislation as a tenancy legislation, this would not be equitable as it would result in regional disparities in quite fundamental respects. Also, the administrative machinery of one region or district will not be generally available for implementation in another region or district so that nothing would be gained by phasing the implementation region-wise. The legislation has therefore to be applied uniformly to all the regions or districts as it is generally done. But in point of fact, it cannot be effectively enforced simultaneously everywhere. Therefore, the administration in each district inevitably proceeds village by village. It takes all the time that it must to enforce a legal enactment in a legal manner. As an instance, we might cite the case of implementing Bombay's 'Land to the Tiller' legislation which legally came into force on 1st April 1957. On the

ground, the actual implementation proceeds village by village. Bombay has a complete system of land records and a reputed revenue administration. The Government has strengthened it considerably in order to expedite the implementation of the 'Land to the Tiller' legislation. Nevertheless, the enforcement is not yet complete. It takes time and one who has seen it operating on the ground can easily see that the delay is unavoidable. But two undesirable consequences follow. Firstly, the vested interests get a long notice to evade the legislation by all manner of devious means. Secondly, and this is worse, it seems that while in one village we settle cases which are legally important, but materially trifling, in the neighbouring villages, many cases materially more vital and glaring wait and remain unsettled. Therefore, what is necessary is to graduate or phase the implementation in such a manner that the materially more urgent cases receive a higher priority. In order to facilitate implementation, we might adopt another principle - phase the programme such that at each stage, minimize the number of those who are adversely affected and maximize the number of those who are likely to be benefited. Borrowing a terminology from statistical decision theory, we might term this the minimax principle. For instance, the tenancy legislation may be enforced, in the first instance, only in the case of

landowners with holdings above a certain limit or landowners who have rented out land above a certain limit and the related tenants. These limits should then be gradually brought down. By so doing the materially important cases will receive high priority leaving the numerically large, legally interesting but materially trivial cases for a leisurely consideration; the resistance will be kept to a minimum thus facilitating implementation; and finally, there will become available a worksheet against which it will be possible to assess and evaluate actual implementation.

73. The second crucial and more disturbing question is the results to expect from land reform. The studies under review emphasize the point that the tenure reform has failed to make any impression on the efficiency of agricultural production. In the light of this failure, it is worth examining seriously whether the tenure reform, of a kind under report, is in fact related to efficiency of agricultural production. It is obvious that the tenure reform in India is primarily concerned about the legal titles in land and little about land utilization and efficiency of agricultural production except for the hope that better security of tenure or, ideally, ownership of the land provides the cultivator with the necessary incentives for improved cultivation and

land care. That this is not quite true is evident from the fact that there prevails much improper land use and inefficient agriculture even in owner-cultivated holdings. The reasons are many but an important reason and one which is relevant to the tenure reform is that a large number of owner-cultivated holdings are uneconomic as production units. The least that the tenure reform could do is not to increase their number. From this standpoint, it seems quite inappropriate and even detrimental to production efficiency that tenure reform should aim at conferring ownership rights on whosoever cultivates the land no matter what his total production unit is and how well he operates it. For it is obvious that in order to improve the production efficiency in uneconomic units of production, these units will have to be radically reorganized and that the ownership rights now being conferred will inevitably come in the way of such reorganization. Therefore, the tenure reform, in the restricted sense, should in the first instance be confined to those cultivating holdings which are operationally efficient and viable leaving the situation in the uneconomic units fluid and flexible.

74. This brings us to the third crucial, issue, namely, that the land reform in India has so far given too much attention, and unfavourable attention, to the large

holdings and very little attention to the small uneconomic holdings with a view to improving their production efficiency. The studies under review emphasize the numerical importance of the small and uneconomic holdings but the land reform does not even seem to have formulated a policy in respect of them. This is the reason why the tenure fails to make an impression on the efficiency of agricultural production.

75. Unfortunately, this review does not include a study on consolidation of holdings. A number of consolidation schemes are at present in progress in different states. There is no doubt that they are necessary and desirable. However, for the sake of clarity it should be emphasized that the consolidation of holdings, as normally understood, also does not touch the problems of small or uneconomic holdings; it consolidates the fragments of an individual holding but leaves the small uneconomic holdings where they are. The reorganization of the small holdings necessary to improve their productive efficiency will involve bringing together these small holdings in operationally efficient units.

76. This brings up the final issue, namely, the form of reorganization. Co-operation is inevitably the answer. Only a small beginning has been made in this field and

the efforts seem to lack purpose and direction except the one of promoting co-operative activity in all walks of life. As there is great emphasis on keeping the co-operation voluntary, the meagre administrative effort is wasted on sustaining and keeping alive whatever is volunteered under that name. The matter requires a more serious and purposeful attention. The situations where the particular form of organization has definite advantages must be discovered and then more energetic steps should be taken to bring about the necessary reorganization, with persuasion backed by legal sanctions and inducements supported by incentives.

77. In brief, the present land reform in India is too much preoccupied with legal titles in land. It needs to be reoriented to achieve better land use and better farm organization. Thus understood, it is obvious that it will require much careful attention to the detail such as of the physical capabilities of land and the man-land relations in each region. The land reform will then emerge as a series of regional projects aimed at creating a production structure appropriate to the land and human resources of the region so as to increase the productive potential of the land, to rationalize its use and to create a farm organization which will

ensure greater production and its equitable distribution among the participating population. The purpose of land reform legislation is to create overall sanctions to undertake such regional projects and to pursue them with energy and purpose.

### Summary

This is a critical review of eight land reform studies sponsored by the Research Programmes Committee of the Planning Commission. The purpose of these studies was to assess the effects of the first set of land reforms initiated soon after Independence in the then states of Andhra, Hyderabad, Bombay and Saurashtra. The studies covered broadly the period from 1947-1954. The reforms relating to the abolition of the intermediaries were generally carried out smoothly and with desired results. However, the implementation of tenancy legislation such as offering security of tenure or attempting regulation of rent was far from satisfactory. All the studies point to a basic failure of administration in this matter. Commenting on this, the reviewer advocates phasing of implementation and suggests a minimax principle by means of which, at each stage of implementation, the number of those adversely affected would be minimized while the

number of those benefited would be large number of uneconomic holdings. maximized. In the opinion of the Efforts at co-operative farming were reviewer, the studies also emphasized feeble and lacked purpose and direction. that the tenure reform had failed to make The reviewer expresses an opinion that any impression on the efficiency of the land reform in India has been too agricultural production. The reason for much preoccupied with legal titles in land this failure was that the reform did not and needs to be reoriented to achieve correct the main weakness of Indian better land use and better farm organi- agriculture, namely, the existence of a zation.



## **ROLE OF LAND TENURE IN THE AGRICULTURAL DEVELOPMENT IN JAPAN**

Working paper prepared by Prof. V.M. Dandekar for the meeting of the Expert Group on Agricultural Development in Japan held at Tokyo from 22nd January 1963 to 1st February 1963.

1. Except for the total abolition of feudal structure which was achieved in Japan at a fairly early period namely soon after the Meiji Restoration in 1868, it cannot be said that land tenure policies here were more progressive than those in other Asian countries at any time during the entire period since the Meiji Restoration in 1868 until the end of the Second World War when in 1947 a radical land reform was undertaken in Japan under advice from the General Headquarters of the Allied Forces. With the Meiji Restoration in 1868 a series of measures were taken to abolish the feudal structure built and maintained by the Tokugawa regime which had lasted over 260 years. All feudal domains were abolished and the movement of men and commodities was made free throughout the country. The social class system with hereditarily fixed occupations was abolished and all men were declared equal and free to choose their occupations. Finally, all feudal rights and privileges in land were abolished and peasant proprietorship was created. In the Tokugawa feudal society, the peasants were bound to the land they cultivated. They had no right to sell or mortgage the land. In fact, there were

restrictions even on the kind of crops they might raise. After the Restoration, all land was made freely cultivable in 1871 and in 1872 it was declared to be freely transferable. It could be sold, mortgaged or otherwise, transferred or held in perpetuity. In the same year, a system was established by means of which land titles were issued to all occupants affirming their private ownership of the soil. However, having done this, the matter was left to the mercy of an unrestrained operation of laissez faire money economy. In consequence the place of feudalism was taken up by a new landlordism. For at least next fifty years, the landlordism held its sway over the agrarian economy but hardly anything was done to restrain or even to regulate its operation. During this period, though government initiated and promoted several technological innovations, improvements and developments in agriculture, the relations between the landlord and the tenant were allowed to be governed entirely by the laissez faire concept of freedom of contract.

2. The new landlordism got a flying start even as peasant proprietorship was being established. A certain amount of tenancy existed even in the Tokugawa period but much of it enjoyed traditional privileges particularly in the matter of security of tenure. In its anxiety to create clear and categorical ownership titles in

land, government neglected many forms of privileged tenancy which then existed and in effect reduced all tenants to the status of ordinary tenants. Consequently, even at the start of the Meiji 13ra, nearly one-third of the cultivable land came to be classified as being tenant-cultivated. Secondly, government equally neglected numerous communal rights in land and instead declared all communal land, or in fact all land to which private title could not be clearly established, to be the state property. Further, the state property was interpreted in the same manner as private property and subsequently government sold some of the erstwhile communal land to private persons with means and thus created conditions for landlordism. Thirdly, after the feudal tithe and dues were abolished, government levied a new land tax in 1873. It was a tax payable in cash and was initially assessed at 3 per cent of the price of the land. Though later the rate was somewhat reduced, its burden was still very heavy. In fact, the tax amounted to nearly one-third the product of the land and the burden was not much less than that of the feudal tithe and dues of the earlier period. Moreover, as the land tax came to be the chief source of state revenue, its recovery began to be enforced more rigidly than before with the full power of the State. Further, because it was to be paid in cash, it had its lien on anything and everything which the farmer possessed including the land

which he had newly come to own. The heavy burden of the land tax, the requirement of its having to be paid in cash, the unrestricted rights of alienation granted and the concept of freedom of contract all combined to create conditions which forced many a small farmer to sell his land and accept tenancy under a landowner. The process was typical of what later happened in many other Asian countries where private ownership and unrestricted rights of alienation were created and then exposed to the free operation of laissez faire money economy.

3. The process was accelerated by other events in the money market. In the initial years of its establishment the new government had to incur large expenditure. In the first place were the pensions which were paid annually to a large number of feudal lords and their vassals in order to pacify them. The government had also to incur large military expenditure to keep under check the hostile activities of these gentlemen. In order to finance this expenditure, the government was obliged to resort to the issue of inconvertible currency. Later in 1877 when the compensation claims of the feudal class were commuted and paid out in state bonds which were redeemable in cash, the issue of the bonds had the same inflationary effect. At the same time the government was pushing ahead with a

large programme of industrial expansion and it too was being financed by similar methods. The inflationary conditions became particularly acute during 1879-81. The commodity prices and particularly the price of rice rose steeply. Under the conditions, it became increasingly Profitable to lease out the land whereby rents could be received in kind, such as in terms of rice, while the land tax was to be paid in cash. More and more of the larger landowners therefore began to lease out their lands. Then the tide turned. From 1881 to 1885, government adopted a deliberate deflationary policy and commodity prices came down. Farmers were hit hard and the smaller farmers found it difficult even to pay the land tax which had to be paid in cash. Many ran into debts and finally lost their lands to bigger landowners. The number of farm households declined from 4.3 million in 1882 to 3.8 million in 1886. After the stabilization of the currency in 1885, there followed a period of prosperity and agricultural prices improved. They received a further impetus by another wave of inflationary finance caused by the outbreak of the Sino-Japanese War in 1894, and one which was kept up through 1904 until the Russo-Japanese War. This period of 20 or 25 years was one of great agricultural prosperity and one in which the land-owning classes, both as owner-cultivators and rent receivers,

consolidated their position, the bigger landowners who had come to possess larger holdings found it increasingly more profitable to rent out their lands because they received rent in kind while the land tax was fixed in cash. Consequently tenancy expanded. Tenant-cultivated land which was about 36.8 per cent of the total cultivated area in 1883-84, rose to 40.0 per cent in 1892 and to 45.5 per cent in 1908.

4. It is this period in the history of Japanese agricultural development which is of the greatest interest for this period great agricultural progress was achieved within the traditional framework of small scale cultivation and under a land tenure which had grown merely out of the operation of a *laissez faire* economy. After some initial attempts to adopt western technology and methods suited to large-scale farming had failed because they needed a radical alteration in the production structure and also considerable capital inputs, government adopted a policy of promoting agricultural development within the framework of small scale cultivation, that is, without fundamentally altering the production structure in agriculture. Japanese experience in the field demonstrates the tact that in the agricultural conditions prevailing in many Asian countries, there is considerable scope for improving the productivity of land by means of

improved technology which can be comparatively less capital intensive and which does not necessitate any fundamental alterations in the production structure. While this is quite true, one should bear in mind two important conditions which the Japanese economy satisfied during this period. One is that though the technology by itself may be relatively less capital intensive its promotion and acceptance by the peasantry requires an efficient system of agricultural education, extension, marketing and finance which often needs very considerable capital outlay and that the Japanese economy was able to find the needed funds and was able to build the necessary institution for the purpose. Secondly, during the entire period, agricultural Population in Japan did not grow so that the agrarian problem in terms of man-land ratio did not at any time become more acute than before. This was achieved by a rapid enough growth of industry and of the entire non-farm sector, This certainly needed larger capital outlays. Japanese economy was again able to find the funds needed for the purpose. The remarkable and probably the most relevant fact in the context of development of the predominantly agricultural economies of other Asian countries is that in the initial stages of the development of the Japanese economy, a

major part of the funds needed both for agricultural and industrial development were supplied by agriculture.

5. It must be regarded an accident of history that the Japanese economy was able to mobilize such large resources out of agriculture without any fundamental alteration in the production structure of agriculture and within the framework of a *laissez faire* land tenure. This was achieved by a combination of a purposeful Imperial government and an enterprising landlordism which as part and parcel of the ruling power. The Imperial government took away nearly one-third of the agricultural product by way of the land tax, In the initial years, this was a major source of revenue and amounted to about 80 per cent of the state revenue. Then on the tenant-cultivated land, which had expanded to almost half of the total cultivated area, the landlords collected nearly half of the agricultural product by way of rent. Fortunately, the landlords used their rent receipts to good purpose too, namely, to improve agricultural marketing and finance and to set up numerous small scale industries particularly in the field of agricultural processing all over the countryside.

6. The landlords received their rental receipts in kind that is in terms of rice and they were interested in improving the quality of the rice they received and in

fetching a better price for it in the market. With this end in view, they began to engage themselves in marketing of rice and in a movement designed to improve the quality of rice. Their work in both these fields was of a fundamental importance to the subsequent agricultural development in the country.

7. The movement to improve the marketing of rice so that rice fetched a better price, was based on an inspection system. An inspection system for rice being shipped from one feudal domain to another was already in existence in the feudal days. However it had collapsed under the new economic system where the movement of rice across the feudal domains was made free. However this was quickly replaced by a new inspection system whereby associations of rice dealers, many of whom were land lords, began to inspect, on a small scale, rice being shipped from one prefecture to another. Later in 1879, at the instance of the rice dealers and agricultural associations, the prefectural authorities themselves undertook the inspection work. The system was gradually extended and again handed over to the agricultural associations and was made compulsory. The inspection of rice concerned its quality, grading, packing, and quantity and served to raise the market value of rice as a commodity. The establishment of the inspection system was naturally

accompanied by a movement to produce rice of improved and of uniform quality. The landlords as a class and particularly those who engaged themselves directly in the marketing of rice promoted and supported both these movements. As the rents to be paid in kind were fixed in quantity, the tenant cultivators too profited by both these movements as did the owner-cultivators. The inspection system and the movement to improve the quality of rice thus provided a major incentive for subsequent agricultural development.

8. A natural extension of the activities of the landlords in the field of marketing was construction and management of rice warehouses and finally issue of 'rice securities' being the warehouse certificates which began to circulate as bills in the money market. A further extension of the same, was the setting up of local banks. In and around 1897, a number of agricultural and industrial banks were established which extended low-interest long terms loans against the security of immovable assets of the farmer such as his land. In 1897, the Land Mortgage Bank of Japan was established with the same objective. The loan from these banking institutions began to be used for land improvement and reclamation projects. In 1900, the Arable Land Readjustment Law was passed for promoting rational utilisation of cultivable

land through exchange and consolidation of holdings, relocation of pits and ditches and realignment of paths and roads. With the loans extended by the several banking institutions a great many of these projects were undertaken in the following years. The Arable Readjustment Law was amended and improved several times and in 1909 was revised so that land clearing and change in land use could also be included in the projects covered by the law. Many such land adjustment projects were initiated and promoted by the landlords and were often financed through their own banking institutions. The projects led to increasing irrigation and drainage facilities and to generally improving the productive capacity of the soil.

9. Agricultural marketing and finance were not the only activities in which the landlords as a class participated. They also invested in small-scale industries particularly in the field of agricultural processing such as oil, flour, and paper mills, breweries and also in spinning and weaving mills. Apart from its contribution to the overall industrial growth of the economy, the small-scale industry which was scattered all over the countryside served an important purpose namely, of bridging the gap between agriculture and industry. On the one hand, it offered supplementary employment and income to agricultural workers, thus making the

man-land ratio in agriculture more flexible. On the other hand, because the industry was located in the midst of agrarian communities, it kept down the social costs of industrialization and hence made comparatively cheap labour available for the industry. Finally, by bringing industrial techniques and technology in agriculture easier.

10. A purposeful imperial government and an enterprising landlordism which had its roots in agriculture joining hands in a determined effort towards the economic development of the Country must be regarded an accident of history, for evidently it cannot now be repeated elsewhere. In most of the other Asian countries, though the productivity of agriculture is presently not much higher than that prevailing in Japan at the time of the Meiji Restoration in 1868, the ideas of economic justice and social welfare have gone too far ahead to invite a combination of an Imperial government and an enlightened landlordism. That is also certainly not essential. The important lesson to learn from the Japanese experience in the early period of its development is firstly that in the initial stages of the development of a predominantly agricultural economy, agriculture must provide a major part of the funds needed for development and secondly that each such economy must devise its own institutions and an organisation of

its agrarian structure which will enable a surplus to be discovered and the same to be mobilised for use for economic development.

11. Even in Japan, the agricultural prosperity and development under an enterprising landlordism did not continue indefinitely. The first break came with the postwar recession in 1920. There were signs of recovery in the latter part of 1921 but it soon lapsed into a chronic state of depression until it developed into a financial crisis in 1927 and finally was involved in the great world-wide crisis towards the end of 1929. It was the Manchurian Incident in 1931 and the inflationary policy adopted to finance its military expenditure that helped end the economic crisis and recovery began around 1932. However, with the increased imports of rice from Korea and Taiwan, domestic agriculture continued to be depressed. It was only in 1937 when, with the outbreak of the Sino-Japanese War, the national economy was placed on a wartime footing that agriculture fully recovered. Thus practically throughout the inter-war period, Japanese agriculture remained relatively stagnant. With the falling commodity prices and the fixed land tax, leasing out of land was no longer a profitable business. At the same time, labour and farmer movements were growing in strength and there began to occur all over the country disputes

between landlords and tenants, the latter asking for reduction of rents. In consequence, a number of tenants were thrown out of their lands. Nevertheless, the landlords began to find it more and more difficult to maintain their position. The conflict of interests had become crystallised,

12. The tenor of tenancy disputes and tenancy legislation in Japan during this period was not very different than the one in many other Asian countries. The only instrument governing the relations between the landlord and the tenant at the time was the Civil Code which was enacted in 1892 and which did not do more than codify the then existing practices. The demand of the tenants was for a tenancy Law which would give them security of tenure and right to form unions or associations for collective bargaining. This had to be postponed as long as it was possible. In 1920, a Commission to investigate into the tenancy conditions was appointed. In 1924, the Tenancy Arbitration Law was enacted with the purpose of resolving the tenancy disputes by conciliation rather than by compulsory arbitration. It suited the landlords well. Then in 1931, a Tenancy Bill was Submitted to the Diet but it failed to pass. A new simplified version of the same under the name Farmland Tenancy Bill was introduced in 1936 but that too failed to pass the Diet. Then towards the end of

1937, another version of the same under the same Farmland adjustment Bill was submitted. It was approved and became law in 1938. The avowed purpose of the Farmland Adjustment Law was to "stabilize the status of both the tillers and the landowners by mutual assistance and thus to enable economic rehabilitation of agricultural areas and maintenance of peace in rural districts." The law was in fact a wartime measure designed to satisfy the ranks in the army who were recruited from the lower cultivating classes. One of the main provisions of the law also concerned the lands of emigrant settlers who were being sent out to Manchuria. As for the landlord-tenant relations, the law kept to the minimum necessary provisions and left the settlement of disputes to the established practices though it did strengthen considerably the arbitration system which was in existence under the provisions of the Tenancy Arbitration Law of 1924. But the new law included two important provisions regarding tenancy. One was that a tenant in effective possession of land under his Cultivation was recognized as such even if the tenancy was not formally registered. Secondly, it offered the tenants a certain security of tenure in that under its provisions the landlords could not refuse to renew tenancy except for wrongful conduct on the part of the tenant. Both these provisions

were a great improvement over the provisions of the Civil Code and evidently it had taken forty years to make such progress.

13. Another line of attack on the tenancy problem during this period and one which was rather ahead of the thinking in other Asian countries was the policy of promoting owner-farmers which was adopted in 1926. By its means the price of tenant cultivated land was fixed at about 16 times the value of the rent the tenant paid in kind. Against the background of the conditions of depression which then prevailed, the price was in fact high. In fact the whole proposition was interpreted by the tenant farmers as a device to guarantee better prices for the lands of the landlords which they wished to sell because renting out was no more profitable and in any case had become troublesome. Nevertheless the programme did not make it obligatory on the part of the landlord to sell. If he was willing to sell and if the tenant desired to purchase, the tenant was given the facility to pay the price in 25 annual installments so that the yearly installment was a little less than the rent he paid. Village authorities or agricultural associations were to advance the necessary loan and government offered to give a Small subsidy towards the interest on the loan. In 1927, government proposed to establish a Farmland Fund, a corporation



which would issue farmland bonds to the landlords selling their land to the tenants and which would also collect the installment payments from the tenants. However, the idea of issuing bonds was not found generally acceptable. Consequently, in 1929, government proposed to establish a Special Account for the Creation and Protection of Owner-farmers. But the idea had to be given up for financial reasons. It was only after the economic recovery that government finally adopted a sizeable programme under the Supplementary Regulation for Creation and Maintenance of Owner-farmers which was enacted in 1937. By its means, government agreed to spend Yen 1,000 million over a period of 25 years in order to transfer to about a million tenants about 410,000 hectares of tenant-cultivated land. It authorized the municipal, town and village authorities to make loans to farmers in order to purchase the land they cultivated. It provided for compulsory procurement of uncultivated land for the purpose of creating new owner-farmers. There was already in existence since 1919 a Farmland Development Assistance Law which provided assistance for bringing under cultivation uncultivated land. It provided subsidy to the extent of 40 per cent of the expenses needed. In 1941, a new Farmland Development law was enacted which raised the subsidy assistance to the extent of 50 per cent of the

expenses. It also provided for the establishment of a Farmland Corporation for the purpose of undertaking works to bring uncultivated land under cultivation. All land developed by the Corporation was to be sold to owner-cultivators.

14. In the meanwhile the Second World War had broken and a series of regulatory measures followed. Japanese landlordism which had flourished under a flourishing *laissez faire* economy began to feel the pinch of these regulatory measures. The first of these was the Farm Rent Control Ordinance which was enacted in December 1939. It pegged the level of farm rents, the mode of their payment and other practices associated with farm tenancy to the Conditions obtaining before the outbreak of the War. This was followed by the Temporary Farmland Rent Control Ordinance in 1941. This had become necessary because of the rise in farmland prices under pressure from the general rise in prices, the increasing number of persons wanting to purchase land by utilizing funds provided by the programme to create owner-farmers and the increasing demand for land for sites for armament factories. The Ordinance fixed the official land price at between 33 to 40 times the rentals based on the Land Tax Law. Sale and purchase of land above the official price was prohibited.

15. But the real strength of the Japanese landlordism was derived from the system of rental payment in kind for it was that which gave it the power over the entire field of agricultural marketing and finance. Therefore it was the wartime regulation which disturbed this which hurt the landlordism most. It happened indirectly and probably unintentionally through the Rice Control Regulation which was enforced in 1940 and which established direct state-control over the distribution of rice. Not only the rice produced and sold by the rice growers but also the rice received by landlords as rents in kind was placed under the direct control of the government except for the small amounts set aside for the consumption of the families of the landlords. Under the system of the tenants could deliver direct to the government all his rice except for the small amounts to be set aside for the use of the landlords. In the case of absentee landlords, they were not entitled to retain any rice even for their own consumption. Consequently, more and more tenants began to deliver their rice direct to the government and rents began to be paid in cash. Meanwhile as an incentive for more production, government found it necessary to raise the price of rice which was fixed at the 1939 level by the Price Control Ordinance of September 1939. The government did this by offering an

incentive differential for the rice deliveries by owner-farmers and tenants directly to Government. This meant a direct incentive for the tenant-farmers to deliver their rice direct to the Government and pay the landlords their rent in cash with rice evaluated at a lower price. With the progress of war and the growing food shortage, government found it necessary to offer higher productive incentives and the difference between the price of rice for the producer and for the landlord widened. Consequently, more and more tenants began to pay their rents in cash. Before the end of the War, cash rents had become universal. This was a signal blow to the landlord system for this had deprived the landlords of their controlling interest in the marketing of rice and through it over the entire field of agricultural finance.

16. In its major features, the postwar land reform in Japan does not differ greatly from similar programmes adopted in other Asian countries. The difference lies in the fact, and one which probably emphasises the difference between the historical and institutional backgrounds of Japan and other Asian Countries, that while the land reform in other Asian countries was adopted by independent national government, in Japan it was executed on advice from the Occupation Authorities. Another difference, which probably follows from the

first, is that while in other Asian countries the implementation of the reform has been generally halting and less than satisfactory, in Japan it was speedy and complete. At the end of the Second World War, the Japanese Government recognizing the need to revise the land system of Japan in order to democratize the agricultural community, proposed an amendment to the Farmland Adjustment Law. This is called the First Land Reform. The amendment provided that the lands leased out by the absentee landlords as also lands leased out by the resident landlords in excess of 5 hectares should be surrendered to the tenants at the latter's request; that the rents in kind should be abolished and replaced by cash rents; and that the tenancy contracts should not be terminated without the approval of the Farmland Committees at the village level. However, the General Headquarters of the Allied Forces in Japan did not approve of the amendment and recommended a more radical reform. Acting upon this, the Japanese government proposed, in September 1946, revised amendment to the Farmland Adjustment Law and a Special Bill on Creation of Owner-farmers. These were approved. Measures based on these two laws are called the Second Land Reform.

17. Under the special Law on Creation of Owner-farmers, all farmland owned by absentee landlords and all farmland

leased by resident landlords in excess of one hectare (4 hectares in Hokkaido) was bought by the government. The farmland thus purchased by government was to be distributed within two years of the coming into force of the Law. The purchase price of land was fixed at a sum obtained by multiplying the rent, estimated on the basis of the price of rice and cost of production prevailing at that time, by reciprocal of the interest rate on the government bonds.

18. The Second Land Reform was started in 1947 and completed in 1949. The landlords resisted the execution of the reform by various means at their disposal namely, filing lawsuits regarding the constitutional validity of the law, arbitrary evictions of the tenants, illegal sales, false insistence that they were the actual tillers of the soil and virtual maintenance of possession of large farmlands through nominal subdivision. But because of the presence of the Occupation Authority, these devices failed and the reform was carried to a successful conclusion. In consequence about 2 million hectares of farmland, amounting to nearly 80 per cent of the tenant-cultivated land changed hands whereby its ownership was transferred to the tenants.

19. The land reform was completed in 1950. In 1952, the Farmland Law was enacted to take over the functions of the Farmland Adjustment Law and the Special Law for Creation of Owner-farmers under which the reform was carried out. It provides for restrictions on the transfer of farmland, restrictions on the possession of tenanted land, control of farmland rents, and the protection of the rights of tenants. It prohibited acquisition of farmland by tiny owners who own less than 0.3 hectare and also by the large farmers who own more than three hectares (12 hectares in Hokkaido). It prohibits leasing of farmland acquired through the reform and it prohibits sub-leasing by tenants. It prohibits the possession of farmland by the absentee landlords as also the possession of more than one hectare (four hectares in Hokkaido) of leased land by the resident owners. It fixes the farmland rents and it prohibits in principle the cancellation of farmland lease contracts. In short it puts an end to the *laissez faire* concept of private property in land.

20. About 15 years have passed since the land reform and 10 years since the enactment of the Farmland Law. In the mean while the economy has developed greatly and many persons have migrated to industrial centres causing shortage of manpower in agriculture. Mechanization of agriculture has developed and joint

undertaking of agricultural operations has progressed. Under the circumstances, it seems that the present production structure has become obsolete and obstacle to further development of agriculture.

21. In fact, judging by the stage of her economic development, one wonders whether the kind of land reform which was so expeditiously Completed in postwar Japan did not come to her a bit too late; whether its approach was not rather doctrinaire and its purpose rather political. Judging by the same criterion and judging by the Japanese experience at corresponding stage of her economic development, one wonders whether the kind of land reforms presently being pursued in many Asian countries are exactly the ones which would answer their purpose; whether here too, the approach has not been rather doctrinaire and purpose rather political. Japan at corresponding stage of her economic development did not attempt any such reform. But her historical experience is of little avail to other Asian Countries for the simple reason that it cannot now be repeated. Her present experience with her land reform is also of little relevance to other Asian countries for in 1963 Japan and the other Asian countries in their respective stages of development stand poles apart. In Japan, the agricultural population has already started to decline

even in absolute numbers. In most other Asian countries, the problem still is how to prevent agricultural populations from growing even Proportionately. In Japan, agriculture is no longer the backbone of development. In other Asian countries funds for economic development must still be found largely from agriculture. The present day agrarian policies in Japan therefore Can offer little guidance to other Asian countries, Japan must adapt her policies to suit her own needs. Other Asian countries must fashion their own instruments and institutions which will fit into their political environment and which will answer the, demand of their economic development.

## PROBLEM OF NUMBERS IN CATTLE DEVELOPMENT

V.M. Dandekar

*The problem of numbers in cattle development is getting worse, judging from the Livestock Census in 1961. The problem is both of the old and useless stock as also of the surplus young stock.*

*The present solution, which apparently does not offend anybody's susceptibilities, is to keep the numbers under control through a process of neglect and starvation. This has, not altogether prevented the numbers from growing and as numbers grow, even greater starvation will have to be resorted to, in order to achieve the required, results.*

*For now with epidemics such as rinderpest brought under control and veterinary services improving, the rate of mortality from disease will decline and that from starvation will have to be stepped up.*

*Those who survive starvation are not necessarily those who should survive. As a process of weeding out, starvation is thus indiscriminate. It is also uneconomic and wasteful.*

*True, slaughter of cattle is not in consonance with our cultural tradition and values. But which is more humane and more in harmony with our cultural tradition and values, slaughter or killing through starvation?*

*Whatever the choice we make, let it be firmly understood that there is no escaping from the elementary principles of livestock husbandry, namely, that without adequate weeding out through appropriate selection between sex and age and between one animal and another, there can be no efficient management of stock.*

*If we neglect these elementary principles, we shall only be postponing and making more difficult the development of cattle in this country. The elementary truth shall prevail, viz., that without some measures to control their numbers, cows will not grow - only their numbers will grow.*

THE All-India Livestock Census taken in 1961 shows that the cattle population of the country has increased by about 10 per cent over the five-year period 1956-61. This would be considered as quite satisfactory if all the cattle population could be regarded as wealth. Unfortunately, this is not so. As is well-known, the quality of our cattle is generally very poor. All our cattle is not wealth and much of it probably a net burden on the resources of the country. One of the principal reasons for the poor quality of the cattle is its large number in relation to the available fodder and feed resources and it is evident that in order to improve the quality of the stock, something will have to be done to reduce and to regulate the numbers.

The problem of numbers in relation to resources is now generally well recognised with regard to the human population and the need for a population policy is accepted. In regard to cattle, however, because of the sentiment surrounding the cow, the problem of numbers has not so far been discussed dispassionately. As is well known; cattle and buffaloes are bred and reared as draught and much animals rather than for meat. There is practically no breeding and rearing of cattle for beef, as a majority of the population does not eat beef. Not that cattle are not slaughtered at all. But generally it is the useless slaughter-house and that too, through

devious ways. It is this fundamental aversion to slaughter of cattle, as distinct from killing of Smaller animals like sheep and goat that has stood in the way of an economic approach to the problem of cattle development in this country. The problem is both a delicate and a difficult one. But it is for that very reason that a dispassionate discussion is all the more, necessary.

### **Birth Control Ruled Out**

Whether it is the human population or the cattle population, a population grows every year by the balance of births over deaths. Until recently, death took a fairly heavy toll of life of both men and cattle and did not leave much balance of births to add to the total number. But recently, the situation has changed radically. For both, epidemics and diseases have been brought under fairly effective control and improved health or veterinary services, have, greatly reduced mortality. As a result, an increasingly larger balance of births over deaths is being added annually to the total number. It is thus that the recent censuses have shown very large increases in numbers both of the human and the cattle population.

In the case of the human population, the consequences of a fall in the death rate are now well recognised. A fall in death rate is of course to be desired. Indeed it

should be one of the primary objectives of economic and social policy. With improved standards of living; no one should die prematurely; everyone should live up to a ripe old age. However, this is impossible to achieve without a limitation of numbers. The corollary is therefore accepted that fewer must be born. Thanks to science, this has now become possible. Family planning figures prominently today as an important State policy.

The consequences of a fall in the death rate in the cattle population are similar but the solution has to be different. Here the control of births is not possible. A cow is maintained because she drops a calf and gives milk. Even, if the calf, were not needed, a cow must drop a calf every year if she is to remain in milk. Therefore, if births, of calves are controlled, a cow would cease to be in milk for long periods. At present, because of their emaciated condition, only one-third of the adult cows are found to be in milk. If birth control is adopted as a means of checking growth of numbers, not even one-tenth of the cows could be kept in milk and it would be impossible economically to maintain such a herd of cow.

#### **The Alternatives**

This is a major point of difference between human and cattle population. There is reluctance to admit that there is

this difference and much sentiment is brought to bear on this issue. In particular, a great deal of argument is spun out of the symbolisation of the cow as the mother. This merely clouds the issue. There is no point in denying that there can be no analogy between the cow and the mother. There are several practices which have now come to be accepted in respect of the cow, such as cross-breeding artificial insemination and economic recovery of the carcass, which do not, quite fit the analogy of the mother. It should therefore be explicitly understood that, whatever be our sentiment, the reason why a cow is maintained is that she drops a calf and gives milk and gives it in sufficient measure to justify her feeding. If she failed to do that, she would not be fed.

Thus the control of cattle population through control of births is not possible. The only choice left is therefore that of controlling the population through the operation of a higher rate of mortality. There are three alternative methods of doing this. One is to allow more deaths by disease and epidemics. This is obviously not desirable. Diseases not only kill, they also disable the living and reduce their work efficiency; and epidemics might endanger entire herds. Increased mortality through disease and epidemics cannot therefore be allowed. The second alternative is to slaughter,



which we are unwilling to contemplate. The only choice then left is to let the animals, which it is uneconomic to maintain, to die of neglect and starvation. It is thus that we are at present trying to keep the numbers down in the cattle population. The consequences are to be seen in the census figures.

#### Less Cows than Bullocks

As an illustration, let us examine the census figures for Maharashtra. According to the 1961 livestock census, there were in Maharashtra 85.5 lakhs of bullocks and 67.8 lakhs of Cows. The number of cows is thus about 20 per cent less than that of bullocks. How did this difference in numbers come about? Not by sending more cows to the slaughter-house but by the higher mortality of cows.

Between a bullock and a cow, the bullock is the more valued and needed animal. Cows are needed primarily to breed bullocks and secondarily for the milk they give. In order that they may be able to do draught work, bullocks have to be fed adequately. Cows do not have to be fed as much in order to be able to breed. Therefore, bullocks are the first charge on the available fodder and feed supplies, and cows get only the residue. It is this differential feeding and care that leads to differential rates of mortality among bullocks and cows and ultimately results in 20 per cent fewer cows than bullocks.

Let us look at the figures a little more closely. The distribution of bullocks and cows in different age-groups was as follows:

<i>Number in lakhs</i>			
Age group (years)	Bullocks	Cows	Total
0-1	9.7	9.6	19.3
1-3	10.9	11.8	22.7
3-	64.9	46.4	111.3
Total	85.5	67.8	153.3

It will be seen that the number of bullocks and cows in the two young age-groups 0-1 and 1-3 are about equal, which, means that no selection takes place as between male and female youngstock. However, in the adult stock

above three years of age, the number of cows is almost 30 per cent less than that of bullocks thus indicating that a definite process of selection operates against the cows. The process of selection does not operate through slaughter of female stock

for beef or even slaughter of useless female stock. In fact; there is evidence to suggest that more bullocks are sent to the slaughter-house than cows. For instance, The Annual Administration Report of the Department of Animal Husbandry Bombay State, for the year 1958-59 records that in that year, as many as 1,22,000 bullocks and only 10,000 cows were slaughtered in the recognised slaughter-houses in Maharashtra. It is clear, therefore, that the process, of selection operates against the cows through higher rates, of 'natural' mortality among the adult stock of cows. In other words, because the cows cannot be fed, nor can they be killed, they are neglected, starved and left to die a 'natural' death.

#### **Young Stock Starved**

It is not only the old and unproductive animals that are left to starve. In fact, the problem of numbers is not merely, the problem of old and unproductive cattle. That is only one aspect of the problem. The problem is more fundamental. It is simply this: A cow is not productive and economic, unless she is in milk. To be in milk, she has to drop a calf every year or say every other year. On an average a cow thus drops say eight such calves during her productive life; but so many young animals are not needed to replace and maintain a given stock. Probably only

two or three calves per cow would suffice to maintain the stock at a given level. The remaining are surplus and must be culled.

The Indian farmer is denied the facility of culling his young stock. He must therefore take recourse to 'natural' mortality through neglect and starvation. This is what he does.

Let us again refer to the Census data for Maharashtra State. As we have seen, the total young stock, male and female together, in the two young age-groups 0-1 and 1-3 was 19.3 and 22.7 lakhs respectively. Now, if there were no mortality in the young stock, the number in the age-group 1-3 would be about twice as large as the number in the age-group 0-1. In point of fact the number in the age-group 1-3 is only about 20 per cent more than the number in the age-group 0-1. This is on account of the losses due to mortality. Taking these losses to be more or less uniform over the age groups under consideration, the number in the single age years were probably as follows:

Age in years	Youngstock Male and Female (in lakhs)
0-1	19.3
1-2	13.3
2-3	9.4

The average ages in the three groups are 0-5, 1.5, and 2.5 years respectively. The above figures then mean that a little over 30 per cent of the youngstock is lost in the year between the ages 0.5 and 1.5 and that a little under 30 per cent of the stock is lost in the next year cent from the age 1.5 to 2.5. To assess the total mortality in the first three years of life, we must add to this, the mortality in the first six months of life, namely, between age 0.0 and 0.5 and also the mortality in the six months prior to completing the third year of life, namely between age 2.5 and 3.0. Taking the incidence of mortality in the first six months to be 20 per cent and in the last six months to be 10, per cent; the following may be inferred:

#### **Substitute for Culling**

The recorded stock of 19.3 lakhs in the age-group 0.1 implies that there are about 24 lakhs of births annually and the recorded stock of 22.7 lakhs in the age-group 1-3 suggests that only about 8.5 lakh animals complete their third year of life every year. In other words, out of 24 lakh annual births, only 8.5 lakh, which is about 35 per cent, survive the first three years of life. Thus clearly, because the number of youngstock is large and so much adult stock is not wanted or cannot be supported, the youngstock is allowed to die. The fact that the mortality among the male and the female youngstock is about the same

suggests that no more bullocks, than their present number are needed or can be afforded. Consequently, no special care is taken even of the male youngstock. The youngstock male and female alike, is left more or less to shift for itself. Under these conditions about 35 per cent of the young survive and become adult. Unfortunately, as it turns out, even this, rate of mortality is not, adequate to arrest the growth in total stock.

Thus the problem of numbers in cattle development Is not merely the problem of the old and unproductive animals. The problem is more fundamental, namely, that an adult stock of given size gives birth to youngstock much larger than is needed to replace and maintain the stock of given size. It is for this reason that stock control through appropriate selection and weeding has been accepted as one of cardinal principles of scientific stock management. Rather than facing these facts squarely and accepting selection and weeding of youngstock as the method of stock control solutions are sought in other directions.

#### **Dual-Purpose Breed No Solution**

It is sometimes argued that the problem, of surplus youngstock arises because the present Indian cow is by and large not a dual-purpose animal. The breed which gives good draught animals does not give good much cows. And because premium

is placed on the male stock for draught purposes, the female youngstock is regarded a surplus. It is therefore hopefully suggested that if we had a really good dual-purpose breed, there would be no problem of the surplus youngstock because the male as well as the female calves would be equally useful. However, without questioning the usefulness of a dual-purpose animal, it should be clearly understood that dual-purpose cattle do not solve the problem of numbers, neither of the old and useless cattle nor of the surplus youngstock. To see this, one should appreciate that even with a dual-purpose cattle, the difference between a cow and a bull remains. It is not as if the one and the same animal gives milk and provides draught power. Therefore, one must still decide as to how many bulls one needs for draught work, how many cows to supply the needed male stock and milk and, how much youngstock is needed of either sex to replace and maintain the requisite numbers. All the rest is surplus and has to be weeded out.

Let us, as an illustration, consider again the census data for Maharashtra State. Let us suppose for a moment that all the cattle in Maharashtra are a good dual-purpose breed and examine the requisite size of the youngstock needed to replace and maintain a given size of adult stock. At present, the adult stock

consists of 64.9 lakh bullocks and 46.4 lakh cows. Let us suppose that the present number of bullocks is required and is adequate. From the fact that the stock has been increasing by 2 per cent per annum, it is obvious that the present stock of cows is adequate to more than replace the present stock of bullocks.

#### **Deliberate Weeding Out Needed**

We have seen that the present stock of cows gives birth to 24 lakh calves annually. With a stock of cows better fed and better in health, it can be shown that about 40 lakh cows are enough to produce a crop of 24 lakh of calves annually. Further, we have seen that in the present conditions of feeding and care of the youngstock, of the 24 lakh calves being born annually, only about 8.5 lakhs survive the first three years of life. This is because of the high mortality among the youngstock arising out of neglect and starvation. If this mortality is reduced to even half its present level, which needs no more than a little better care and feeding of the youngstock, it can be shown that only 18 lakhs of new births are needed annually to produce the same adult stock of 8.5 lakh every year. This means that a stock of no more than 28 lakh adult cows would be needed to replace and maintain an adult stock of 65 lakh bullocks. Thus in the adult stock, the female stock need be no more than 40 per cent of the male stock. But the proportion

of male and female in the youngstock would be more or less equal and hence it is evident that at least 60 per cent of the young female stock will have to be weeded out every year.

Such deliberate weeding out at an early stage will help reduce the size of the youngstock and will enable it to be fed and looked after much better and hence will lead to higher survival rates in the same. Also, if the stock of adult cows is reduced in due course from its present level of 46.4 lakhs to no more than 28 lakhs, that will itself enable the stock to be fed better and thus improve the milk yields. This reduced stock of cows can then give all the milk and much more than what the present large stock gives. However, if someone argues that there is no need to weed out the young female stock and that we could let the entire female stock grow and have more milk, he must understand that it means that we shall then have more than 28 lakh adult cows that we need in order to breed the requisite male stock, that consequently there will be more than 18 lakh annual births and that ultimately we shall have to weed out not only the female stock, but also the male stock.

#### **Overburdening the Resources**

Let it be firmly understood, that under no circumstances, can we let the entire youngstock to grow into adult stock

without allowing the total stock to grow without limit and thus overburden the resources and in consequence deteriorate itself and deteriorate the resources. Therefore, with or without a dual-purpose cattle, the need for selection and weeding out remains paramount.

Thus the problem of numbers in cattle development is the problem of both the old and the useless stock as also of the surplus youngstock. The present solution and which apparently does not offend anybody's susceptibilities, is trying to keep the numbers under control through a process of neglect and starvation. As experience has shown this has not altogether prevented the numbers from growing and it is evident that as numbers grow even starker starvation will have to be resorted to, in order to achieve the required results. Moreover, until recently, epidemics and diseases helped in the process. A neglected and famished animal easily fell prey to epidemics and diseases and did not have to suffer the agony too long. But now with the epidemics such as the rinderpest brought under effective control and with veterinary services improving it will not be so easy to die of a disease and the animal will have to suffer the pains of hunger over longer periods. Therefore, to be effective, the process of starvation will have to be not only starker but also longer.

Quite apart from the agony to which the animals are subjected in the process, elimination by starvation is indiscriminate whereas weeding through slaughter can be selective. The maxim of the survival of the fittest is only a tautology; those who survive are certainly those who are fit to survive, but not necessarily fit for anything else. In particular, those who survive long periods of starvation are not necessarily those who should survive. As a process of weeding out, starvation is thus in discriminate. It is also uneconomic and wasteful. The carcass of a healthy and well-fed animal has many uses and is thus of much economic value. The same animal put through a long process of starvation eats up most of its economic value and finally leaves behind a carcass with nothing but bones and much inferior hide. But the process is uneconomic for other reasons as well. Slaughter while it kills some, enables the rest to be fed better. The process of starvation on the other hand requires a much larger number to be underfed and starved than need be eliminated.

#### **Not Fair to the Farmer**

Thus compared to slaughter, elimination through a process of starvation is indiscriminate, uneconomic and wasteful. True, slaughter of cattle is not in consonance with our cultural tradition and values. But it must be a matter of opinion and taste as to which is more

humane and more in harmony with our cultural tradition and value, slaughter or killing through starvation?

Faced with these alternatives, it must indeed be a difficult choice to make. A farmer with more animals on his hand than he can adequately feed, has to face these alternatives every day but the choice is not left to him. Today, if he resorts to starvation, it is not because of a free choice but because he is denied the other choice. In continuing to deny him such choice, let us check if we are not imposing on the farmer certain values which without any justification we are claiming to be somehow more humane and more in line with Indian tradition and culture.

Whichever the choice we make, let it be firmly understood that there is no escaping from the elementary principles, of livestock husbandry, namely, that without adequate weeding through appropriate selection between sex and age and between one animal and another, there can be no efficient management of stock. If we neglect these elementary principles, we shall only be postponing and making more difficult the development of cattle in this country. The elementary truth shall prevail, namely, that without some measures to control their numbers, cows will not grow-only their numbers will grow.

### **Accent on Animal Husbandry**

THE tempo of implementation of animal husbandry and dairy schemes is to be stepped up in the remaining years of the Third Plan. The progress of these schemes in terms of physical programmes as well as financial expenditure has been far from satisfactory so far.

Inadequate financial provision by States has been the main reason for shortfalls in the animal husbandry schemes. As against the Plan outlay of Rs 46 crores, the outlay in the first two years was about Rs 10.67 crores or 23.2 per cent. The proposed outlay for 1963-64 is Rs 7.79 crores. The total outlay in the first three years would thus be about 40 per cent of the Plan provision.

To step up the production of milk State Governments were expected to set up

intensive cattle development blocks in the dairy projects. These schemes have lagged behind. So have the expansion of livestock farms, setting up of bull rearing farms, livestock research stations and development of mixed farming.

In poultry development, the major Third Plan schemes include the completion and expansion of all the State poultry farms and poultry extension centres, intensive poultry development blocks, organisation of collection, breeding and marketing of eggs and poultry, and assistance to poultry farmers. Their implementation is expected to be stepped up considerably during 1963-64 for which the outlay amounts to Rs 1.46 crores, or nearly a third of the total Third Plan provision of Rs 4.6 crores. The total expenditure in the first two years was only Rs 1.35 crores.

## **SEVENTH FAO REGIONAL CONFERENCE FOR ASIA AND THE FAR EAST, 1964**

Items C.7 of the Provisional Agenda

### **MOTIVATING FARMERS TO INCREASE AGRICULTURAL PRODUCTION**

Statement by Prof. V.M. Dandekar initiating the discussion

1. In his statement on the Food and Agricultural Situation in Asia and the Far East, the Director General has drawn attention to three facts of the situation: (a) Since, the last Regional Conference, the agricultural production in the region has slowed down its rate of growth; (b) In the last three years, 1960-63, the population of the region advanced by an average 2.4 per cent per annum whereas food production rose by only 1.4 per cent annually. In order to fill the gap between production and requirements, the imports of wheat into the region have increased considerably; for instance, they represented 43 per cent of regional production in 1948-52 and about 59 per cent in 1960-61. There was a decrease in 1962 but the information available at the moment indicates that they reached a new peak in 1963. (c) The decisive change from the region's traditional overall position of net exporter, of agricultural products to that of a net importer took place in 1960-61, and total imports of agricultural products have since continued to outweigh total exports. It is clear therefore that in spite of the serious attention being paid to agricultural

development and the many efforts being made to promote agricultural production in the countries of the region, agriculture has generally failed to respond adequately and in recent years has in fact shown signs of slackening. One important reason of this failure in agriculture is that the millions of farmers with whom ultimate decisions and action rest, have not yet quite joined hands with the governments of the countries in their effort to increase agricultural production. How to enlist the active cooperation and participation of the farmers in this effort is thus one of the most urgent problems now facing these countries.

2. It is obvious that the problem has many economic, social and technical aspects. The FAO Secretariate has placed before the Conference three excellent documents summarising the existing situation in the region in these respects and formulating issues for further discussion. My purpose here is to invite particular attention to some of them.

3. The fundamental problem, as we all know, is to transform traditional agriculture into modern scientific agriculture. We should therefore begin enquiring as to what this transformation



involves. In the first instance, it involves the substitution of one set of techniques and technology by means of another - the traditional by the modern. This is how it is usually understood and consequently much attention is paid to developing and employing appropriate media of communications which would quickly and effectively communicate the new knowledge to the farmer. This is of course necessary and important. In fact, this is the main function of the agricultural extension service. However, it misses an important point. It is this: The transformation of traditional into modern agriculture also involves a change in certain basic attitudes to life, and knowledge. It is becoming increasingly clear that failure to cause necessary changes in such basic attitudes among farmers is proving the main obstacle in the way of agricultural extension. We should therefore examine what changes in attitudes are involved and consider how these could be brought about.

4. The Secretariate document on 'Developing Social Incentives' points out one important difference that there is between the attitudes of traditional and modern agriculture. "The farmer's resistance to new ideas may often stem from fear, usually subconscious, that changes may disturb the rhythm of village life and work... For centuries farmers have been conditioned to the belief that one must

work with Nature in contrast to the modern techniques of agriculture which call for the control of Nature". Thus, while traditional agriculture would work with Nature, would be happy to receive such favours and bounties as Nature might sometimes bestow and would suffer helplessly her wrath when such came, modern agriculture, as part of modern science, recognizes the possibility of harnessing Nature to the benefit of mankind, and works towards that purpose. We should consider how this change in attitude could be brought about among farmers.

5. There is yet another difference between the attitudes of traditional agriculture and modern agriculture which is not always well recognized. In fact, it is the difference between traditional knowledge and modern science. Traditional knowledge is authoritarian in the sense that it is handed down from one generation to the next by the authority of Tradition. That does not necessarily mean that it is completely fixed or static. To be sure, changes occur; but almost always they occur imperceptibly. In fact, even when the need for change becomes evident and pressing the anxiety is not to break link with the past so that even pressing changes are postponed hoping that one day the necessary change will take place gradually and without violence to Tradition. On the other hand, modern science

is experimental. Every bit of it is supposed to be verifiable by experiment or observation and it is the privilege of every man to put it to such a test and reject it if not verified, and publicise his findings in a manner that they in turn may be verified. This is the second important difference between the attitudes of Tradition and Science. We should consider how such a change in attitude could be brought about among farmers.

6. Let us consider the first point, namely, the attitude towards Nature. It is obvious that much of the awe in which a farmer holds Nature is the awe in which man holds all that is unknown and inscrutable. Therefore, the surest method to cause a change in his attitude would be to allow him a peep into the working of Nature. This of course raises the whole question of general education. However, let us see whether we could do something short of raising the wider and important question of general education. Several short-term means may be suggested. However, if for reasons of economy, we must choose one single instrument, it seems to me that the microscope is the most potent of them all, particularly for use with the farmer. The microscope offers a real peep into the working of Nature and a host of her secrets are laid bare thereby. Through it a farmer can have first hand view of a great many natural phenomena which affects his daily life - facts of plant and

animal life, difference between health and disease and the whole struggle for existence and survival that goes on mercilessly in the kingdom of Nature, which man must win if he has to survive. This is bound to affect his attitude towards Nature. For the impact on his attitude to be direct and immediate, the experience has to be first hand and though other media of communication such as posters and the screen have their uses, they are poor substitutes for this purpose, particularly if the farmer has never had a first hand view through the microscope. Thus, it seems to me that greater opportunities for farmers to have a close look at natural phenomena through a microscope may go a long way to change their attitude towards Nature.

7. The second aspect of the required change in attitudes is more difficult to achieve for here the change is needed not only among farmers but even more so among persons who should know better. It concerns the basic difference between Tradition and Science. As I pointed out earlier, while traditional knowledge is authoritarian, science is experimental. Government officials and official agencies are apt to overlook this difference because within the official hierarchy, knowledge and all that passes under that name, moves from the Secretary to the Deputy Secretary or from the Director to the Deputy Director, until to the last

official at the village level, all along fully protected and secured with the sanction of authority. As a consequence, when his turn comes, the last petty official at the village level himself tries to pass on to the farmer the little piece of knowledge or information in an equally authoritarian manner. As it is generally understood, the function of extension seems to be to communicate to the farmer techniques and technology which either are supposed to be known, or are imported fresh from abroad or at best produced in highly exclusive laboratories and experimental stations. The farmer hardly, if ever, participates in the evolution of these techniques and technology and therefore seldom understands their experimental character. This needs immediate correction. What is required for this purpose is some arrangement by means of which at least small number of progressive and intelligent farmers in each district or smaller area may participate actively in the research experimentation and a forum where they may regularly report the findings of their experimentation in a scientific manner.

8. Such changes in the attitudes of farmers namely a changed attitude towards Nature and an appreciation of the experimental character of modern science will make farmers more receptive to new ideas and new techniques in agriculture. The problem of extending

the new techniques and technology to a large class of farmers nevertheless remains and we should examine it as such. The major problem as we know is one of communication with a large class of farmers and the agency which is best suited to do this job. Generally speaking, the agency at present employed is some kind of official extension services. As the Secretariate document on 'Providing Technical Service to, Farmers' observes: Except in a few countries, the general extension services and other institutions for providing technical services to farmers have not yet found the key to bringing about a rapid improvement in agriculture". As a possible reason, the Document notes: "An important problem has been the lack of sufficient well-trained personnel to provide the intensity of services needed." This is only partly true and one wonders whether the kind of personnel at present employed is indeed competent to do the job and whether mere multiplication of their number would in fact meet the situation. There are limitations both of recruitment and training.

9. Recruitment normally proceeds according to rules common to many other government services. But if one has to have finished high school and not be of more than seventeen or finished college and not be of more than twenty-one, one could not have done any farming. In fact, if one had returned to farming for a few

years after finishing high school or college, that would usually be regarded a disqualification. For in service parlance, he was doing nothing in between. It would have been better if he had worked as a petty revenue official or clerk. That would give experience useful in government service. Hence the closest acquaintance with farming that one may look for in an extension man is that he may be the son of a farmer. That is also usually how he is received and treated, when he visits the farmers. Elder farmers dismiss him remarking kindly: 'The boy is doing his job and making a living. Let him. As for the extension man, he simply lacks status, experience and knowledge to call up elder farmers and to discuss with them matters of technique and technology.

10. We have developed an inordinate faith in formal training courses extending over a few months or at best one or two years. Fresh recruits to the cadre are put through these courses at the end of which they are presumed trained or indeed 'Well-trained'. In fact, in large part, the training consists of training for working within the government apparatus. Service rules, travel rules, keeping of daily dairies, submission of routine reports; and also details of several official schemes for agricultural improvement, rules for granting assistance to farmers under these schemes, how to obtain loans,

how to fill in applications for the purpose, how to process them and a host of other details of official mechanics. This is of course all indispensable. However this hardly qualifies the extension man for rendering technical advice to farmers and inculcating in them new scientific attitudes to life. Hence, though the official extension service is necessary to perform the numerous official duties and functions incidental to every official scheme and program, it is incapable of providing the nucleus for a technological revolution in agriculture. The necessary nuclei must be sought among professional farmers oriented to experimentation with new techniques and new technology. These must be fostered and they must be provided with a forum where they may discuss their experiences. Other farmers will understand much better the experiences of these farmers rather than official recommendations coming from the extension man.

11. Reportedly, serious effort is being made in East Pakistan to enlist the active cooperation of progressive farmers for extension work. The Secretariate document on 'Developing Social Incentives' refers to the Comilla Pilot Works Program in East Pakistan and notes: "An important feature of the experiment has been the joint training of organizers and 'model farmers' who go back to the villages and train others in the belief that

the villager takes more kindly to the suggestions of a respected member of his own community than to the instruction of an expert outsider'. This appears commendable. To preserve its initial objectives, it seems that care will have to be taken on two accounts: Firstly, neither the training of the model farmers nor the training by them of other villagers must be allowed to assume too formal a character. Secondly, and more importantly, care must be taken to see that the model farmers remain and continue to be model farmers and do not gradually turn themselves into professional social-political workers.

12. Another variation of the efforts to enlist the cooperation and active participation of farmers in agricultural development is to promote local government institutions in rural areas. The Secretariate document on 'Developing Social Incentives' refers to the role of such institutions. As mentioned therein: "An important element in the formula for effecting change in agriculture is the promotion of institutions with which the farmer can identify himself in a very personal way and through which he may consciously relate himself, to the local and national plans for progress". As instances are cited Panchayat Raj in India and Basic Democracies in Pakistan. The importance of such institutions in the total development process is of course obvious. They are basically instruments of local government and as such they improve the apparatus of government at

the local level and bring it in greater tune with the local needs. However, in the context of present discussion we should be clear about the Role that the particular local leadership which emerges from such institutions would play. To the extent that these institutions are representative of the people, they have to be democratic and to the extent that they are democratic, the leadership arising out of them is, basically political rather than professional, only that it is closer to the farms and farmers. In fact, many of the local leaders are themselves farmers. But by instinct, aptitude and background, they are necessarily politicians rather than farmers. All this is not without its use. For instance, it is useful and important for agricultural development that political leadership lies close to farms and farmers or that farming communities send up persons into political leadership. However, if we must return to the context of the present discussion, it must be emphasised that if we are looking for a technological transformation of agriculture, it will be brought about not by the activities of the politicians but by assiduous and scientific attention to their farms by the professional farmers. The government, both in its administrative and political wings, at the centre as well as at the local level, should create conditions to promote such attitudes and scientific interests among farmers. The important point; to make is that though local leadership has many important functions to perform, it is not a substitute to an active farmer movement oriented to scientific agriculture.

13. Farmers' organizations or unions with unlimited and mass membership also do not serve the purpose because these too by their very nature tend to be political. Farmers' cooperatives is also not the form most suited to organise farmers into scientific activity for here no group interests are to be protected or promoted. What is needed is a select group of farmers in each small area, very loosely organized around an experimentation program and a forum for reporting scientific findings. The governments must recognise the importance of this activity, foster the necessary organisations and avoid infiltrating such organisations with political motives.

14. In this search for effective means of communication, the administrator has a point of view which needs careful consideration. The administrator rightly believes that the best method of extension of new techniques and technology is to demonstrate their superiority effectively. With limited extension personnel he cannot do this. As the Secretariate document on 'Providing Technical Services to Farmers' observes: "Partly because of this shortage of personnel, the extension service advice has probably been too general and has not given enough attention to the specific local environment on which the determination of optimal farming practices depends a great deal. Also, extension efforts generally have been focussed on individual practices, independently, without emphasizing the need for integrating the various activities of a farm into a workable production, system'. As a remedy, it is suggested that

the available personnel and services should be concentrated in a few selected areas so that extension may be organized in a sufficiently intensive and integrated manner to make an impression on the agriculture of the area. The Intensive Agricultural Development Program in India has been in operation since 1961 on this basis and has shown certain promising results.

15. There is another and probably an alternative way in which the limited, technical personnel and other resources may be used so as to make an effect. It is to concentrate them not in a few selected areas but on a few selected farmers in all areas. This involves no more than an explicit recognition of the fact that all farmers are not alike; that some farmers are more receptive to new ideas than others; that only some have the necessary resources, physical, financial and intellectual, to experiment with new techniques and technology and to profit by the same. One of the reasons of failure in agricultural extension is that limited resources in technical personnel have been spread thin indiscriminately on good, bad and indifferent farmers alike. Therefore, what is suggested is to concentrate effort on a few farmers, chosen not a priori, but those who appear on evidence to be more receptive, more competent and with adequate means to experiment with new ideas. They offer the best ground to demonstrate the superiority of the new techniques and technology and if the new technology succeeds with them, they also constitute the most natural nuclei for its extension.

16. This brings us to the last point, namely, the economic aspects of the new technology. When the farmer sees the advantages of the new technology and is willing to adopt it, it must be economically possible for him to do. As the Secretariate document on 'Providing Economic Incentives' points out, this requires assured remunerative prices for the farm products, an efficient marketing system which will ensure that the farmer in fact receives the assured price and adequate credit to enable the farmer to incur the initial expenditure in increased inputs. In practice, the new techniques and technology is sought to be promoted by the, provision of necessary credit. If the credit is be kept revolving, the advances must be recovered which need assured remunerative prices and efficient marketing system. One of the reasons of failure in this field is the failure to assure remunerative prices and to establish an effective link between marketing and credit.

17. There is also insufficient, appreciation of the fact that economic incentives

are relevant mainly to the economically viable holdings. In most countries of this region, a large majority of land holdings do not fall in that category. Failure to see the distinction between the problems of agricultural development in these holdings and in economically viable holdings is one of the main reasons of the dissipation of limited technical and other resources. It must be emphasized that agricultural development through extension service and through economic incentives is possible only in the economically viable holdings. Though such holdings are numerically few, they account for a proportionately large agricultural area. It is, therefore, worth giving them special attention. With advance of technology, some of the holdings which do not appear to be viable today, may become viable. However, it must be recognised that by and large, agricultural development in small uneconomic holdings presents problems, on a different plane and that it will necessitate a fundamental reorganization of the production structure in this sector.

# ROLE OF FOOD AID UNDER CONDITIONS OF RAPID POPULATION GROWTH

V M. DANDEKAR

*Gokhale Institute of Politics and Economics, Poona*

1. In the current discussion regarding the development of food surpluses in some parts and food deficits in other parts, of the world sufficient attention has not been given to a circumstance which probably is at the root of the phenomenon. It is the very unequal distribution of the world population in relation to the agricultural land the world over. The facts are well known. Nevertheless, it is worth stating them in the context of the present discussion. In Table 1 are presented the basic facts.

2. In this Table, the world is shown divided into 22 sub-regions grouped under six categories. The most striking fact emerging is that the sub-regions grouped under the last category, which indeed comprises the whole of south and east Asia except Japan, account for half the world population with barely one-seventh of the world agricultural land to subsist on. Agricultural land per person in this area is less than one acre. At the other extreme are the sub-regions grouped under the first two categories. In the first category are the sub-regions most sparsely populated, namely, Oceania, Southern Africa, and the River Plate countries of South America. These three regions hold less than 2 per cent of the world population with more than 20 per

cent of the world agricultural land at their disposal which gives them over 40 acres of agricultural land per person. In the second category are four countries not so sparsely populated but nevertheless with only 15 persons per 100 acres of agricultural land. They are the United States, Canada, Mexico and the USSR. They account for 15 per cent of the world population and command 30 per cent of the world agricultural land. If we add the first two categories, they account for less than one-sixth of the world population with more than half the world agricultural land at their disposal. This is exactly the opposite of the position in the south and east Asia.

3. It is only if Europe together with Japan, that the average density of population comes anywhere near the density in the: south and east Asia. The density in Europe and Japan together is 87 persons per 100 acres as compared with 107 persons per 100 acres in south and east Asia. Africa (other than Southern Africa) and West Asia together have densities nearly the same as those in the United States, Canada, Mexico and the USSR namely about 15 persons per 100 acres. The density in south America other than the River Plate countries is much higher with about 24 persons per 100 acres. The



density in Central America (other than Mexico) and the Caribbean is approaching Asian levels with 61 persons per 100 acres.

4. The density of population in the several sub-regions is found well-reflected in the intensity of use of their agricultural land. In general, the more densely populated is a region, the more intensively it uses its agricultural land. This may be seen by comparing the value of agricultural product per acre. We propose to do the same by comparing value of agricultural food production per acre. This does not take into account the areas under non-food crops. Nevertheless, it should provide a useful indicator of the intensity of land use. The World Food Budget 1970<sup>1</sup> gives estimates, average 1959-61, of production, imports, exports, changes in stocks and non-food and food use of the main items of food in different world sub-regions. It also gives the value of the agricultural food production, that is excluding fish, total and *per capita* in different regions on the basis of uniform prices representing world average export unit values in 1959-61 for commodities significant in world trade and farm prices in major producing countries for other commodities.<sup>2</sup> In Table 2 column 2, we have reproduced

the value of agricultural food production *per capita* in different sub-regions. This is gross of non-food use of some of the food items. However, much of the non-food use of wheat, rice, other grains, starchy crops, pulses and vegetables is for the production of milk, meat and eggs and also much of the non-food use of milk is for making butter and for the production of meat. Hence, it is obviously necessary to net the total agricultural food production for such non-food uses. We have done the same by using the same valuation at which the gross production is valued. In particular, non-food use of other starchy crops is valued as potatoes at \$38.3 and of vegetables as other vegetables at \$60.0 per metric ton. The value of agricultural food production *per capita* net of non-food use is shown in column 3 of Table 2. By multiplying the *per capita* figures into density of population per acre of agricultural land as shown in Table 1, we obtain the value of agricultural food production per acre. In column 4 of Table 2, this is shown net of non-food use.

5. A comparison of these estimates for different sub-regions is instructive. The average value of agricultural food production per acre the world over is U.S. \$13.5. It varies from under \$2 in Oceania which is the least densely populated to

1. The World Food Budget 1970. U.S. Department of Agriculture. Foreign Agriculture Economic Report No. 19 Table 36.

2. The World Food Budget 1970. Table 22.

over \$150 in Japan which the most densely populated. In the most densely populated region besides Japan, namely, in south and east Asia the value of agricultural food production is \$26.6. In Europe with comparable though somewhat lower density, the value of food production is almost one and half times in Southern and Eastern Europe and more than double in Northern Europe. The difference between south and east Asia on the one hand and Europe on the other is the difference that improved agricultural technology can make. Food production in Japan is a miracle both of technology and human diligence.

6. The most striking fact brought out by the above comparison is that in spite of all the advantage of technology, the value of agricultural food production per acre in the less densely populated but developed regions is not only not on par with the same in Europe but is in fact much below the levels even in south and east Asia. In the United States the value of food production per acre is below \$20 and in Canada it is only \$13.3 which is only half of the level in south and east Asia. In USSR, it is only \$9, in the River Plate countries and in Mexico, it is about \$7, and in Southern Africa and in Oceania it is only about \$2. It is obvious that there is too much land in these countries to be put to intensive use.

7. In Africa other than Southern Africa and in West Asia where the population densities are comparable to those in the USA, Canada, Mexico and the USSR, the value of food production per acre is much below the levels in these countries and ranges between \$4 and \$6. This is evidently due to lack of technological progress. In South America including Brazil, the value of food production per acre is above that in the River Plate countries though still below those in the USA and Canada. In view of the higher densities of population in these regions, the lower value of food production must be attributable again to lack of technological progress on a sufficient scale. In the central America and in the Caribbean, where the density is comparable though still below that in south and east Asia, value of food production per acre is one and half times that of in Asia. Part of the reason is of course the large contribution of sugar in this region.

8. In spite of the very low intensity of use of their agricultural land, some of the regions produce food in excess of their needs, while some other regions in spite of considerably higher intensity of the land use, cannot produce enough. This is because of the densities of the populations which the regions have to support. To see this, one must compare *per capita* food production and food consumption in different regions. These are shown in

columns 3 and 1, respectively of Table 2. Thus the World *per capita* average value of agricultural food production, net of non-food use, is \$43.4 while the value of average *per capita* food consumption is \$47.5. The difference between the two is mainly on account of the fact that the agricultural food production excludes fish and fish products. The value of *per capita* food consumption in Japan is \$51.2 and it is known to be nutritionally adequate. We may therefore for convenience treat *per capita* food consumption of the value of \$50 to be nutritionally adequate and examine the situation in different regions.

9. At the top of the nutritional scale are four regions, namely, Oceania, the United States, Canada and the River Plate countries of South America. Value of *per capita* consumption in these regions is \$117.2, 109.2, 104.0 and 97.2, respectively. On the other hand, the value of *per capita* agricultural food production in these regions is \$183.2, 119.9, 110.9 and 120.2, respectively. Thus, all the four regions are able to sustain their populations at a very high level of nutrition and over and above produce a surplus. They are able to do this, in spite of the low intensity of land use, because of the extensive agricultural lands at their disposal. The problem in these regions is how to discourage further intensive land use and thus to keep the surplus down.

Incidentally, the *per capita* food production in the River Plate countries is the same as in the United States, namely about \$120. Nevertheless, the *per capita* food consumption in the River Plate countries is only \$97.2 as compared to \$109.2 in the United States. The reason must be the existence of a larger section of poor population in the former countries with considerably lower nutritional level which brings down the national average.

10. The only other region which has attained nutritional levels comparable to those existing in the four regions mentioned above is Northern Europe. The value of *per capita* consumption here is \$93.2. This has been possible because of very intensive land use and the capacity of this region to buy the balance of its requirements from abroad. The value of agricultural production per acre in Northern Europe is above \$60 which is over three times as large as in the United States. Nevertheless, the *per capita* food production in Northern Europe works out to be only \$68.9 which is not sufficient to maintain the high level of nutrition reached. But Northern Europe, because of general economic development and high national *per capita* incomes, can afford to buy the balance of its food requirements. That is what it does.

11. Situation in other parts of Europe, namely, in Southern and Eastern Europe is similar but at lower levels both of land use and nutrition. Value of *per capita* consumption in Southern and Eastern Europe is \$67.1 and 66.0, value of agricultural food production is \$38.8 and 35.4 per acre and \$55.4 and 58.0 *per capita*, respectively. Both can afford to and do buy the balance of their food requirements from abroad. The USSR has about the same levels of *per capita* consumption (\$64.5) and *per capita* food production (\$59.5) but the available agricultural land is much more extensive than in either Southern or Eastern Europe. Consequently, the land is much less intensively used. The value of agricultural food production per acre in the USSR is only \$8.9 which is only a quarter of that in the Eastern Europe.

12. At a still lower level of nutrition but nevertheless adequate are Southern Africa, and Brazil with value of *per capita* consumption at \$57.4 and 55.5, respectively. Southern Africa has a small surplus of production while Brazil has a small deficit. But the intensity of land use is very different in the two regions. Value of agricultural food production per acre in Southern Africa is only \$2.5 which is only one-fifth of that in Brazil (\$12.4). In the rest of Latin America the nutritional levels fall below adequacy. In South America other than Brazil, the value of

*per capita* consumption is \$49.4 while in Central America and Caribbean and in Mexico, it is \$47.5 and 43.7, respectively. Mexico has a small surplus of food production over consumption while South America has a small deficit. Here again, the intensity of land use is very different as between Mexico and South America; value of agricultural food production per acre in Mexico is only 60 per cent of that in South America. In Central America and Caribbean, as already noted, the intensity of land use and the value of agricultural food production per acre is high, but much of it is due to the large share of sugar in the food production. Of course, it helps to maintain nearly two and half times as large a population at more or less the same nutritional level as in South America.

13. In Africa, the pressure of population on the agricultural land is not much less than say in the United States or Canada. But the intensity of land use is comparatively very low. The value of agricultural production per acre is only about one-third of that in the United States or Canada. That explains the low level of agricultural food production *per capita* and also the low level of *per capita* food consumption. East Africa is somewhat better off in both respects because of the comparatively smaller population it has to support. Population pressure and intensity of land use in West Asia are not

very different from those in North and West Central Africa. However, because of the oil resources of this region, it can afford to supplement its own food production with a certain amount of imports and thus maintain a somewhat higher nutritional level.

14. Though larger part of Latin America and Africa thus suffers from nutritionally inadequate diets, from the long term point of view, the problem in these regions is not too acute in spite of the rather high rates of population growth. In the first instance, in Latin America, the inadequacies in diet are marginal and can be made up by greater intensive use of the land resources. In Africa, the diet inadequacies are larger but correspondingly the land resources are also ample. Finally, the two regions together account for less than one-sixth of the world population so that if it is thought necessary and desirable to extend to these regions adequate food assistance in the transitional period, the problem should not be beyond the existing food producing capacity of the world.

15. The problem of inadequate diet is indeed the most acute in south and east Asia. The food gap is large and a large population is involved. As mentioned above, the region accounts for half the population of the world with less than

one-seventh of the world agricultural land to subsist on. The rapid rate at which the population in this region is at present growing may make the ratio even more unfavourable. The agricultural land is already being used intensively, the value of agricultural food production per acre in this region being double that of the world average. Nevertheless, the productivity of land must be at least doubled and thus brought to European levels if the growing population in this region has to earn a nutritionally adequate diet. To achieve anything more will require raising the productivity closer to the Japanese levels. Presumably, this is technologically not impossible. However, obviously this can come about only as a consequence of general economic development.

16. Over the last decade, much thought has been given to the possibility of promoting economic development in the poorer countries through food aid.<sup>1</sup> However, while assessing what may in fact be achieved through food assistance, the crucial fact of the pressure of population seems to have been neglected. The fact of the situation is that half the population of the world has been confined to less than one-seventh of the world agricultural land while another less than one-sixth of the world population

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FAO, Development through Food-Strategy for Surplus Utilization.

enjoys more than half the world agricultural land. It is natural that the former should have a food deficit and the latter a food surplus. It is admirable that the latter should offer food aid to the former. Clearly, however, the role of food aid under the circumstances cannot be much more than palliative. The United States which has the largest programme of food aid in the field, calls its food programme, Food for Peace. Evidently, the title is not only modest but more realistic.

*Table 1. Share of different sub-regions in world population (mid-point 1959-61) and agricultural land; their man-land and estimated annual rates of population growth 1960-1970.*

Sub-region	Population 1959-61 world share pct.	Agricultural land world share pct.	Man-land ratio number/ 100 acres	Annual growth rate 1960-1970
Oceania	0.4	12.3	1	2.0
Southern Africa	0.6	5.1	4	2.2
River Plate countries	0.7	4.0	6	1.7
<b>Sub-total I</b>	<b>1.7</b>	<b>21.4</b>	<b>2.5</b>	<b>2.0</b>
Unitex States	6.0	11.3	16	1.5
Canada	0.6	1.6	12	2.5
Mexico	1.2	2.4	15	3.1
USSR	7.1	15.3	15	1.3
<b>Sub-total II</b>	<b>14.9</b>	<b>30.6</b>	<b>15</b>	<b>1.6</b>
Northern Europe	7.0	2.5	88	0.7
Southern Europe	3.2	1.4	70	0.7
Eastern Europe	3.9	2.0	61	0.9
Japan	3.1	0.2	527	0.9
<b>Sub-total III</b>	<b>17.2</b>	<b>6.1</b>	<b>87</b>	<b>0.8</b>
Central America & Caribbean	1.1	0.6	61	2.7
Brazil	2.3	3.2	23	3.1
Other South America	1.7	2.1	25	2.8
<b>Sub-total IV</b>	<b>5.1</b>	<b>5.9</b>	<b>27</b>	<b>2.9</b>
North Africa	2.8	4.7	19	2.2
West Central Africa	3.6	6.6	17	2.1
East Africa	1.6	5.0	10	2.3
West Asia	2.7	5.1	16	2.4
<b>Sub-total V</b>	<b>10.7</b>	<b>21.4</b>	<b>15.5</b>	<b>2.2</b>
India	14.3	4.4	100	2.2
Other South Asia	4.2	1.2	108	2.5
Other East Asia	8.2	1.6	154	2.5
Communist Asia	23.7	7.4	100	1.7
<b>Sub-total VI</b>	<b>50.4</b>	<b>14.6</b>	<b>107</b>	<b>2.1</b>
<b>World</b>	<b>100.0</b>	<b>100.0</b>	<b>31</b>	<b>1.8</b>

Source: The World Food Budget 1970. U.S. Department of Agriculture. Foreign Agricultural Economic Report No. 19 Table 6.

**Table 2. Value of food consumption per annum per capita and value of agricultural -food production per capita gross of non-food uses and per capita and per acre net of non-food uses, 1959-61**

Sub-region	Value of food consumption per annum per capita	Value of agricultural food production		
		gross of non-food use per capita	net of non-food use	
			per capita	per acre
	U.S. dollars			
Oceania	117.2	246.9	183.2	1.8
Southern Africa	57.4	71.3	61.6	2.5
River Plate countries	97.2	151.1	120.2	7.2
<b>Sub-total I (average)</b>	<b>88.8</b>	<b>147.6</b>	<b>115.8</b>	<b>2.9</b>
Unitex States	109.2	160.4	119.9	19.2
Canada	104.0	172.6	110.9	13.3
Mexico	43.7	50.2	46.5	7.0
USSR	64.5	93.4	59.5	8.9
<b>Sub-total II (average)</b>	<b>82.4</b>	<b>120.2</b>	<b>84.9</b>	<b>12.7</b>
Northern Europe	93.2	107.8	68.9	60.6
Southern Europe	67.1	70.7	55.4	38.8
Eastern Europe	66.0	109.9	58.0	35.4
Japan	51.2	36.1	29.5	155.4
<b>Sub-total III (average)</b>	<b>74.6</b>	<b>88.4</b>	<b>56.8</b>	<b>49.4</b>
Central America & Caribbean	47.5	70.3	66.2	40.4
Brazil	55.5	63.8	53.7	12.4
Other South America	49.4	54.4	47.0	11.8
<b>Sub-total IV (average)</b>	<b>51.8</b>	<b>62.0</b>	<b>54.1</b>	<b>14.6</b>
North Africa	35.4	38.5	32.1	6.1
West Central Africa	31.3	39.3	33.2	5.6
East Africa	40.9	43.6	40.4	4.0
West Asia	42.4	48.3	32.6	5.2
<b>Sub-total V (average)</b>	<b>36.6</b>	<b>41.9</b>	<b>33.9</b>	<b>5.3</b>
India	29.8	28.1	26.0	26.0
Other South Asia	35.3	32.2	28.6	30.9
Other East Asia	35.8	37.5	34.9	53.7
Communist Asia	23.5	24.6	20.1	20.1
<b>Sub-total VI (average)</b>	<b>28.3</b>	<b>28.4</b>	<b>24.9</b>	<b>26.6</b>
<b>World (average)</b>	<b>47.5</b>	<b>57.6</b>	<b>43.4</b>	<b>13.5</b>

Source: The World Food Budget 1970. Tables 4, 22, and 36.



# **WORKING OF BOMBAY TENANCY ACT, 1948**

## **REPORT OF INVESTIGATION**

Gokhale Institute Of Politics And Economics  
Publication No. 35

V. M. Dandekar G. J. Khudanpur

## FOREWORD

The following publication represents report of the second project undertaken by the Institute on behalf of the Research Programmes Committee of the Planning Commission. This publication together with the report on the Resurvey of Poona recently published by the Institute should serve to underline the significance of the work initiated by the Research Programmes Committee of the Planning Commission for economic planning and policy in India.

Possibly the most striking impression conveyed by a reading of this report would be that of the many difficulties attendant on planning and carrying out an investigation in India, for assessing effects of any important piece of legislation which attempts a wide measure of agro-economic reform. The difficulties pertain to the planning and conduct of investigations as well as to the interpretation of results. The account given in the present report of the alternative approaches, such as through choosing a sample of plots or of families and the problems met with in either approach bring out the difficulties involved in planning investigation.

In analysing the total data one has inevitably to proceed on the basis of a small number of broad groups or classes. This approach, though unavoidable is beset with dangers. It has been found necessary on many occasions to point out in the present report how, what appeared to be some general characteristic or trend relating to groups in the data may be found on closer examination to have been chiefly the result of a small number of apparently exceptional cases. Specially interesting in this connection is the finding that while in the aggregate no special change in the mode of tenancy during the five-year period studied was observable, an examination of cases of cash and kind tenancies by districts revealed, in particular cases, important and significant variations.

The large variety of conditions against which the data have to be interpreted are brought out in the descriptive account of the pattern of landlord-tenant relations in each district. The account is brief and necessarily ignores the variations within a district. Even so, it emphasises how information relating to, say, level of rents must be related, for a proper understanding, to other important aspects of the landlord-tenant relations.

Regarding conduct of investigations, some special difficulties were met with in this investigation. This was because it concerned a problem which affected vitally interests of all rural classes and on which opinions were apt to be strongly held. It is interesting in this connection to observe that there is found in the present report a distinct bias in the data, revealed in the reporting of even such an apparently straightforward item as the area of ownership holding.

The data presented in the report themselves reveal marked regional variations. In cases of data for individual districts especially where the number of cases reported was small it has been possible to isolate or indicate the effects of special circumstances. But where the data concerns fairly numerous groups of cases, even after allowing for changes which are apparent rather than real, the exact significance of many changes is not fully apparent. Take, for example, the conclusion, which appears well established, that whereas in Maharashtra districts above the *Ghats* the Act had little effect, it altered conditions of tenants especially in relation to the level of rents in the *Konkan* districts of Thana and Kolaba. The establishment of the result raises the problem of accounting for the differences. Everything points to the tenant in the *Konkan* being poorer and traditionally being much more subservient to the landlord than in the *Desh* districts of Maharashtra. It might be that inspite of the weaker position of the *Konkan* tenant the Act has been found to have greater effect in the *Konkan* because large numbers of *Konkani* landlords are absentee and habitually reside in towns and cities. On the contrary, it might be that in the *Desh* districts, as shown by the ability of landlords to obtain voluntary surrender of tenancy, the bulk of the landlord class is perhaps formed of the better to-do among the body of peasants themselves. Obviously, however, for a full explanation of these important differences, a study of social, economic and possibly even political circumstances may have to be made.

Publication of this report appears to take place at an opportune moment. The new Act, the provisions of which are briefly commented upon in the present report, is going to be brought into force soon. Lessons of the comparative failure of the old Act should prove of use in the administration of the new Act. In this connection, the view expressed in the light of the present investigation that, effective implementation of the new Act depends, in a large measure, on an early snapping of the connection

between landlord and tenant is of special importance. The provisions of the Act do not hinder this and the provision of the necessary financial arrangements should not prove too difficult.

The report deals chiefly with conditions of tenancy; however, it throws considerable light on a number of other problems also. The detailed examination of the types of errors found in the village records should prove illuminating. At each stage of this investigation it became clear that the availability of records regarding land rights and land use and covering all farmers in the countryside is of great importance for not only a definition of the problem but also for a full appreciation of the results. This is specially brought out in the situation as revealed because of the absence of proper records in the *khoti* villages. The report also throws up a number of interesting and sometimes unexpected facts. It is comforting to be assured that in recent years investment in agriculture on the part of all classes of agriculturists has distinctly, increased, though, perhaps, the finding would not appear equally clear and large if full allowance is made for the rise of prices in 1950-51. A somewhat unexpected finding, on the other hand, is the large number of cases where tenants are supposed to have given up land because they were short of family labour. In the general context of considerable underemployment in rural areas this appears to be strange and would require further examination and explanation.

25th February, 1957.

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### FOREWORD

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## CHAPTER I

### INTRODUCTORY

1.1 In May 1953, the Planning Commission, Government of India set up a Research Programmes Committee to work out and organise, in co-operation with universities and other institutions, a programme of co-ordinated research and investigations on selected problems of development. The Committee decided that, in the first instance, fresh investigations for which co-operation should be sought from the universities and other institutions should be confined to the following three categories

- (a) Land Reforms, Co-operation, Farm Management;\
- (b) Savings, Investment and Employment;
- (c) Problems relating to Regional Development.

The present Report relates to one of the investigations into Land Reforms promoted by the Research Programmes Committee and concerns the operative implementation of the Bombay Tenancy Act of 1948. Subject to the general supervision and control of the Research Programmes Committee, the entire responsibility of this investigation and report rests on the Gokhale Institute of Politics and Economics, Poona.

1.2 The Bombay Tenancy Act of 1948 was given effect to in December 1948. Thus by the end of May 1953, the Act had been in active operation for more than four revenue years. An investigation into the actual operative effects of the Act was therefore thought worthwhile. The investigation covers a period of five years 1948-49 being the year immediately preceding the Act and 1949-53 being the four years of its active operation. The principal provisions of the Act related to the protection given to the tenants from eviction from land; certain restrictions on the transfer of agricultural lands and special provisions promoting its transfer into the hands of the cultivators; and finally regulation of rent. The main provisions of the Act in these respects are briefly outlined in Chapter II.

1.3 The investigation was confined to sixteen districts, being broadly the Maharashtra and Karnatak districts, of Bombay State. The investigation was done in a sample of 105 villages in these districts. The basis of a detailed investigation in these villages was a twofold sample; a sample of 11,945 plots and a sample of 2881 cultivators and land-owners. The sample of plots was used to ascertain the extent of changes in ownership and tenancy occurring during the five year period since the Act. Cases of changes either in ownership or tenancy

so discovered were followed up by personal interviews with the parties concerned to ascertain the nature of the changes. For the purpose of studying the market in agricultural land, the cases of changes in ownership discovered from the sample of plots were supplemented by a number of sales of agricultural lands occurring during the five year period and registered in the offices of the sub-registrars. 1751 such additional sales were selected for study and were followed up by personal interviews of the parties concerned. The sample of cultivators and landowners was utilised mainly to ascertain the extent of expenditure on land improvements incurred on the owner-cultivated and the tenant-cultivated lands respectively. The sample was also used for a study of the prevailing share cropping practices. These particulars of the investigational procedure together with the sampling design and the questionnaire schedules used are given in Chapter III. The entire field investigation was done by the permanent field investigators of the Agricultural Economics Section of the Institute.

1.4 The data relating to the extent of changes in ownership and tenancy as arising out of the sample of plots are presented in Chapter IV. The results of the follow up investigation into the sales of agricultural lands are given in Chapter

V. The nature of the tenancy changes as discovered by the follow up investigation into the cases of fresh leasing, of resumption and of change of tenants is described in Chapter VI. Changes in the terms of tenancy both in respect of the mode and the level of rents are described in Chapter VII. The data relating to the expenditure on land improvement in owner-cultivated and tenant-cultivated lands as indicating the relative care being taken of the two categories of land, are presented in Chapter VIII.

1.5 In two of the sixteen districts covered by the investigation, namely in Ratnagiri and Karwar, the tenancy problem differed somewhat from that in the rest of the districts. We therefore found it convenient to present the data relating to these two districts in two separate chapters, namely, Chapters IX and X.

1.6 The investigation reveals a general failure of the Act to promote its principal objectives. A part of this failure is ascribable to inherent weaknesses of the original Act. The Government had also felt these shortcomings and has recently amended the original Act by means of a comprehensive amendment. The principal features of this amendment are described in Chapter XI. A few concluding remarks are offered in the concluding Chapter XII.

## CHAPTER II

### THE BOMBAY TENANCY AND AGRICULTURAL LANDS ACT 1948.

2.1 In this Chapter we shall describe briefly the main provisions of the Bombay Tenancy and Agricultural Lands Act of 1948. The Act received the assent of the Governor General on 16th December 1948 and was published in the Bombay Government Gazette on 28th December 1948. It was adapted and modified by the Adaptation of Laws Order, 1950 and later amended several times by Bom. 12, 34 and 45 of 1951; by Bom. 33 of 1952 and by Bom. 60 of 1953. Recently it has been further and rather fundamentally amended by Bombay L. A. Bill No. XXXIV of 1955. However, this latest amendment does not fall within the period covered by our investigation, namely from 1948-49 to 1952-53. Hence we shall not take account of it in the present chapter but shall describe its main features in a later chapter.

2.2 If we leave out the finer points of law and the minor details of legal provision, the most important provisions of the Act are those relating to (i) the protection offered to the tenant against eviction from land; (ii) the restrictions placed on the transfer of agricultural lands and the special provisions encouraging their transfer into the hands of the tenants; and

(iii) the fixation of maximum rent payable by a tenant for the lease of any land. In the following we shall summarise and examine the main provisions of the Act under these heads.

2.3 The Act recognised a special category of tenants called the 'protected' tenants. This category was borrowed from the earlier Bombay Tenancy Act of 1939. In fact, under the Act of 1948; a person was recognised to be a protected tenant if he was so deemed under the Act of 1939. Under the Act of 1939, as amended by the Amending Act of 1946, a tenant was deemed to be a protected tenant in respect of any land if he had held such land continuously for a period of not less than six years immediately preceding either 1-1-1938 or 1-1-1945; or in other words if he had held it continuously from the year 1938-39 or from an earlier year. The onus of proving that a particular tenant was not a protected tenant, so defined, was shifted on the landlord by a provision added by the Amending Act of 1946 which came into force from 11-4-1946; namely that every tenant should from 8-11-1947 be deemed to be a protected tenant and his right as such should be recorded in the Record of Rights unless the landlord had, prior to this date, made an application and acting on such an application, a competent authority had declared the tenant not to be a protected tenant. The recording of

these rights was to be completed as soon as possible after 8-11-1947 and presumably the Record of Rights was finalised during 1947-48. We do not know in how many cases the landlord had applied and obtained a declaration that the tenant was not a protected tenant. It is also possible that, in practice though contrary to the provision, the revenue authorities in the village, before entering the right of a tenant as a protected tenant, saw that the tenant satisfied the requisite conditions and that they thus did not record such a right for a number of existing tenants even though the landlords had not formally made an application to that effect. For the one or the other reason, a large number of tenants existing on land during 1947-48 were not recorded to be protected tenants. By another provision, tenants who had held the land continuously for a period of six years immediately preceding either 1-4-1937 or 1-4-1944 but were evicted from such land on or after such date were also to be accorded the right of protected tenants. But in such cases the initiative was put on the evicted tenants and it seems unlikely that, in many such cases, the evicted tenants could in fact secure the right of protected tenancy and recover the possession of their lands. In brief, for the purpose of the Act of 1948, all those tenants who appeared as protected tenants in the Record of Rights which, in this respect, was presumably finalised during

1947-48, were to be regarded as protected tenants. Tenancies created after 8-11-1947 were, by definition, not protected tenancies. It was obvious therefore that when a protected tenancy, initially recorded as such, through one reason or another either lapsed or was surrendered, or through one excuse or another was terminated, the number of protected tenancies, in the absence of new entrants into their rank, could only dwindle in due course. On the basis of the sample of plots covered by our investigation, it appears that of the protected tenancies initially recorded during 1947-48, only 78.3 per cent existed in the next year namely 1948-49. This percentage dwindled further during successive years to 71.6, 66.9, 63.8 and 57.3; so that in 1952-53, that is within five years of the initial recording of rights, only 57.3 per cent of the initially recorded protected tenancies were alive. As a consequence, the proportion of tenant-cultivated plots under protected tenancies also declined. In 1948-49, 52.3 per cent of the tenant-cultivated plots were under protected tenancies. It seems therefore that in 1947-48, when the Record of Rights, in this respect, was finalised, about 60 to 65 per cent of the tenancies then existing were recorded as protected tenancies. This seems reasonably satisfactory in view of the definition that to be protected, a tenancy should have been in continuous existence, at the time of recording, for over pine or ten

years. But the proportion declined in successive years. As pointed out above, in 1948-49 only 52.3 per cent of the tenant-cultivated plots were under protected tenancies. The proportion declined further to 47.5, 45.1, 44.2 and 41.2 per cent so that in 1952-53, only 41.2 per cent of the tenant-cultivated plots were under protected tenancies.

2.4 A protected tenancy was deemed perpetual so that even in the event of the death of a protected tenant, the landlord was to offer to continue the tenancy on the same terms and conditions to the heir or heirs of the deceased tenant. The tenancy could not be terminated unless the tenant had failed to pay the rent or done any act destructive or injurious to the land, or had sub-divided or sub-let the land or failed to cultivate it personally or had used it for purposes other than agriculture. However, this apparently complete protection against eviction was severely qualified by certain rights of resumption conceded to the landlord by which he could terminate the tenancy of a protected tenant by giving him one year's notice if the landlord bona fide required the land, (i) for cultivating personally or (ii) for any non-agricultural use for his own purpose. These provisions were more or less borrowed from the Act of 1939. By the Act of 1948, this right of resumption was qualified by an important restraint namely that such resumption

must not result in there being more than fifty acres of land in the personal cultivation of the landlord, which limit in the case of an undivided Hindu family with more than one branch was taken to mean fifty acres of land per branch subject to a maximum of 200 acres. The qualification was important in that / it recognised a basic principle, namely, of ceiling on landholdings. However, this ceiling could not operate in practice on account of another provision by means of which a tenant could at any time terminate the tenancy by surrendering his interest as a tenant in favour of the landlord and the landlord could retain to himself the lands so surrendered without any ceiling restrictions whatsoever. There thus existed a real possibility of the landlord resorting to unfair means to induce the tenant into surrendering his land, particularly when the resumption would result in raising the landlord's holding above the ceiling. As we shall later see, this single loop-hole made all provisions for protection ineffective in practice.

2.5 The landlords' right of resumption was somewhat further modified by an amendment of Bombay 33 of 1952. In the first instance, the concession given to the joint Hindu families in respect of the ceiling on their holdings was waived. Secondly, in order to terminate the tenancy of a protected tenant on the ground that the landlord required the land for

cultivating it personally, the amendment required that the land in question should stand in the Record of Rights in the name of the landlord on 1.1.1952 as a superior holder and that the income from cultivation of such land should be the main source of income of the landlord for his maintenance. The more important qualification introduced by the amendment was, however, the concept of Agricultural Holding, which was defined to mean 16 acres of dry land or 4 acres of irrigated or paddy land, or the equivalent combinations of dry and irrigated lands. It was only when the land held by the landlord was not in excess of the Agricultural Holding so defined, that he was entitled to terminate the tenancy of the protected tenant in respect of the entire area held on lease by the tenant; otherwise the right of the landlord to terminate the tenancy was limited to only half the area of the land leased and the tenancy in respect of the land left with the protected tenant after such part termination was not at any time liable to be terminated on similar grounds.

2.6 It should be noted however that even though the concept of the Agricultural Holding was similar to the concept of a floor to be given to the land holdings, it was applied only to the cultivated holding of the landlords. Landlords with cultivated holdings smaller than the agricultural holding were therefore given

unqualified right of resumption. The concept was not however applied to the holdings of the tenants so that even in the case of landlords with holdings larger than the Agricultural Holding, though their right of resumption was limited to only half the area held by the tenant, it was not provided that the residual holding of the tenants would not be reduced below the Agricultural Holding. Nevertheless, the amendment was an important qualification to the right of resumption and it was significant in that it created, for a class of tenants, a certain inalienable right in at least a part of the lands held by them. The amendment however came in 1952, that is the last year covered by our investigation, and it is doubtful whether its effects would appear in our data.

2.7 So much for the protected tenants. The Act also provided for a certain security of tenure of the unprotected, or ordinary tenants. Under the provisions of the Act of 1939, every tenancy was deemed to be for a period of not less than 10 years. The Act of 1943 modified this to provide that every tenancy should be for an initial period of not less than ten years and that at the end of this period and thereafter at the end of each period of ten years in succession, the tenancy would, unless terminated, be deemed to be renewed for a further period of ten years on the same terms and conditions. During the currency of the initial period or of the



subsequent periods of ten years in succession, the tenancy could be terminated only on grounds of non-payment of rent etc. as in the case of a protected tenancy. At the end of the initial period or subsequent periods of ten years, the tenancy could be terminated, with one year's notice only if the landlord bona fide required the land (i) for cultivating personally or (ii) for any non-agricultural use for his own purpose subject to the same conditions as appearing in the case of a protected tenancy. Like a protected tenant, an ordinary tenant could, of course, at any time terminate the tenancy by surrendering his interest as a tenant in favour of the landlord. It would thus appear that an ordinary tenant enjoyed, in some respects, better security than did a protected tenant. A protected tenancy was perpetual so that it continued even after the death of the tenant. An ordinary tenancy was secure during the lifetime of the tenant but terminated on his death. Both the tenancies were subject to good behaviour on the part of the tenants and the landlords' right of resumption for personal cultivation or non-agricultural use. However, in the case of a protected tenancy, the landlord could exercise this right and terminate the tenancy at any time he chose; in the case of an ordinary tenancy, he could do this only at the end of each period of ten years. Thus an ordinary tenancy, subject to good behaviour, was secure for a period of at least

ten years. In comparison with this security of an ordinary tenancy, the perpetuity of a protected tenancy would appear to be only a nominal advantage. In view of this and in view of the fact of an overwhelming possibility of the tenant, whether protected or ordinary, being induced into voluntary surrendering of his land, it seems that as far as security of tenure was concerned, the protected and the ordinary tenants were placed more or less on the same footing.

2.8 Some important provisions of the Act were those relating to the restrictions it placed on the transfer of agricultural lands and the special provisions it made to prohibit their transfer into the hands of non-agriculturists. These restrictions were indeed quite unqualified. Thus any transfer of agricultural land by sale, gift, exchange, lease or mortgage where the mortgagee was given possession of the land was declared invalid if made in favour of a person who was not an agriculturist. Further, even among the agriculturists priorities were indicated for purchase of any land offered for sale. Thus, when a landlord intended to sell his land, he was required to apply to the Tribunal for determining its reasonable price, and after such price was determined, he was to make an offer to persons in the following order of priority (i) the tenant in actual possession of the land; (ii) the person or persons personally

cultivating any land adjacent to the land to be sold; (iii) a co-operative farming society; (iv) any other agriculturist; (v) any other person who had obtained from the Collector a certificate that he intended to take to the profession of agriculturist. Thus the tenant in actual possession was given the highest priority of purchase. A further concession was made to encourage sales to tenants by an amendment of Bom. 60 of 1953, that if a landlord intended to sell his land to the tenant, the price might be mutually agreed upon and need not necessarily be determined by the Tribunal. The second priority given to the cultivators of adjacent lands was in consonance with the object of promoting consolidation of holdings. The requirement that in order to buy agricultural land, a person who was not an agriculturist should obtain from the Collector a certificate to the effect that the person intended to take to the profession of an agriculturist, while it ensured that the agricultural land would not pass into the hands of non-agriculturists, in practice it also amounted to a system of licensing of new entrants in agriculture.

2.9 In addition to the first priority accorded to the tenant in possession when the land was offered for sale, under certain circumstances a protected tenant could also, on his own initiative, purchase the land held by him as a tenant. He could

do this provided such a purchase did not result in the tenant owning arable land in excess of fifty acres or in reducing the total area of the arable land remaining in the ownership of the landlord below fifty acres. In the case of an undivided Hindu family with more than one branch, the limit mentioned in connection with the holding of the landlord was meant to be fifty acres per branch subject to a maximum of 200 acres. Therefore though an important right was conferred on the tenants, the condition that the purchase must not reduce the landlord's holding below fifty acres with further concession to joint Hindu families, made the right to purchase practically ineffective. By an amendment of Bom. 33 of 1952, the concession to joint Hindu families was waived. Nevertheless, even without the concession to joint Hindu families, the limit of fifty acres could prove a severe qualification on the right of the tenants to purchase the land held by them. The limit of fifty acres appears in the Act in a rather deceptively reciprocal manner. It should be clearly understood however that what was conceded was a right to purchase provided the exercise of the right did not raise the tenant's holding above fifty acres and did not reduce the landlord's holding below fifty acres. Thus the limit of fifty acres provided simultaneously a ceiling on tenant's holding and a floor for the landlord's holding. In particular, it should be noted that by exercising his

right to purchase, a tenant could not increase his holding above fifty acres, even if that did not reduce the holding of the landlord below that limit.

2.10 When, under these provisions, a tenant intended to purchase land held by him, he was to make an offer to the landlord stating the price he was willing to pay; and in case the landlord refused to accept the offer, he was to apply to the Tribunal for the determination of the reasonable price. He was then to deposit with the Tribunal, within a prescribed period, the amount of the price so determined. On such deposit being made the Tribunal would issue to him a certificate of purchase. By an amendment of Born.

33 of 1952, the tenant was permitted to pay such price either in lump sum or in instalments not exceeding ten and over a period not exceeding fifteen years. But there was little advantage in this concession as the tenant was liable to pay the rent until the payment of the last instalment. Thus very little assistance was given to the tenant to avail himself of the limited right of purchase given to him. It should be noted that this right to purchase on his own initiative and thus to compel the landlord to sell his land under certain circumstances was given to the protected tenants only.

2.11 As for the regulation of rent, the maximum rent payable by a tenant was defined in terms of crop share which, in the case of irrigated land, was not to exceed one-fourth and in the case of other lands, one-third of the crop of such land or its value. Besides, the State Government was entitled to fix, by notification, a lower maximum or a maximum on any other suitable basis applicable to any particular area. Subject to such maximum, the rent payable by a tenant was to be the rent agreed upon between the landlord and the tenant and in the event of their failing to agree either of them could apply to the Mamlatdar for the determination of the reasonable rent.

2.12 As these maxima were considerably below the level of share rents prevalent in certain areas, they could have an immediate effect in reducing the level of share rents. However, it seems unlikely that the maxima prescribed in terms of the share rent could have any direct effect on the level of cash rents. This is particularly important because the Government had intended gradually to commute all share rents into cash rents and the Act had provided that the Government might from time to time notify that the rent payable wholly or partly as a crop share in any area be commuted into cash rent

and might also fix the rate of such commutation. In actual practice this did not go very far.

2.13 Furthermore, it was prescribed that the landlord should not recover or receive rent in terms of service or labour. He must also not levy any cess, rate, *vero*, *huk*, tax or service of any description whatever other than the rent lawfully due to him. The liability of the land revenue thus continued to be with the landlord. He was also supposed not to reduce any contribution that he traditionally made to the cultivation expenses, except where in a particular area the State Government fixed a rent lower than the maximum, when the landlord was allowed to adjust, proportionally his share of cultivation expenses.

2.14 Thus, on the whole, considerable direct relief in rent was provided to all forms of tenancies except the cash tenancies. There Was however one provision providing for suspension or remission of rent which was particularly important for cash tenancies. Whenever from any cause the payment of revenue in respect of any land was wholly or partially suspended or remitted, the rent payable by the tenant of such land was

also to be suspended or remitted in the same proportion. Obviously this was an important concession.

2.15 To sum up, it seems that as far as the security of tenure was concerned, the protected tenants were not better protected than were the ordinary tenants. The security of tenure in either case was limited by the landlord's right of resumption for personal cultivation which was actually more severe in the case of protected tenancies. When a tenant surrendered his land in favour of the landlord, no ceiling operated on the resulting holding of the landlord. This was the principal weakness of the Act and undermined all provisions for security of tenure. The restrictions placed by this Act on the transfer of agricultural lands were important but the right of purchase, on their own initiative, given to the protected tenants was of very limited potential in promoting transfer of agricultural lands from non-cultivating to cultivating lands. Finally, while regulating rents, as the maxima were prescribed in terms of crop shares, they could be expected to be directly effective only in the case of share tenancies. In subsequent chapters we shall examine the actual effect of these provisions in their operation during the period from 1948-49 to 1952-53.

### CHAPTER III

#### INVESTIGATIONAL PROCEDURE

3.1 It was to be expected that the implementation of the Act would be effective to varying degrees in different districts of the State. It was therefore felt necessary that the investigation should be conducted in all the districts. However, for considerations of economy and convenience of fieldwork, it was decided that the investigation might be confined to a sample of only two talukas in each district. Hence two talukas were selected from each district except in Bijapur, Dharwar and Belgaum where three talukas each were selected. The reasons for larger samples of talukas in Bijapur, Dharwar and Belgaum were entirely administrative. The fieldwork in the 12 Marathi speaking districts was done by a batch of four investigators, each investigator being in charge of the fieldwork in three districts, On the other hand, for the purpose of the fieldwork in the four Kannada speaking districts two investigators had to be employed. It was to

provide these two investigators with adequate amount of work that three rather than two talukas were selected from Bijapur, Dharwar and Belgaum. The talukas in each district were selected by a random choice except that a choice of two neighbouring talukas was usually avoided. In each selected taluka, a sample of three villages was chosen at random for the investigation. We thus have a sample of 105 villages in all. In the following is given a list of the talukas selected from the sixteen districts. They are also shown in the adjoining map. It is difficult to say how far the selected talukas represent the average conditions in the district. Nevertheless, in subsequent discussion, for convenience, we shall speak of the results as representing the average conditions in the respective districts.

3.2 The following talukas were selected for the purpose of the investigation.

District	Selected Talukas
West Khandesh	Dhulia, Shahada
East Khandesh	Jalgaon, Raver
Nasik	Sinner, Baglan
Poona	Baramati, Khed
Ahmednagar	Shri-Rampur, Pathardi
Sholapur	Karamala, Pandharpur
Thana	Thana, Umbargaon
Kolaba	Panvel, Mahad
Ratnagiri	Lanja, Chiplun
North Satara	Koregaon, Man
South Satara	Khanapur, Miraj
Kolhapur	Karvir, Gadhinglaj
Bijapur	Bagewadi, Indi, Hungund
Belgaum	Parasgad, Hukkeri, Athni
Dharwar	Dharwar, Gadag, Ranebennur
Karwar	Karwar, Kumta.

3.3 In the previous Chapter, we have briefly outlined the main provisions of the Act. In planning the investigation into the operative implementation of the Act, we decided to concentrate attention on these main provisions. Since protection to tenants and restrictions on the transfer of agricultural lands were the two main objectives, it seemed appropriate to begin by attempting to estimate the extent of changes in tenancy and ownership of land that had taken place since the coming into force of the Act in 1948. This could be done most conveniently by examining the record of ownership and tenancy of a sample of plots since 1948. Hence from the record of lands of each selected village, a random sample of 10 per cent of the plots was selected and the information appearing in Schedule I was obtained from the village records in respect of each selected plot. The Schedule is reproduced in an appendix to this Chapter. As will be seen, the items of information in this Schedule include, besides cultivable area of the plot, the name of the owner and the name of the cultivator, who could be either the owner himself or a tenant, for each of the five years beginning with 1948-49 to 1952-53. When in any year, the ownership of the plot had changed, the recorded reasons for the same were noted. Similarly, in all cases where the plots were not owner-cultivated, the mode of renting and the amount of cash rent, if any, was noted as it appeared in the records. It should be clearly understood that all items appearing in Schedule

I were obtained from the village records and not by direct interviewing. This forms the basis of our estimates of changes in ownership and tenancy during the five year period.

3.4 All cases of changes in ownership through sale of land and all cases of changes in tenancy as appearing in Schedule I were however followed up by interviewing personally all parties concerned in the transaction. Two different schedules, namely Schedules II and III were used for following the recorded cases of sale of land and of changes in tenancy respectively. Both the Schedules are reproduced in the Appendix.

3.5 All cases of sale of land as appearing in Schedule I were followed up by Schedule II. It will be remembered that Schedule I itself was filled in only for a ten per cent sample of plots. Schedule II would therefore cover sales, during the five year period 1948-53, occurring in respect of only these 10 per cent of plots. Such cases were often found to be too few. Hence in order to secure an adequate number of cases of sale of land for study, it was decided that from each village we should have a minimum of 25 cases of sales. With this in view, the investigators were instructed that whenever the cases of sales appearing in Schedule I were fewer than 25, they should make up the balance by obtaining from the office of

the sub-registrar all cases of sales from the selected villages recorded during the years 1952-53, 1951-52, 1950-51, 1949-50 and 1948-49 in that order. If even after including all the sales registered in all the five years, the number of sales from a village did not come upto 25, of course, no further attempt was made to increase their number.

3.6 In the same manner, all cases of change of tenancy as appearing from Schedule I were followed up by means of Schedule III. Here too, as it was feared that the number of cases of change of tenancy as appearing in the ten per cent sample of plots covered by Schedule I might be too few, it was decided that the number of cases of change in tenancy to be studied from each village should be at least 25. Therefore wherever the cases of change in tenancy appearing in Schedule I were fewer than 25, it was decided to make up the balance by taking additional cases of change of tenancy occurring during 1952-53 and not covered by Schedule I.

3.7 The items of information sought in Schedules II and III are self-explanatory. It might be noted nevertheless, that in all cases of sales covered by Schedule II, the seller, the purchaser, as well as the tenant in possession of the land at the time of sale, if any, were personally interviewed.

Similarly, in all cases of change of tenancy covered by Schedule III, the landlord, the original tenant and the new tenant, if any, were all personally interviewed.

3.8 Among the items of information covered by Schedule III, one needs special mention, namely, the one relating to the mode and the level of rents paid by the original and the new tenants. As we have earlier mentioned we had noted this information in respect of all the tenant cultivated plots covered by Schedule I; but such information was obtained from the village records. As it appeared from later scrutiny, most of this information was rather unreliable. For instance, in almost all cases of share renting, the record usually showed the same share rent as was prescribed by law. We shall therefore discard this information. Instead, for a discussion of the mode and level of rents we propose to make use of the related information as obtained in Schedule III by personal interviewing.

3.9 So much for the investigation based on or arising out of the sample of plots from the selected villages. The rest of the investigation was based on a sample of persons, land-owners and cultivators. One of the objects of the Act was to promote full and efficient use of land for agriculture. This was supposed to follow from the protection offered to

the tenants who as a consequence were expected to take better care of the land. A direct method to examine how far this objective was attained would be to test whether the productivity of the land, as measured by production yields, had increased since the enforcing of the Act. We did not attempt to do this. Firstly, we thought that five years were too short a period to expect a tenancy legislation to produce any observable increases in agricultural yields. Secondly, it was necessary that for any scientific discussion of this point, the measurement or estimation of agricultural yields before and after the enforcement of the Act should be done by methods which were perhaps outside the technical scope of our investigation. Finally, several measures have been taken during the period since the enforcement of the Tenancy Act in 1948, which were all expected to enhance agricultural production. In such circumstances, it would appear difficult to attribute solely to one specific legislation any observable increases in the agricultural yields.

3.10 To circumvent these difficulties, what one would require were estimates of comparative productivity of the owner-cultivated and the tenant-cultivated lands before and after the legislation. If there were any differences in the productivity of the owner and the tenant-cultivated lands on account of the



insecurity of tenure of the latter lands prior to the Act, then one would expect that after its enforcement such differences would narrow down in view of the security now afforded to the tenant, if it were in fact effective.

3.11 It seemed to us extremely difficult to obtain any reliable data to examine this point. It might be worthwhile examining, from this standpoint, the available data on crop-cutting experiments done by the Department of Agriculture, Government of Bombay, for obtaining official estimates of production. On our part we decided to investigate the point in a less direct way. As explained above, the central point in this connection was not whether the agricultural yields had increased since the passing of the Act, but whether the relative efficiency of the tenant-cultivated lands as compared with the owner-cultivated lands had improved since then. In view of the difficulties of obtaining reliable data on agricultural yields from this standpoint we decided to concentrate our attention on the investment in land in various forms of land improvement and to regard it as an indicator of better care and efficient use of land. This should not appear entirely irrelevant. For, in the absence of security of tenure, the principal cause from which the tenant-cultivated lands presumably suffer is the natural reluctance of the tenant to invest in any land improvement.

Therefore, if the protection given to the tenant by the Act had indeed given him a real sense of security of tenure, we should expect that the difference between the owner-cultivated and the tenant-cultivated lands in respect of the investment made in the improvement of these lands would gradually narrow down after the enforcement of the Act. Of course it might happen that the tenants, in spite of a real sense of security of tenure, might, for want of resources, fail to invest in the improvement of the lands held by them as protected tenants. We shall return to these points after examining the data.

3.12 For an enquiry into the relative investment in the improvement of the owner-cultivated and the tenant-cultivated lands, we could have utilised the ten per cent sample of plots we have used for ascertaining the extent and nature of the changes in ownership and tenancy. We did not do this for two reasons. Firstly, in order to collect data regarding the expenditure on land improvements incurred during the period of five years 1948-53, it was necessary to interview the owners of these plots and also the tenants, if any, cultivating these plots. But in a number of cases, the owners and tenants of these plots had themselves changed during the course of five years. Hence, in order to ascertain the land improvement expenditure on these plots, an altogether too large a number of

persons, either owners or tenants, would have to be interviewed. This was difficult from the standpoint of the fieldwork. Secondly, having approached a person, either an owner or a tenant, it seemed wasteful to confine our queries to a single plot owned or cultivated by him. From the standpoint of the fieldwork it was obviously economical to enquire from a person about all the plots owned or cultivated by him. In other words, it seemed obvious that the basis of the enquiry should be a sample of persons, landowners and cultivators, and not a sample of plots. This part of the enquiry was therefore based on a sample of landowners and cultivators.

3.13 In order to select a sample of owners and cultivators we need a complete list of landowners and cultivators in the village. Such a list is not readily available. The village records provide a list of landowners both cultivating and non-cultivating. But no list of non-owning cultivators is readily available. Within the limited time available it was also not possible for us to prepare such a list for the purpose of selecting a sample of such cultivators. We therefore adopted the following procedure. As for the landowners, both cultivating and non-cultivating, we decided to select an appropriate number of them from the list of landowners in the village records. As for the non-owning cultivators, whom for

convenience we might refer to as pure tenants, as no list of them was available, we decided to include in our sample, all such who appeared on the ten per cent sample of plots which we had initially selected for Schedules I, II and III. In none of the villages their number, thus detected, appeared to be more than 10. The number of landowners, cultivating or non-cultivating, to be selected from the list of landowners was therefore usually 20 or more so as to make the total sample, in each village, equal to 30.

3.14 These complications in the procedure of selecting the sample have vitiated to a certain extent its representative character. It will be appropriate here to describe briefly the manner in which this has happened. In the first instance, it should be noted that the sample of landowners, cultivating and non-cultivating, selected from the village list, forms a properly representative sample of that class, though even here there is a certain qualification. When a sample of landowners was selected, it was found that some of the landowners did not reside in the village concerned. In view of the difficulties of contacting them for an interview, they had to be dropped from the sample. It is obvious therefore that the non-resident landowners are not represented in our sample at all. We might distinguish these unrepresented non-resident landowners into two

classes: those who reside in the neighbouring villages, or as a matter of fact in any villages, and those who reside in urban towns and cities and thus are in fact non-cultivating absentee landlords. In order to compensate for the omission of the first of these classes, we extended the enquiry of Schedule IV, in respect of the selected landowners and cultivators, to all their lands either owned or cultivated, whether or not these lands were located within the selected villages. The second class of landowners has however been completely omitted. Except for this omission, we might say that our sample of landowners, cultivating and non-cultivating, is a properly representative sample. We hope the omission will not seriously affect our results.

3.15 As for the pure tenants, their choice suffers from two grave defects. In the first instance, as the choice was based on a sample of plots, every non-owning cultivator does not get the same chance of being included in the sample; but the one with a large number of plots under his cultivation gets a proportionately larger chance. Hence our sample of pure tenants is not representative of their class; it gives a larger representation to the bigger cultivators. Secondly, in our total sample of 30 owners and cultivators from each village, the number of pure tenants does not bear any proper relationship to the number of landowners. This is because,

the pure tenants were chosen on the basis of the ten per cent sample of plots and their number was allowed to be determined by the contingencies of this procedure; on the other hand, the number of landowners to be included in the sample was determined by the consideration that the total sample should be of 30, which number itself was decided arbitrarily. It is therefore obvious that our data relating to the pure tenants will need certain adjustments before it may appropriately be combined with the data relating to the landowners. We shall explain the nature of these adjustments in the course of presenting the data.

3.16 For each one of the sample families so selected, Schedule IV was filled in. The Schedule has been reproduced in the Appendix. It will be seen that the owned holding of each family has been divided into three sections area leased out on cash rent, area leased out on share rent and area personally cultivated. Similarly any area leased in by the family has been divided into two parts, namely, that leased in on cash rent and that leased in on share rent. Owned area personally cultivated plus the area leased in of course make the cultivated area. The Schedule then notes, for each category of owned and leased in areas separately, the investment expenditure on various items of land improvement undertaken by the family during each one of the five years from

1948-49 to 1952-53. The relative progression of this expenditure over the five years on different types of lands as described above will form the basis of our discussion as to whether the protection given to the tenants by the Act has in fact led to a better care of the tenant-cultivated lands.

3.17 The sample of families selected for Schedule IV was also utilised for an enquiry into the practices governing the relations between the landlord and the tenant and especially to enquire whether these had undergone any changes since the enforcement of the Act. For this purpose Schedule V was used. The Schedule was filled in for each one of the sample families, who had either leased out or leased in any area of land. It is usually in the case of share renting that the relations of the landlord and the tenant are governed by a number of conventional payments and practices and it was in respect of share rent that the Act had more specifically prescribed maximum limits which were considerably below those prevalent prior to the Act. Therefore it was in the case of share renting that

any change in the practices governing the relations between the landlord and the tenant was to be expected. Hence in Schedule V special emphasis was laid on the practices governing share renting.

3.18 In the following chapters we shall present the data collected by means of these schedules and, in order to keep distinct the data collected by different schedules, we shall present them in separate chapters.

3.19 Our investigation covered in all 16 districts of Bombay State. In two of these districts, namely, in Ratnagiri and North Karwar, the system of land tenure, until recently, was different, in some important respects, from that in the remaining districts. Consequently, the data relating to these two districts are not wholly comparable with those from the rest of the districts. Therefore, for convenience of presentation, we shall first present the data relating to the other 14 districts and later describe the conditions in Ratnagiri and North Karwar in two separate chapters.

**APPENDIX To CHAPTER III****Questionnaire Schedules  
Schedule I.****Five Year History of Plot  
(Based on V.F. No. VII-XII)**

Year	Name of the holder or holders	Cause of change in ownership and sale price if any	Name of the tenant	Rent and mode of rental payment
Village.....Taluka..... District .....				
Survey No..... Cultivable Area ..... S.No .....				
Hissa No .....				
1948-49				
1949-50				
1950-51				
1951-52				
1952-53				

## Schedule II

### Sale of Land

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Village.....Taluka..... District .....

Survey No..... Cultivable Area ..... S.No .....

Hissa No .....Land Revenue..... Type of land.....

Price as per Sale Deed ..... Year of Sale .....

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#### A. To the Seller:

1. Name 2. Caste 3. Occupation
4. Place of residence
5. Sale price.
6. Whether the purchaser was
  - (a) a protected or (b) an ordinary tenant of the land?
  - (c) a neighbouring farmer or (d) any other agriculturist?
  - (e) a non-agriculturist or (f) a moneylender? or
  - (g) any other person (describe).
7. Whether the purchaser was a resident or a non-resident of the village.
8. If the purchaser was an ordinary or a protected tenant,
  - (a) whether the transaction was fair and the price just and reasonable?
  - (b) if not why? give details of the transaction.
9. If the purchaser was not a tenant on the land in question and if the land was tenant-cultivated at the time of the sale.
  - (a) for how many years was the tenant cultivating this land?
  - (b) whether the land had been offered to the tenant,
  - (c) if so why he declined to purchase?
10. If the purchaser was a money-lender, to what extent was the owner indebted to him prior to the sale transaction? Give details.
11. Causes necessitating the sale of land.
12. Average annual income from the field net of expenditure thereon:

13. (i) Whether any other fields were also sold during the period of five years from 1948-49 to 1952-53.
- (ii) If so give details such as the cultivable area, type of land, price fetched, etc.

B. To the Purchaser:

1. Name
2. Caste
3. Occupation.
4. Place of residence.
5. Price paid.
6. If an ordinary or a protected tenant of the land,
  - (a) (i) Source of finance,
  - (ii) Mode of payment,
  - (b) Whether it was possible to purchase the land only on account of the right given by the Tenancy Act.
7. If any other person:
  - (a) Why the ordinary or the protected tenant did not purchase the land?
  - (b) What steps if any were taken to terminate his tenancy rights?
  - (c) If a money-lender:
    - (i) was the seller your client of long standing? If so of how many years?
    - (ii) was the transaction negotiated smoothly?
- C. To the tenant if any cultivating the land at the time of the sale and who did not purchase it.
  1. Name 2. Caste 3. Occupation.
  4. Place of residence.
  5. Whether an ordinary tenant or a protected tenant.
  6. For how long was the tenant cultivating this land?
  7. Mode and amount of rent paid.
  8. Whether because of the sale the tenant had to resign his tenancy rights and leave the land?
  9. If so, why?
  10. Why did the tenant not purchase the land?
  11. Was the land offered to the tenant by the owner.

D. Remarks.

**Schedule III**  
**Change in Tenancy**

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Village.....Taluka..... District .....

Survey No..... Cultivable Area ..... S.No .....

Hissa No .....Land Revenue..... Type of land.....

Year in which the change took place .....

---

**A. To the landlord:**

1. Name                      2. Caste                      3. Occupation.                      4. Place of residence.

5. For how many years had the previous tenant cultivated this land.

6. Rent paid by the old tenant. 7. Rent paid by the new tenant.

8. Why was the old tenant removed?

**B. To the new tenant if any.**

1. Name                      2. Caste                      3. Occupation                      4. Place of residence.

5. What is the rent agreed upon?

6. What advantage do you think has the landlord obtained by removing the old tenant in your favour?

7. Has the removal of the old tenant resulted in any bad blood between him and you?

**C. To the old tenant.**

1. Name                      2. Caste                      3. Occupation                      4. Place of residence.

5. For how many years have you cultivated this land?

6. What rent were you paying?

7. Why did you resign your tenancy right?

8. How was your tenancy terminated? Give details.

9. Whether after removing the tenant the landlord is cultivating the land personally or has leased it out to a new tenant.

10. Whether on account of the termination of your tenancy you had to incur any losses? If so give details.

**D. Why was the tenant changed (opinion of villagers).**



**Schedule IV.****Investment in Land Improvements during 1948-53.**

Village.....Taluka.....District ..... Serial No. ....  
 Name ..... Caste .....Occupation .....

Khata number or numbers as per V.F. No. 8A.

Total area

Total land revenue.

Particulars	Owned lands			Lands taken on lease		
	leased out for cash rent	leased out for share rent	person- ally culti- vated	On cash rent	On share rent	Total culti- vated area

During the year 1948-49:

(a) Cultivable area

(b) Number of owners or tenants  
as the case may be

(c) Capital Expenditure

1. Bunding.
2. bringing fresh land under cultivation
3. other land improve-  
ments (describe)
4. digging and construc- tion  
of new wells
5. Repairing old wells
6. Planting of trees and  
development of orchards
7. Any other (describe)

Total expenditure

Similar particulars for the years 1949-50; 1950-51; 1951-52 and 1952-53.

### Schedule V

#### Crop-sharing Practices

Village.....Taluka.....District .....

Name.....Caste.....Occupation.....

Whether landlord, tenant or part owner .....

#### I. Position before the introduction of the Tenancy and Agricultural Lands Act of 1948.

Particulars	Type of land		Type of land	
	Share of owner	Share of tenant	Share of owner	Share of tenant
<b>A. Shares in Income:</b>				
(1) Grains				
(2) Fodder				
(3) Fruits				
(4) Grass growing on the embankments.				
(5) Other.				
<b>B. Shares in Expenses</b>				
(1) Ploughing				
(2) Manuring				
(3) Seed				
(4) Other cultivation expenses				
(i) Fencing				
(ii) Planting of trees and develop- ing of orchards.				
(iii) Other.				
(5) Watering the crops				
(6) Harvesting				
(7) Land Revenue				
(8) Advances to the tenants				
or amounts borrowed from landlords as the case may be				
(9) Other expenses:				

## II. Position after the introduction of the Tenancy and Agricultural Lands Act of 1948.

Particulars	Type of land		Type of land	
	Share of owner	Share of tenant	Share of owner	Share of tenant
A. Shares in Income:				
(1) Grains				
(2) Fodder				
(3) Fruits				
(4) Grass growing on the embankments.				
(5) Other.				
B. Shares in Expenditure:				
(1) Ploughing				
(2) Manuring				
(3) Seed				
(4) Other cultivation expenses				
(i) Fencing				
(ii) Planting of trees and develop- ing of orchards.				
(iii) Other.				
(5) Watering the crops				
(6) Harvesting expenses				
(7) Land Revenue				
(8) Advances to the tenants or amounts borrowed from landlords as the case may be				
(9) Other expenses:				

## CHAPTER IV

### EXTENT OF CHANGES IN OWNERSHIP AND TENANCY

4.1 We should begin by estimating the extent and nature of the changes in ownership and tenancy that have occurred since the enforcement of the Act in 1948. The basis of such estimation is our study of the five year record of ownership and tenancy of a ten per cent sample of all plots of land in the selected villages. Our sample of plots in 14 districts actually comprised a total of 9333 plots with a total area of 29,111 acres. From the standpoint of the present enquiry, the distinction between the owner-cultivated and the tenant-cultivated plots is fundamental and we shall begin by examining the positions of different districts in this respect and any trends in them over the five years since 1948-49. In Table No. 4.1 are given the results of our sample investigation. In the first column of the Table is given the number of sample plots covered by our investigation in each district. In the subsequent five columns are shown what proportions, expressed as percentages, of the sample plots were tenant-cultivated in the five years from 1948-49. In the latter half of the Table, similar results are given on the basis of the areas of the sample plots instead of their numbers. Thus, in the seventh column is given the total area of the sample plots in each

district; and in subsequent columns are shown what proportions of the areas were tenant-cultivated in different years.

4.2 In presenting the results, as here, we shall often have the alternative of presenting them either on the basis of the, number of plots or on the basis of their area. The latter alternative, that of presenting on the basis of the area, has many advantages, the principal among them being its directness for comprehension. In the following we shall therefore usually present all our results on the basis of area.

4.3 The last two lines in the Table are designated 'Total' and 'Weighted total', respectively. The numbers and percentages in the 'Total' line relate to our total sample in the 14 districts. As would be obvious from the manner in which we had drawn our sample of plots, we had made no attempt to give each district a representation in our sample proportional to its total cultivable area. Therefore, the simple average figures as appearing in the 'Total' line might not be quite appropriate to represent the average conditions in all the 14 districts taken together. For this purpose, we should use 'weighted' averages or percentages where the district figures would be given 'weights' in proportion to the total cultivable area in the respective districts. In the last line of

**TABLE No. 4.1.**  
*Tenant cultivated plots in the sample and their area shown as percentages of the total number of sample plots and their area.*

District	No. of sample plots = 100	Proportion of tenant-cultivated plots						Area of sample plots = 100 (acres)						Proportion of tenant-cultivated area					
		1948-49	1949-50	1950-51	1951-52	1952-53		1948-49	1949-50	1950-51	1951-52	1952-53		1948-49	1949-50	1950-51	1951-52	1952-53	
		2	3	4		6	7	8	9	10	11	12		8	9	10	11	12	
West Khandesh	206	20.4	18.4	17.5	16.0	15.5	1156	22.6	21.9	20.3	18.2	18.0		22.6	21.9	20.3	18.2	18.0	
East Khandesh	386	16.1	15.8	16.3	15.0	18.2	1085	22.0	21.0	21.2	18.8	17.9		22.0	21.0	21.2	18.8	17.9	
Nasik	551	26.1	25.6	25.8	23.8	22.0	1843	28.4	28.7	28.4	26.6	22.5		28.4	28.7	28.4	26.6	22.5	
Thana	583	39.6	89.4	88.9	38.4	88.1	608	50.4	50.4	50.7	49.1	48.3		50.4	50.4	50.7	49.1	48.3	
Kolaba	669	48.6	43.8	43.0	42.3	40.8	561	47.3	49.1	48.3	47.2	43.1		47.3	49.1	48.3	47.2	43.1	
Poona	1127	21.6	21.7	20.9	21.2	18.4	3071	26.2	24.7	25.9	25.3	18.4		26.2	24.7	25.9	25.3	18.4	
Ahmednagar	855	23.4	24.2	20.8	22.3	23.4	1627	25.7	26.5	22.2	25.3	25.4		25.7	26.5	22.2	25.3	25.4	
Sholapur	508	22.6	21.5	18.9	19.8	18.9	3320	22.6	22.1	17.8	17.1	17.4		22.6	22.1	17.8	17.1	17.4	
North Satara	1341	15.9	15.6	17.2	16.1	16.3	2199	16.2	14.6	16.2	15.5	15.3		16.2	14.6	16.2	15.5	15.3	
South Satara	980	17.2	18.8	17.1	15.9	16.4	2504	29.0	28.6	27.4	25.7	26.4		29.0	28.6	27.4	25.7	26.4	
Kolhapur	898	21.6	24.2	29.0	28.7	29.2	960	44.6	43.8	47.6	46.5	45.4		44.6	43.8	47.6	46.5	45.4	
Bijapur	574	80.8	80.5	31.7	28.9	28.7	4625	38.2	36.7	36.6	34.5	35.1		38.2	36.7	36.6	34.5	35.1	
Belgaum	587	29.5	28.1	26.6	26.6	22.2	2468	37.8	35.9	36.2	34.2	29.7		37.8	35.9	36.2	34.2	29.7	
Dharwar	568	34.2	85.6	35.6	84.3	80.1	3084	40.4	41.9	41.9	40.8	36.8		40.4	41.9	41.9	40.8	36.8	
Total	9333	25.3	25.1	25.8	24.6	28.6	29111	30.9	30.4	29.9	28.6	26.9		30.9	30.4	29.9	28.6	26.9	
Weighted total								30.7	30.3	29.5	28.5	26.8		30.7	30.3	29.5	28.5	26.8	

the Table designated 'Weighted total' we have shown the weighted percentages of the area under tenant cultivation. As will be seen, the differences between the weighted and the simple percentages is small. Nevertheless, as the weighted percentages: and the averages are more appropriate, in all subsequent tables and discussion, we shall use the weighted figures for representing the average conditions in all the 14 districts taken together.

4.4 It will be seen that the districts easily group themselves into three or four groups. The first group, with the largest proportion of area under tenant cultivation consists of three districts, namely, Thana, Kolaba and Kolhapur. In all the three districts, between 45 and 50 per cent of the area is tenant cultivated. Both Thana and Kolaba are coastal districts and it is well known that in both of them a large proportion of the area is tenant cultivated. Kolhapur adjoins the coastal district of Ratnagiri and its western parts are in many respects akin to the coastal region. Nevertheless, the large proportion of tenant cultivated area in this district must also be ascribed to the fact that until recently this was a princely state with a number of Jagirdars owning large estates.

4.5 The second group, of three districts comprises the three Karnatak districts of Bijapur, Karwar and Belgaum. From 35 to 40 per cent of the area in these districts is tenant cultivated. The large proportion of the tenant cultivated area in these districts is known to be on account of numerous remnants of historical Inams and Jagirs.

4.6 There are two more easily distinguishable groups. The first one comprises the districts of South Satara, Poona, Ahmednagar and Nasik where between 25 to 30 per cent of the land is tenant cultivated. The other group comprises West Khandesh, East Khandesh and Sholapur, where the tenant-cultivated land forms about 17 to 22 per cent of the total cultivated area. The remaining district; namely, North Satara has only 15 per cent of its land under tenant-cultivation.

4.7 If all the fourteen districts are considered together nearly 30 per cent of the cultivable area appears to be tenant cultivated.

4.8 It will be seen that in all the districts the tenant-cultivated area shows a certain decline during the course of the five years. The decline is not regular in all cases and in a few cases, in certain years, the tenant cultivated area actually shows some increase. The evidence of a general

decline in tenant cultivated area is nevertheless clear in all the districts. The extent of this decline is however not the same in all the districts. The decline is the smallest in Ahmednagar, Thana, Kolhapur and North Satara where it is only between 4 to 6 per cent of its original size. In Bijapur and South Satara this decline is between 8 to 10 per cent. In Kolaba and Dharwar it is 12 per cent. A large decline in the tenant cultivated area is seen in East Khandesh, West Khandesh, Nasik, Belgaum and Sholapur where the decline ranges between nearly 20 to 25 per cent. In Poona district there appears a sharp decline in tenant cultivated land to the extent of 30 per cent; but this is largely confined only to the last year.

4.9 The fact of a general decline in the tenant cultivated area however cannot be regarded as a necessarily favourable development though, in a sense, that is one of the ultimate objectives of the tenancy legislation. This is because the reduction in the tenant cultivated area may come about by two very different processes. In one, the tenant may acquire possession of the land cultivated by him; this is the avowed intention of the law and it offers the cultivator some assistance in this respect. Thus the Tenancy Act gives the tenant in possession the first priority of purchase when the landlord intends to sell his land. A protected tenant is also entitled to purchase from the landlord, the

land held by him as a protected tenant provided this does not result in the tenant owning more than 50 acres or the landlord owning less than 50 acres of land. On the other hand, a tenant-cultivated area may become owner-cultivated through the owner resuming his land and, in the process, evicting the tenant from the land. This is not intended but is certainly allowed by the Act. Thus the protection given to the tenant has been qualified by the provision that a landlord may terminate the tenancy of a protected tenant if he requires the land for his personal cultivation so long as this does not result in the landlord cultivating more than fifty acres of land. It is therefore necessary to examine whether the increase in the owner-cultivated area in recent years has been brought about by the one or the other process. The relevant data are given in Table Nos. 4.2 and 4.3.

4.10 In Table No. 4.2 are traced out the transformations from year to year taking place in the owner-cultivated area in each district. An area which is owner-cultivated in one year might either continue to be so cultivated or might become tenant-cultivated in the following year. When it continues to be owner-cultivated, we might also distinguish whether it continues to be in the ownership of the same person or whether the owner has changed. The Table shows, for each district and for each year,

**TABLE No. 4.2.**  
**Transformation from year to year taking place in owner cultivated area.**

District	Proportion of the area owner cultivated in the preceding year Continues to be owner cultivated in the year																Converted into tenant cultivated in the year			
	Under the same owner								Under a different owner								Total			
	49-50	50-51	51-52	52-53	49-50	50-51	51-52	52-53	49-50	50-51	51-52	52-53	49-50	50-51	51-52	52-53	49-50	50-51	51-52	52-53
West Khandesh	89.5	96.4	96.6	94.7	8.6	1.9	2.1	3.3	98.1	98.3	98.7	98.0	1.9	1.7	1.3	2.0	1.9	1.7	1.3	2.0
East Khandesh	87.1	91.5	95.1	95.9	11.1	3.9	2.6	3.7	98.2	95.4	97.7	99.6	1.8	4.6	2.3	0.4	1.8	4.6	2.3	0.4
Nasik	93.7	93.1	94.8	92.8	2.5	3.6	3.6	5.2	96.2	96.7	98.4	98.0	3.8	3.3	1.6	2.0	3.8	3.3	1.6	2.0
Thana	99.3	98.5	98.5	97.5	0.7	0.1	1.3	2.0	100.0	98.6	99.8	99.5	-	1.4	0.2	0.5	-	1.4	0.2	0.5
Kolaba	92.1	96.6	98.2	98.2	3.6	3.1	1.2	0.7	95.7	99.7	99.4	98.9	4.3	0.3	0.6	1.1	4.3	0.3	0.6	1.1
Poona	88.1	91.1	90.6	94.5	8.1	4.7	5.9	3.6	96.2	95.8	96.5	98.1	3.8	4.2	3.5	1.9	3.8	4.2	3.5	1.9
Ahmednagar	89.3	97.1	91.5	90.9	3.5	1.6	1.7	6.2	92.8	98.7	93.2	97.1	7.2	1.3	6.8	2.9	7.2	1.3	6.8	2.9
Sholapur	87.7	97.9	94.6	89.6	9.9	0.8	2.6	6.2	97.6	98.7	97.2	95.8	2.4	1.3	2.8	4.2	2.4	1.3	2.8	4.2
North Satara	96.4	88.2	94.9	97.8	2.3	5.4	3.9	1.5	98.7	93.6	98.8	99.3	1.3	6.4	1.2	0.7	1.3	6.4	1.2	0.7
South Satara	92.0	95.5	91.8	91.6	4.5	1.7	6.4	4.6	96.5	97.2	98.2	96.2	3.5	2.8	1.8	3.8	3.5	2.8	1.8	3.8
Kolhapur	97.4	87.6	92.0	88.1	1.3	2.5	4.5	5.2	98.7	90.1	96.5	93.3	1.3	9.9	3.5	6.7	1.3	9.9	3.5	6.7
Bijapur	87.1	90.6	92.0	90.7	9.6	2.2	4.0	2.7	96.7	92.8	96.0	93.4	3.3	7.2	4.0	6.6	3.3	7.2	4.0	6.6
Belgaum	92.7	94.7	93.0	93.4	4.1	2.5	5.4	3.9	96.8	97.2	98.4	97.3	3.2	2.8	1.6	2.7	3.2	2.8	1.6	2.7
Dharwar	88.8	92.7	97.5	92.1	3.4	4.2	1.4	4.3	92.2	96.9	98.9	96.4	7.8	3.1	1.1	3.6	7.8	3.1	1.1	3.6
Total	90.4	93.3	93.7	92.7	6.1	2.9	3.7	4.0	96.5	96.2	97.4	96.7	3.5	3.8	2.6	3.3	3.5	3.8	2.6	3.3
Weighted total	90.6	93.7	94.0	92.9	5.8	2.7	3.4	4.1	96.4	96.4	97.4	97.0	3.6	3.6	2.6	3.0	3.6	3.6	2.6	3.0



what proportion of the area which was owner-cultivated in the preceding year continued to be owner-cultivated under the same owner and under a different owner and what proportion of it was converted into tenant-cultivated.

4.11 A change in ownership might come about by inheritance, purchase, or other transfers. From the standpoint of the Act, the changes by inheritance are only formal and are not of any great significance. We have therefore thought it best to disregard them so that other changes such as by purchase or other transfers might be more clearly brought out. For the purpose of this Table, as also for all subsequent tables and discussion, we do not therefore regard a change in ownership by inheritance as a change. All other changes are however taken into account.

4.12 Our investigation covers the period from 1948-49 to 1952-53. Hence the first set of changes to trace are those from the year 1948-49 to the year 1949-50. The year 1948-49 does not therefore explicitly appear in the Table. Instead we begin with the year 1949-50 and show what proportion of the area which was owner-cultivated in the preceding year, that is in 1948-49, continued to be owner-cultivated under the same owner and under a different owner and what proportion was converted into

tenant-cultivated, in the year 1949-50. Year to year changes in the subsequent years are similarly traced.

4.13 Considering all districts together, it will be seen that in 1949-50, of the area which was owner-cultivated in the previous year, 96.4 per cent continued to be owner-cultivated and that 3.6 per cent was converted into tenant-cultivated by the creation of new tenancies. These proportions seem to remain more or less the same during the subsequent years. The proportions of area converted into tenant-cultivated during the four years are 3.6, 3.6, 2.6 and 3.0. Thus the proportions are more or less steady with perhaps only a slight decline. We might therefore say that about 8 per cent of the area which was owner-cultivated in any year was converted next year into tenant-cultivated by the creation of new tenancies.

4.14 The proportions of the area which continued to be owner-cultivated but under a different owner are 5.8 in 1949-50 and 2.7, 3.4 and 4.1 in the subsequent years. The proportion is indeed large in 1949-50 and shows a sudden fall in the following year and then a gradual rise in the subsequent years. Such relatively large number of transfers of ownership in the first year have occurred in West Khandesh, East Khandesh, Sholapur and Bijapur and to a smaller extent in Poona

and Ahmednagar. These data are based on our sample study of the plots as they appear in the village records. It is therefore difficult to say whether the large number of transfers in the first year with a sudden fall in the next year are real or are due to any arrears of entries in the record brought up to date in that year on account of the passing of the new Act. It is possible that they are real and that during 1948-49, in anticipation of the Act coming into force in December 1948, a large number of changes in ownership were in fact effected to escape some of the consequences of the Act. It should be remembered that we have not included here transfers by inheritance so that mere formal changes are not counted. All the changes being considered involved either purchase or other transfers. Therefore if they were in fact effected during the short interval from June to December of 1948, it is significant as indicating the impact on the rural area of an anticipated agrarian legislation. We should also point out that we are here considering the transfers from one set of owner-cultivators to another set of owner-cultivators. Hence, the easing of sales by absentee landlords are not being considered.

4.15 If as is described above, there were in fact a large number of transfers in anticipation of the legislation, it is conceivable that the number of transfers should drop for sometime soon after the

Act came into force. This could happen, if for no other reason, on account of certain misapprehensions about the provisions of the Act. The number of transfers of land would then recover as it did in subsequent years. Under the circumstances, if we suppose that in 1952-53 the initial shock of the Act was absorbed and that the conditions had returned to normality, we might say that normally about 4 per cent of the area which was owner-cultivated in any year would be transferred to other owner-cultivators either by sale or by other means other than inheritance.

4.16 In spite of the suggestions made above, we should remember that the results presented above are based on our sample of plots derived from the village records. Therefore it is not impossible that the large number of transfers appearing between the years 1948-49 and 1949-50 are not real. It might be, for instance, that a large number of these transfers did not take place between June and December of 1948 in anticipation of the Act as suggested above but that they were accumulated transactions of earlier year or years which had remained to be entered in the records and which were therefore entered between January and June of 1949 in order to bring the records up to date on account of the passing of the new legislation.

4.17 Considering the figures for individual districts, it is obvious that the year to year variations in them are large and often erratic on account of the smallness of the samples for individual districts. We therefore propose to examine the figures for individual districts in a later section where we shall examine the total change occurring over the period of five years.

4.18 We might next examine the transformations from year to year taking place in the tenant-cultivated area. These are traced out in Table No. 4.3. An area which is tenant-cultivated in one year might either continue to be so cultivated or might be converted into owner-cultivated. When it continues to be tenant-cultivated, we might further distinguish whether the same tenant continues or whether the tenant has been changed. On the other hand, if it is converted into owner-cultivated, this might come about by two fundamentally different processes; the area might either be resumed by the owner evicting the tenant in the process or it might be acquired by the tenant. The Table shows, for each year and for each district, what proportion of the area which was tenant-cultivated in the preceding year was resumed by the owner, what proportion was acquired by the tenant what proportion continued to be

tenant-cultivated under the same tenant and on what proportion the tenant was changed.

4.19 Considering all districts together, it seems that of the area which was tenant-cultivated in any year nearly 80 per cent continued to be tenant-cultivated by the same tenant in the next year. The percentages for the four years are 80.9, 79.3, 81.0 and 79.5 and it is obvious that there is little variation over the years. However, there is apparent a certain amount of variation as between different districts.

4.20 In Thana and Kolaba the proportion of the tenant-cultivated area which continued to be tenant-cultivated under the same tenant was very high in the beginning. For instance, in 1949-50, this proportion was 99.3 per cent in Thana and 97.1 per cent in Kolaba. However, in both the districts, these proportions show considerable decline over the four years. Thus in 1952-53, the proportions in the two districts were 85.6 and 89.1 per cent. It is clear therefore that in these districts, beginning with a practical security at the beginning of the period, the tenants became considerably less secure within a period of five years since the passing of the Act.

**TABLE No. 4.3.**  
**Transformation from year to year taking place in tenant-cultivated area.**

District	Proportion of the area tenant-cultivated in the preceding year															
	Resumed by the owner in the year				Acquired by the tenant in the year				Held by the same tenant in the year				Held by a different tenant in the year			
	49-50	50-51	51-52	52-53	49-50	50-51	51-52	52-53	49-50	50-51	51-52	52-53	49-50	50-51	51-52	52-53
West Khandesh	5.3	11.7	5.0	9.5	4.2	1.6	10.8	-	81.5	84.3	81.6	87.7	9.0	2.4	2.6	2.8
East Khandesh	10.8	11.1	18.9	6.7	0.6	5.0	0.8	-	85.9	81.2	75.8	93.1	2.7	2.7	4.5	0.2
Nasik	8.2	8.5	10.4	11.8	0.2	1.0	0.1	9.1	79.7	82.7	79.5	72.1	11.9	7.8	10.0	7.0
Thana	0.1	0.9	3.4	2.0	-	-	-1	-	99.3	97.1	94.7	85.6	0.6	2.0	1.9	12.4
Kolaba	1.0	2.0	1.1	9.9	-	-	.7	-	97.1	95.3	96.2	89.1	1.9	2.7	1.0	1.0
Poona	14.6	7.8	10.6	31.1	1.8	0.4	1.7	1.7	72.4	76.5	76.5	65.2	11.2	15.3	11.2	2.0
Ahmednagar	17.8	16.6	9.0	7.9	0.1	3.0	0.8	0.1	75.6	78.0	89.0	79.3	6.5	2.4	1.2	12.7
Sholapur	10.3	24.1	15.3	15.2	-	-	1.6	3.4	79.8	65.1	65.2	74.3	9.9	10.8	17.9	7.1
North Satara	16.4	26.0	8.2	4.4	-	0.3	2.5	0.3	77.8	58.3	86.5	83.9	5.8	15.4	2.8	11.4
South Satara	9.7	11.0	9.5	4.4	0.2	0.4	1.2	4.0	82.8	83.5	80.7	90.1	7.3	5.1	8.6	1.5
Kolhapur	3.9	4.0	5.8	10.0	-	-	0.3	0.2	83.7	88.1	87.0	79.5	12.4	7.9	6.9	10.3
Bijapur	6.6	11.6	12.6	10.3	2.6	1.1	-	0.4	76.1	75.1	71.8	75.7	14.7	12.2	15.6	13.6
Belgaum	9.1	4.0	7.6	16.6	-	0.4	0.8	1.8	83.7	85.9	85.2	79.8	7.2	9.7	6.4	1.8
Dharwar	7.7	4.4	4.1	14.6	-	-	-	0.5	83.7	86.7	90.5	78.9	8.6	8.9	5.4	6.0
Total	8.8	10.0	9.0	12.7	0.9	0.7	1.0	1.6	80.9	80.3	81.1	78.6	9.4	9.0	8.9	7.1
Weighted total	9.7	11.4	9.6	12.0	0.8	1.1	1.4	1.7	80.9	79.3	81.0	79.5	8.6	8.2	8.0	6.8

4.21 In Poona and Bijapur, the tenants seem to be less secure than in other districts. For here only about 75 per cent of the tenant-cultivated area in any year continued to be so under the same tenant. It is difficult to say whether this was a normal situation in these districts or whether it came about only after the passing of the Act. We have no data for the period prior to the Act to compare with the post-Act period. But there is no clear evidence, as there is in Thana and Kolaba, that the situation worsened progressively after the Act. At the same time there is little evidence in these two districts of any improvement coming about on account of the protection given by the Act to the tenants. In most other districts also the situation remained more or less the same and there appears no clear evidence either of any improvement, or worsening of the situation in respect of the security of tenure.

4.22 Returning to the average situation in all the districts considered together, the remaining 20 per cent or so of the tenant-cultivated area in any year was either resumed by the landlord or acquired by the tenant or continued to be tenant-cultivated but under a different tenant. Considering all districts together and speaking in broad terms, it appears that of the area which was tenant-cultivated in any year, nearly 10 per cent was resumed by the landlords next year;

on about 8 per cent of the area, the tenants were changed; and only about 1 per cent of the area was acquired by the tenants. The proportion of the tenant-cultivated land resumed in the four years varies from 9.6 to 12.0 per cent. The variation is not very systematic but nevertheless there is some evidence to suggest that the proportion has somewhat increased over the four years. On the other hand, cases of changes in tenants have declined over the four years. Cases where the tenants acquired the lands, though on the whole very small, have increased somewhat.

4.23 There are large variations between different districts. On the whole, in the central districts of Poona, Ahmednagar, Sholapur and North Satara, there has been resumption rather on a large scale. In North Satara and Ahmednagar resumption took place on a large scale during the first two or three years after the passing of the Act. Later, it seems to have been on a much smaller scale. In Sholapur, it has continued on a large scale throughout the period. In Poona, it was high at the beginning but did not increase subsequently except in 1952-53, when more than 30 per cent of the area which was tenant-cultivated in the previous year was resumed by the landlords. In all these districts, tenants have also been changed on a considerable proportion of the tenant-cultivated area.

4.24 Among the northern districts, resumption has occurred on a relatively larger scale in East Khandesh and change of tenants was more frequent in Nasik.

4.25 Conditions in Thana and Kolaba have already been referred to. It was mentioned that in both the districts the traditional security has been very much affected. But it seems that this has happened by two different processes in the two districts. In Thana, where during the three years 1949-50, 1950-51 and 1951-52 tenants were not changed on more than 2 per cent of the tenant-cultivated area, they were changed on more than 12 per cent of the tenant-cultivated area in 1952-53. On the other hand, in Kolaba, where during the first three years not more than 2 per cent of the tenant-cultivated land was resumed in any year; nearly 10 per cent of the area was resumed in the last year.

4.26 In the Karnatak districts, namely Bijapur, Belgaum and Dharwar, a considerable proportion of the tenant-cultivated area was affected by either resumption or changes of tenants. In Bijapur, both resumption and changes in tenancy have occurred throughout the period since the Act and there is little evidence of either any increase or decrease in the phenomena over the period. In Belgaum and Dharwar, there

has occurred a sharp rise in the cases of resumption and a nearly compensating fall in the cases of change of tenants.

4.27 Cases of acquisition by tenants of land held by them have been very few but there is evident a small rise in them over the four years. Taking all the districts together, the proportion acquired by the tenants has increased from 0.8 per cent in 1949-50 to 1.7 per cent in 1952-58. The process has been on a much higher level in the northern districts of West Khandesh, East Khandesh and Nasik. Among the central districts of Sholapur and South Satara the phenomenon shows a quick rise in the last year. In most other districts, the phenomenon is very small and indeed negligible.

4.28 The year to year changes in the various proportions described above for any district are sometimes erratic and the annual variations are not always trustworthy. One reason for this is the smallness of the samples for individual districts. It should be noted however that as we are here tracing the same sample of plots over a period of five years, we should have normally expected less erratic changes than are actually seen. The reason why the variations are sometimes so erratic seems to be that our first-stage sample, that is, our sample of villages in each district, was very small. It will be remembered that in all

the districts, except three, we have a sample of only six villages each. Now it is possible that the factors causing such phenomena as resumption and change of tenants visit a village in waves so that they suddenly affect a large number of plots in a year. It is also possible that the village records in these respects are not always kept up to date and that changes having taken place in the previous two or three years are entered in one year. For these reasons it seems that with a larger sample of villages, the annual variation in the above mentioned proportions might have been somewhat more regular than they have actually been in our sample.

4.29 The year to year variations in the several proportions for any district as appearing in our data are not therefore trustworthy. Nevertheless, for each district we could accumulate the annual changes and starting with a beginning position in 1948-49 we could build up an end position in 1952-53. Thus in Table No. 4.4 we show, for each district, the end position, that is the position in 1952-53, of the area which was owner-cultivated in 1948-49. As before, we shall classify the area which was owner-cultivated in 1948-49, according to whether it was owner-cultivated or tenant-cultivated in 1952-53. When it remained owner-cultivated in 1952-53, we shall distinguish, as before, two categories

according to whether the same owner continued or the owner was changed. In addition, we shall make two further distinctions. There might be some area which was owner-cultivated both in 1948-49 and in 1952-53 but which for some time in between was rented out and subsequently was either resumed or acquired by the tenant. We shall make these two additional categories accordingly. In the same way, when the originally owner-cultivated area was converted into tenant-cultivated, we shall make a distinction according to whether it was rented out by the original owner or by a new owner following a change in ownership.

4.30 Thus considering all the districts together, it will appear that of the area which was owner-cultivated in 1948-49, 87.5 per cent continued to be so under the same owner, and 3.0 per cent continued to be owner-cultivated but under a different owner. In addition, 2.9 per cent of the area, though it was rented out for some time, was owner-cultivated in 1952-53, mostly because of resumption. The remaining 6.6 per cent of the area was rented out by creating fresh tenancies mostly by the original owner-cultivators themselves.

**TABLE No. 4.4.**  
**Condition in 1952-58 of the area which was owner-cultivated in 1948-49.**

District	Total area owner- cultivated in 1948-49 acres	Proportion of the area owner-cultivated in 1948-49								Total
		Continues to be owner cultivated in 1952-53			Rented out and subsequently			Rented out		
		Under the same owner	Under a diffe- rent owner	Total	Resumed by owner	Acquired by tenant	Total	By original owner	Following change in owner	
West Khandesh	895	93.1	1.6	94.7	2.4	-	2.4	2.6	0.3	2.9
East Khandesh	846	86.7	5.3	92.0	2.3	-	2.3	5.7	-	5.7
Nasik	1320	91.4	1.2	92.6	1.7	0.3	2.0	5.3	0.1	5.4
Thana	301	96.5	1.3	97.8	-	-	-	2.2	-	2.2
Kolaba	296	93.6	0.8	94.4	0.3	0.1	0.4	5.0	0.2	5.2
Poona	2295	86.0	3.8	89.8	5.5	0.3	5.8	4.4	0.0	4.4
Ahmednagar	1209	84.0	2.4	86.4	4.1	0.0	4.1	9.5	-	9.5
Sholapur	2568	90.9	1.5	92.4	0.4	0.3	0.7	6.9	-	6.9
North Satara	1842	92.0	1.1	93.1	1.5	0.5	2.1	4.9	-	4.9
South Satara	1778	87.0	3.0	90.0	2.2	1.6	3.8	6.2	0.0	6.2
Kolhapur	531	82.9	1.9	84.8	2.3	0.3	2.6	10.9	1.7	12.6
Bijapur	2859	79.4	6.7	86.1	2.9	0.2	3.1	10.8	-	10.8
Belgaum	1548	89.8	2.5	92.3	1.4	-	1.4	6.2	0.1	6.3
Dharwar	1838	83.0	4.6	87.6	6.6	-	6.6	5.8	-	5.8
Total	20096	87.2	3.1	90.5	2.7	0.3	3.0	6.6	0.1	6.7
Weighted total	-	87.5	3.0	90.5	2.7	0.2	2.9	6.5	0.1	6.6



4.31 Looked at from a slightly different standpoint, it will appear that a total of 9.5 per cent of the area was freshly rented out during the five year period. Of this 2.7 per cent was resumed and 0.2 per cent was acquired by the tenants. Thus of the freshly rented out area, over 27 per cent was resumed and only about 2 per cent was acquired by the tenants.

4.32 Comparing the districts, it is seen that there has been considerable fresh renting, between 10 to 15 per cent of the owner-cultivated area, in Poona, Ahmednagar, Kolhapur, Bijapur and Dharwar. But in Poona, Ahmednagar and Dharwar half or more of it was resumed. In Kolhapur and Bijapur on the other hand, a substantial portion of the freshly rented out area continued with the tenants. Resumption of the freshly rented area was also somewhat high in the northern districts of West Khandesh, East Khandesh and Nasik. In Thana, there has been a very small amount of fresh renting out. In the remaining districts, the various proportions are more or less similar.

4.33 In Table No. 4.5 is prepared a similar statement for the area which was tenant-cultivated in 1948-49 showing its position in 1952-53. The area which was tenant-cultivated is classified, as before, according as in 1952-53, it was tenant-cultivated under, the same tenant or a different tenant; or was converted into

owner-cultivated either by resumption by the, owner or by acquisition by the tenant. Cases of resumption have been further distinguished according to whether the resumption was by the original owner or by a new owner following a change in ownership. The cases where the land continued to be tenant-cultivated under the same tenant are, further classified according as the land remained in the ownership of the original owner or the owner had changed. The cases where the tenants had changed are further classified according to whether the change of tenants was preceded by resumption by the owner or by a change in the ownership.

4.34 Considering all the districts together, and speaking broadly, it will be seen that of the area which was tenant-cultivated in 1948-49, about 50 per cent continued to be tenant-cultivated by the original tenant; on nearly 20 per, cent, the tenant was changed; nearly 27 per cent was resumed by the owners and only 3 per cent was acquired by the tenants.

4.35 Viewed from a different standpoint, it appears that 31.7 per cent of the originally tenant-cultivated area was resumed; of this 26.7 per cent was retained by the owners for personal cultivation and 5.0 per cent was rented out to new tenants. Thus nearly one-sixth of the area resumed was apparently for effecting a change of tenants.

**TABLE No. 4.5.**  
**Condition in 1952-53 of the area which was tenant-cultivated in 1948-49.**

District	Proportion of the area tenant-cultivated in 1948-49											
	Resumed				Acquired by tenant	Continues to be held by same tenant in 1952-53			Original tenant changed			
	1	2	3	4		6	7	8	9	10	11	12
West Khandesh	261	13.6	4.5	18.1	12.0	58.4	-	58.4	9.0	0.8	1.7	11.5
East Khandesh	239	28.7	4.1	32.8	6.2	55.8	-	55.8	4.4	0.8	-	5.2
Nasik	523	25.3	0.3	25.6	8.7	45.8	0.2	46.0	10.9	7.2	1.6	19.7
Thana	307	3.8	2.5	6.3	-	78.0	0.1	78.1	15.6	-	-	15.6
Kolaba	265	12.5	0.3	12.8	1.7	77.9	0.6	78.5	6.1	0.9	-	7.0
Poona	806	29.6	8.4	38.0	4.2	42.3	2.4	44.7	7.9	5.2	-	13.1
Ahmednagar	418	26.7	0.8	27.5	0.9	56.0	0.5	56.5	4.7	10.4	-	15.1
Sholapur	752	41.6	2.3	43.9	2.9	30.7	-	30.7	16.3	6.2	-	22.5
North Satara	357	30.1	-	30.1	0.3	33.7	0.2	33.9	22.2	12.6	0.9	35.7
South Satara	726	18.6	4.4	23.0	1.2	60.3	-	60.3	10.5	4.9	0.1	15.5
Kolhapur	429	13.8	0.2	14.0	0.1	64.5	0.4	64.9	19.6	1.3	0.1	21.0
Bijapur	1766	23.9	0.3	24.2	1.2	37.1	5.0	42.1	27.4	5.1	-	32.5
Belgaum	920	27.4	0.8	28.2	2.8	48.5	-	48.5	15.1	2.5	2.9	20.5
Dharwar	1246	16.8	0.3	17.1	0.5	60.1	-	60.1	18.6	3.7	-	22.3
Total	9015	23.6	1.9	25.5	2.4	49.5	1.3	50.8	16.1	4.7	0.5	21.3
Weighted total	-	24.6	2.1	26.7	3.2	49.8	0.9	50.7	13.9	5.0	0.5	19.4

(1) Total area tenant cultivated 1948-49 (Acres). (2) By original owner. (3) Following change in owner. (4) total. (5) Acquired by Tenant. (6) Under the same owner. (7) Under a different owner (8) Total. (9) Without resumption. (10) Preceded by resumption. (11) Following change in owner. (12) Total.

4.36 In individual districts, if we concentrate attention on cases of resumption and changes of tenants, we see that the incidence of the two phenomena was heaviest in Sholapur and North Satara districts where nearly 66 per cent of the originally tenant-cultivated area was subjected to either resumption or changes of tenants during the course of five years. In Sholapur, resumption occurred on a large scale while in North Satara changes of tenants were more extensive. Resumption also occurred on a considerable scale in Poona and East Khandesh and also to some extent in Ahmednagar and Belgaum. There were extensive changes of tenants in Bijapur.

4.37 Acquisition of ownership by tenants, in possession has taken place on some scale only in the northern districts of West Khandesh, East Khandesh and Nasik. Where nearly 10 per cent of the tenant-cultivated area was acquired by the tenants during the course of five years. This has also happened though to a smaller extent, in Poona and to a still smaller extent in Sholapur and Belgaum. In the remaining districts such cases were indeed very few.

4.38 We might also examine the position from a somewhat different standpoint so as to bring out more clearly the consequences of the change in ownership

of the tenant-cultivated lands. The ownership of a tenant-cultivated land might change because of the tenant-in-possession acquiring the land. On the other hand if the ownership passed into the hands of a person other than the tenant-in-possession it might result into one of the following consequences: the new owner might resume the land and in the process evict the tenant he might allow the original tenant to continue; or he might change the tenant. Thus in the present case, ownership had changed on altogether 6.7 per cent of the area which was tenant-cultivated in 1948-49. Of this 3.2 per cent, which is somewhat less than one half of the total, was on account of the tenants acquiring the ownership. We might thus say that of the tenant-cultivated area which was offered for sale, nearly one-half was acquired by the tenants. This might be regarded as quite satisfactory. In the case of 2.1 per cent, which is nearly one-third of the total, the area was resumed by the new owners which might be taken to mean that the area was sold to cultivators. In the remaining 1.4 per cent of the area, which is nearly one-fifth of the total, the lands continued to be tenant-cultivated which might be taken to mean that the lands were sold to non-cultivators. On nearly two-thirds of this area which continued to be tenant-cultivated after the change in ownership, the original tenants were

allowed to be continued while on the remaining one-third of the area, the tenants were changed.

4.39 In order to bring out the position of the individual districts in this respect, we have prepared Table No. 4.6 where the area which was tenant-cultivated in 1948-49 and the ownership of which changed during the course of the next five years is classified according to the nature and consequences of the change in ownership as described above. It will be seen that our total sample is not quite adequate to discuss the position of individual districts in this respect. Nevertheless it seems clear that in the northern districts of West Khandesh, East Khandesh and Nasik, more than 10 per cent of the area which was tenant-cultivated in 1948-49 was subjected to change of ownership during the, course of next five years and nearly 75 per cent of it was acquired by the tenants-in-possession. In Poona also 15 per cent of the tenant-cultivated area changed its ownership but less than 30 per cent of it was acquired by tenants. In Sholapur, South Satara, Bijapur and Belgaum only about 5 to 6 per cent of the tenant-cultivated area changed its ownership; in Sholapur and Belgaum nearly 50 per cent of it was acquired by the tenants but in South Satara and Bijapur less than 20 per cent was acquired by the tenants. In South Satara, most of the remaining area was

resumed by the new owners while in Bijapur most of it continued to be cultivated by the same tenants under the new owners. In the remaining districts very little area which was tenant-cultivated in 1948-49 changed its ownership during the next five years.

4.40 We have so far traced the changes in ownership and tenancy forward from 1948-49 to 1952-53. We could also view them from the other end. Thus beginning with 1952-53 and looking backwards we might ask since when the lands were in the ownership of those who owned them in 1952-53. We might also ask an analogous question, namely, since when the lands were in the cultivation of those who cultivated them in 1952-53. While answering both these questions, it would be appropriate to make a distinction between the lands which were owner-cultivated and the lands which were tenant-cultivated in 1952-53. The relevant data are given in Table Nos. 4.7 and 4.8.

4.41 In Table No. 4.7, the areas which in 1952-53 were owner-cultivated and tenant-cultivated respectively are classified according to whether they were in the ownership of their present owners prior to 1948-49. Further, the areas which were acquired by their present owners sometime during the five year period from 1948-49 to 1952-53, are classified

**TABLE No. 4.6.**  
*Area which was tenant-cultivated in 1948-49 and ownership of which changed during next five years  
classified by the nature and consequences of the change in ownership.*

District	Original tenant became the owner	New owner resumed	Original tenant continued under the new owner	New owner changed the tenant	Total area with changed ownership = 100 (acres)	Total area tenant cultivated in 1948-49 (acres)	Area with changed ownership as percent of total area
West Khandesh	66.0	24.6	-	9.4	48	261	18.2
East Khandesh	60.2	39.8	-	-	25	239	10.3
Nasik	80.3	2.8	1.9	15.0	56	523	10.8
Thana	-	96.5	3.5	-	8	307	2.6
Kolaba	63.7	11.5	24.8	-	7	265	2.6
Poona	28.3	55.9	15.8	-	121	806	15.0
Ahmednagar	40.5	37.8	21.7	-	9	418	2.2
Sholapur	56.1	43.9	-	-	39	752	5.2
North Satara	14.5	24.5	61.0	-	5	357	1.4
South Satara	20.7	77.4	-	1.9	41	726	5.7
Kolhapur	11.1	27.8	44.4	16.7	4	429	0.8
Bijapur	19.0	4.6	76.4	-	115	1766	6.5
Belgaum	43.2	12.1	-	44.7	59	920	6.4
Dharwar	62.7	37.3	-	-	9	1246	0.8
Total	40.1	30.9	21.0	8.0	546	9015	6.1
Weighted total	47.8	31.4	13.4	7.4	-	-	6.7

**TABLE No. 4.7.**  
***Area owner-cultivated and tenant-cultivated in 1952-53 classified by the year and mode of acquisition by their owners in 1952-53.***

District	Total area acquired (acres) =100	Owner cultivated area Proportion of area acquired				Total area acquired (acres)	Tenant-cultivated area Proportion of area acquired					
		during 1948-53					during 1948-53					
		prior to 1948-49	by purchase		other- wise		Total	prior to 1948-49	by purchase		other- wise	Total
West Khandesh	947	88.2	6.8	5.0	11.8	209	95.4	1.4	3.2	4.6		
East Khandesh	891	89.2	5.8	5.0	10.8	194	96.4	0.4	3.2	3.6		
Nasik	1428	94.4	5.4	0.2	5.6	415	96.0	3.6	0.4	4.0		
Thana	314	95.7	1.8	2.5	4.3	294	98.3	0.9	0.8	1.7		
Kolaba	319	97.1	2.1	0.8	2.9	242	99.5	0.4	0.1	0.5		
Poona	2505	90.2	7.4	2.4	9.8	566	96.3	0.5	3.2	3.7		
Ahmednagar	1214	96.4	2.6	1.0	3.6	413	94.0	5.5	0.5	6.0		
Sholapur	2742	94.9	4.5	0.6	5.1	578	99.3	0.7	-	0.7		
North Satara	1861	96.3	2.9	0.8	3.7	338	95.2	0.1	4.7	4.8		
South Satara	1842	93.2	5.5	1.3	6.8	662	99.8	0.2	-	0.2		
Kolhapur	524	96.7	1.7	1.6	3.3	436	96.6	0.5	2.9	3.4		
Bijapur	3000	89.4	5.7	4.9	10.6	1625	91.3	1.4	7.3	8.7		
Belgaum	1735	94.4	3.1	2.5	5.6	733	95.3	0.3	4.4	4.7		
Dharwar	1950	94.7	2.6	2.7	5.3	1134	98.4	0.3	1.3	1.6		
Total	21272	93.1	4.5	2.4	6.9	7839	96.0	1.0	3.0	4.0		
Weighted total	-	93.3	4.4	2.3	6.7	-	96.1	1.4	2.5	3.9		

according to the mode of acquisition, namely, whether by purchase or by other means. It will be remembered that we do not regard the transfers by inheritance as changes in ownership.

4.42 It will be seen that 93.3 per cent of the area which was owner-cultivated in 1952-53, had been in the ownership of its present owners since before 1948-49, and that the remaining, namely; 6.7 per cent was acquired sometime during 1948-53. Of this latter, 4.4 per cent which is nearly two-thirds was acquired by purchase and the remaining one-third by other means, the chief among them being possession mortgage. Relatively large transfers of land during the five years 1948-53, have taken place in West Khandesh, East Khandesh, Poona and Bijapur where between 10 to 12 per cent of the owner-cultivated area was acquired by its present owners sometime during 1948-53.

4.43 Of the area which was tenant-cultivated in 1952-53 a larger proportion, namely 96.1 per cent, had been in the ownership of its present owners since before 1948-49 and only 3.9 per cent of it was acquired during the five year period 1948-53. Of this latter, 1.4 per cent which is only about one-third was acquired by purchase while the remaining two-thirds was acquired by other means. Thus though in the tenant-cultivated area recent transfers were fewer, transfers by

means other than purchase were relatively more, frequent. Such transfers to non-cultivating owners by means other than purchase were most frequent in Bijapur. They were also common in West Khandesh, East Khandesh, Poona, North Satara, Kolhapur and Belgaum. Transfers to non-cultivating owners by purchase were common in Ahmednagar and to a smaller extent in Nasik.

4.44 In Table No. 4.8, the areas which were owner-cultivated and tenant-cultivated, respectively in 1952-53, are classified according to the years since when they were in the personal cultivation of their present cultivators as owner-cultivators and as tenant-cultivators, respectively.

4.45 It will be seen that 83.1 per cent of the area which was owner-cultivated in 1952-53, had been in the owner-cultivation of its present cultivators since 1948-49 or earlier, The remaining 16.9 per cent came to be owner-cultivated by its present owner-cultivators sometime after 1948-49. This proportion is larger in Poona, Bijapur, Belgaum and Dharwar where between 20 to 25 per cent of the area which was owner-cultivated in 1952-53 came to be so cultivated by their present cultivators sometime after 1948-49.

**TABLE No. 4.8.**

***Period for which the land was in the personal cultivation as owner/tenant-cultivators of those persons who were respectively the owner/tenant-cultivators in 1952-53.***

District	1	Proportion of area in owner-cultivation of owner-cultivators in 1952-53 since					2	Proportion of area in tenant-cultivation of tenant-cultivators in 1962-58 since.				
		1948-49	1949-50	1950-51	1951-52	1952-53		1948-49	1949-50	1950-51	1951-52	1952-53
West Khandesh	948	88.0	1.9	3.7	3.9	2.6	209	73.0	8.4	1.0	6.0	11.6
East Khandesh	890	82.2	4.2	5.8	3.9	3.2	194	68.7	3.9	13.7	11.6	2.1
Nasik	1428	84.4	2.3	2.0	3.1	8.1	415	58.0	9.2	6.7	11.1	15.0
Thana	314	92.6	0.2	0.8	3.6	2.8	294	81.5	-	3.2	2.0	13.3
Kolaba	319	86.8	1.1	1.1	2.5	8.5	242	86.1	6.4	3.1	1.9	2.5
Poona	2504	77.8	4.6	1.7	5.3	10.5	566	63.6	3.7	8.4	13.7	10.6
Ahmednagar	1213	84.1	3.0	6.1	3.2	3.9	413	57.1	5.3	4.0	12.6	21.0
Sholapur	2742	86.1	2.2	3.4	3.6	4.8	578	39.9	3.6	2.0	22.7	26.6
North Satara	1862	91.4	1.3	3.8	1.8	1.7	337	35.8	5.4	35.2	8.3	15.3
South Satara	1842	84.4	2.6	3.0	4.5	5.5	662	66.2	2.3	7.9	11.2	12.4
Kolhapur	524	84.1	1.0	1.5	4.2	9.2	436	64.0	4.8	6.8	6.0	18.4
Bijapur	3000	75.9	5.2	5.2	6.5	7.2	1625	45.7	7.3	7.1	14.2	25.7
Belgaum	1735	80.1	3.7	1.8	4.9	9.6	733	68.4	9.0	12.2	9.6	0.8
Dharwar	1950	78.6	2.5	3.9	2.9	12.2	1134	66.1	6.8	7.6	3.9	15.6
Total	21271	82.6	3.0	3.4	4.1	6.9	7838	59.1	6.2	8.2	10.5	16.0
Weighted total	-	83.1	2.9	3.4	4.0	6.6	-	59.4	6.2	8.3	11.0	15.0



4.46 From the latter half of the Table, it will be seen that less than 60 per cent of the tenant-cultivated area was in the possession of the present tenants, as tenants, for five or more years; on 6.2 per cent of the area the tenants were for, four years; on 8.3 per cent, they were for three years, on 11.0 per cent, for only two years, and on 15.9 per cent of the area, the tenants were just for one year. The proportion of the tenant-cultivated area on which the existing tenants were for five or more years was the smallest in Sholapur and North Satara districts where such area was less than 40 per cent of the total. However, in North Satara, an erratically large proportion of the area appears to be held by the tenants since 1950-51. It is possible, therefore, that the figures for this district are affected by accidental features of the sample. On the other hand, in Sholapur district a large number of either new tenancies or changes in tenancies were made both in 1951-52 and in 1952-53. The same is true of the situation in Bijapur District. It seems therefore that both in Sholapur and Bijapur, either a large number of new tenancies were created during this period or a number of existing tenants were changed.

4.47 We might now summarise the changes in ownership and tenancy occurring during the five years from 1948-49 to 1952-53. In 1948-49, of the

total cultivable area 30.7 per cent was tenant cultivated. There was a certain decline in the tenant cultivated area during the course of five years so that in 1952-53, only 26.8 per cent of the total cultivable area was tenant cultivated. It will be convenient to describe the changes in the originally owner-cultivated and the tenant-cultivated areas separately.

4.48 Of the area which was owner-cultivated in 1948-49, 87.5 per cent continued to be cultivated by the original owner-cultivators; 9.5 per cent was rented out by the original owners to new tenants; 3.0 per cent changed hands and passed from the original owners to other owner-cultivators. Finally, 0.1 per cent after changing ownership was rented out by the new owners. Thus only 3.1 per cent of the area changed hands and only 0.1 per cent, which is about 3 per cent of 3.1, passed into the hands of non-cultivating owners in the sense that new owners did not themselves cultivate it; it is not impossible that they cultivated other plots.

4.49 It is however important that 9.5 per cent of the area which was originally owner-cultivated was freshly rented out. Of this 2.7 per cent was later resumed by the owners and 0.2 per cent was acquired

by the tenants. The remaining 6.6 per cent continued to be tenant-cultivated and was so cultivated in 1952-53.

4.50 Of the area which was tenant-cultivated in 1948-49, 98.3 per cent continued to be in the possession of the original owners; 3.2 per cent was acquired by the tenants and 3.4 per cent passed into the hands of other persons. Thus of the area which changed hands, nearly half was acquired by the tenants.

4.51 Of the 93.3 per cent of the tenant-cultivated area which continued with the original owners, in 49.8 per cent the original tenants also continued. On 13.9, per cent the tenants were changed and 29.6 per cent was resumed by the owners. Of the 3.5 per cent which changed ownership, 2.1 per cent which is 60 per cent of 8.5, was resumed by the new owners; on 0.9 per cent, the original tenants continued and on 0.5 per cent, the tenants were changed by the new owners.

4.52 Thus of the area which was tenant-cultivated in 1948-49, on only 50.7 per cent the original tenants continued undisturbed. On 14.4 the tenants were changed and 31.7 was resumed by the owners. Of the area which was resumed by the owners, 5.0 per cent was later rented to different tenants. Thus

nearly one-sixth of the resumption was ostensibly for effecting change of tenants.

4.53 It should be emphasised that the above analysis is based on the information as it was available from the village records. Cases of change in ownership, of change of tenants, of resumption by owners and of fresh leasing were of particular interest to us. Therefore we followed them up by a more intensive enquiry involving personal interviewing of all the parties concerned. We shall present the results in the subsequent chapters.

## CHAPTER V

### TRANSFERS OF AGRICULTURAL LANDS.

5.1 As earlier described, all cases of sale of land as appearing in Schedule I, the results of which were presented in the previous Chapter, were followed up by means of another Schedule, namely, Schedule II. Also, as Schedule I was filled in only for a ten per cent sample of all plots in the selected villages, in order to have a larger number of sale transactions to study, the investigators were asked to obtain from the office of the sub-registrar all cases of sales from the selected villages recorded during the years 1952-53, 1951-52, 1950-51, 1949-50 and 1948-49 in that order so as to have a minimum

sample of 25 sales transactions from each selected village. All these cases were covered by Schedule II. It might also be remembered that Schedule II required a personal interview with all the parties to such transactions, namely, the seller, the buyer and the tenant, if any, on the land concerned at the time of the sale. In this Chapter, we propose to present the results of this investigation.

5.2 In Table 5.1 are shown the number of sale transactions covered by Schedule II in different districts and for each one of the five years. The cases studied have been divided into two classes, sample and non-sample. The sample cases are those appearing in the ten per cent sample of plots covered by Schedule I. The non-sample cases are those which in addition to the sample cases were obtained from the offices of the sub-registrars. Thus we have in all 281 sample and 1541 non-sample cases making a total of 1822 sale transactions for our study.

5.3 The procedure by which the non-sample cases of sales were added to the sample cases should be clearly understood. Whenever in any of the selected villages, and this happened in all of the selected villages, the number of sales in the ten per cent sample covered by Schedule I was smaller than 25, an attempt was made to secure more cases of sale to study from that village. This was

done by obtaining from the office of the sub-registrar, all sale transactions from that village recorded, in the first instance, during the year 1952-1953; It was only when the sample cases together with the non-sample cases in 1952-53 fell short of 25, that the non-sample cases of sales recorded in 1951-52 were added and so on upto the sales recorded in 1948-49. In a few villages, even when all the sales recorded during the five years from 1948-49 to 1952-53 were taken account of, the total number of sales to be studied did not come up to 25. In such cases, of course, nothing more could be done and we had to be content with whatever number of sales was available from these villages. But in most of the sample villages we could obtain 25 or more cases of sales by going sufficiently backwards in the records of the sub-registrar, and in many cases, this could be done without going as far back as 1948-49. It should be clearly understood therefore that the sample and the non-sample cases studied by us did not cover all the sales from the selected villages recorded during the years from 1948-49 to 1952-53. However, in none of the selected villages the sample cases were more than 25 and hence additional cases of sales from among those recorded during the year 1952-53 had to be obtained from every village. We might therefore say that we have for all the village perhaps all the cases of sales recorded in 1952-53. But



our coverage is of increasing incompleteness for the earlier years. The actual numbers of sale transactions recorded in different years and included in our study have therefore no significance; in particular, they should not be used to judge the volume of sales occurring during the five year period. For this purpose it is appropriate to use only our sample cases of sales based on the ten per cent sample of plots covered by Schedule I.

5.4 The sample cases studied for the five years are 57, 72, 55, 54 and 43, respectively. The number 72 for the year 1949-50 is exceptionally large and if in that year there was in fact an exceptionally large number of sale transactions, the fact could be borne out by whatever number of transactions was secured from the sub-registrar's office. This number for the year 1949-50 is in fact smaller than the similar number for the earlier year 1948-49. It seems therefore that the sample number of 72 for the year 1949-50 is a sampling accident giving little cause to suppose that the number of sale transactions in that year was any higher than in the previous year. The sample number 43 for the year 1952-53 is somewhat smaller than for the other years; but this is compensated by the large number of non-sample cases. The sample and the non-sample cases for this year add to a total of 510. As explained above,

there is reason to believe that our coverage was practically complete for this year so that on a ten per cent sample basis we should expect a sample of 51 cases. Hence in this case also the rather small number of sample cases appears to be somewhat of a sampling aberration. Therefore if we accept 51 to be the sample number to be expected for the year 1952-53 and if we also agree that the number of transactions in 1949-50 was also probably somewhere between those in the years 1948-49 and 1950-51, the sample numbers for the five years might be put as: 57, 56, 55, 54 and 51. Thus we might say that the number of sales in the five years from 1948-49 to 1952-53 was more or less steady and showed a slight decline over the five years. We shall later return to this point and present an estimate of the volume of total sales during the five year period.

5.5 On closer scrutiny, it appeared that some of the transactions recorded as sales were in fact mortgages of various descriptions. In Table No. 5.2, the transactions studied have been classified into sales and mortgages. It will be seen that out of the 1822 transactions studied, only 1602 were of genuine sales while the remaining 220 were in fact mortgages. Mortgages seem more common in the Karnatak districts of Bijapur, Belgaum,

and Dharwar. They also appear in rather large numbers in Nasik and Poona districts.

5.6 In Table No. 5.3, we show the related areas, namely, of sales and mortgages, respectively, classified by years. It will be seen that the 1602 sales studied by us comprised a total of 7166 acres and the mortgages concerned a total of 950 acres. To begin with we shall examine the nature of the sales and later present our data on mortgages.

5.7 It might be useful at this stage to obtain an estimate of the total volume of sales during the five years. In a previous paragraph, we have explained that the variation in the number of sales transactions studied by us for the five years is of no significance and also that on the basis of the sale transactions obtained from the ten per cent sample of plots, it seems that, except perhaps for a small decline, the number of sales transactions has remained more or less steady over the five years. We have also explained that as for the year 1952-53 we have a practically complete record of the sales taking place in the selected villages. We might therefore take this as a basis for estimating the volume of sales during the five years. From Table No. 5.3 it will be seen that the total area sold during 1952-53 was 2011 acres. On that basis, it would

seem that somewhat more than 10,000 acres of land was sold in the selected villages during the five years from 1948-49 to 1952-53. This agrees well with the results of the ten per cent sample of plots covered by Schedule I, and presented in Chapter IV. It will be seen from Table No. 4.7 that out of the 21,272 acres of land which was owner-cultivated in 1952-53, 4.5 per cent was acquired by its present owners by purchase sometime during the five year period. This means that about 957 out of the 21,272 acres of land was subjected to sale during this period. Similarly, out of the 7839 acres of land which was tenant-cultivated in 1952-53, 1.0 per cent, that is nearly 78 acres of it was acquired by its present owners by purchase sometime during the five year period. Thus we have that out of the total area of the ten percent sample plots covered by Schedule I, 957 plus 78 that is a total of 1035 acres of land was subjected to sales during the five year period. Part of this area was subjected to more than one sale during this period and hence if we count it two or three times as the case may be, it turns out that out of the sample plots a total of 1219 acres were sold during the five years. Hence, we might estimate that in the selected villages, a total of 12,190 acres were sold during the five year period 1948-53.

**TABLE No. 5.2.**  
*Classification of the transactions studied according to their nature whether genuine sales or mortgages by years.*

District	1948-49		1949-50		1950-51		1951-52		1952-53		All years	
	Sales	Mort- gages	Sales	Mort- gages	Sales	Mort- gages	Sales	Mort- gages	Sales	Mort- gages	Sales	Total
West Khandesh	50	7	21	1	19	1	25	2	13	-	128	139
East Khandesh	21	-	15	-	36	1	34	1	22	-	128	130
Nasik	9	3	10	6	26	18	26	5	41	12	112	156
Thana	32	-	12	-	9	-	10	-	9	-	72	72
Kolaba	22	-	11	-	20	-	15	-	30	-	98	98
Poona	9	3	19	7	16	6	23	4	44	12	111	143
Ahmednagar	12	-	17	-	14	-	29	4	37	2	109	115
Sholapur	15	1	17	1	30	1	25	1	36	1	123	128
North Satara	12	-	18	-	14	-	21	-	46	-	111	111
South Satara	3	-	5	1	15	-	29	-	53	1	105	107
Kolhapur	13	-	21	-	17	-	26	1	42	2	119	122
Bijapur	35	9	20	11	31	8	43	7	27	11	156	202
Belgaum	27	4	15	10	13	12	30	13	25	12	110	161
Dharwar	34	5	17	3	26	2	16	3	27	5	120	138
Total	294	32	218	40	286	49	352	41	452	58	1602	1822

**TABLE No. 5.3.**  
*Area of agricultural lands, sold and mortgaged, classified by years.*

District	Area (acres) sold						Area (acres) mortgaged					
	1948-49	1949-50	1950-51	1951-52	1952-53	Total	1948-49	1949-50	1950-51	1951-52	1952-53	Total
West Khandesh	220	100	99	133	51	602	42	3	3	6	-	54
East Khandesh	55	29	102	139	62	387	-	-	3	1	-	4
Nasik	33	30	68	80	148	359	9	29	77	25	29	169
Thana	62	17	10	8	15	112	-	-	-	-	-	-
Kolaba	51	28	30	46	43	198	-	-	-	-	-	-
Poona	29	38	34	75	212	388	4	11	11	6	17	49
Ahmednagar	56	33	33	139	144	405	-	-	-	9	10	19
Sholapur	153	87	214	208	233	895	10	1	32	11	25	79
North Satara	60	19	21	56	171	327	-	-	-	-	-	-
South Satara	8	8	41	142	195	394	-	22	-	-	22	44
Kolhapur	34	52	49	54	85	274	-	-	-	1	-	1
Bijapur	470	148	168	295	360	1441	48	37	37	49	56	227
Belgaum	156	100	84	178	122	640	14	59	46	49	63	231
Dharwar	279	86	118	90	170	743	19	15	8	11	20	73
Total	1666	775	1071	1643	2011	7165	146	177	217	168	242	950



5.8 In a study of sales, the chief interest is in the sale values of land. In Table No. 5.4 are shown, for the sales studied by us, the average sale values on a per acre basis and also as multiples of land revenue. It will be seen that the average sale value for all the districts and for all the years together is nearly Rs. 350 per acre; As multiple of land revenue, the average value appears to be 286.2 times the revenue.

5.9 The average values of land on a per acre basis show a certain amount of variation over the five years. Beginning with Rs. 315 per acre in 1948-49, the land values seem to have risen to Rs. 387 and Rs. 404 in 1949-50 and 1950-51, respectively. Thereafter the prices show a certain amount of decline. In 1951-52 and 1952-53 the prices declined to Rs. 374 and Rs. 316 per acre, respectively.

5.10 Examined as multiples of land revenue the variation in the prices over the five years is less pronounced. It seems

therefore that a part of the variation over the years was on account of differences in the average quality of land, as judged by the levels of land revenue, sold in different years. Nevertheless, as between 1948-49 and 1949-50, the rise in land values seems real. As multiples of land revenue, the prices rose from 250 in 1948-49 to nearly 300 in 1949-50 which is a rise of 20 per cent. However, thereafter, the prices seem to have remained more or less steady at nearly 300 times the land revenue. The prices did not apparently decline in 1951-52 as they appear on the basis of the per acre values, and the decline in 1952-53, if any, was only slight.

5.11 The average land values appear greatly different in different districts. They range from above Rs. 1000 per acre in Kolhapur district to below Rs. 150 per acre in Sholapur district. In the following, the districts are arranged to show the range of variation in land values.

District	Land value per acre Rs. (approx)	Land value as multiple of land revenue.
Kolhapur	1000	400
East Khandesh	750	267
Thana	550	185
West Khandesh, Kolaba	450	171, 237
Nasik, Belgaum, Dharwar	850	452, 890, 229
South Satara	325	871
Ahmednagar	300	884
Poona, North Satara	260	424, 302
Bijapur	230	366
Sholapur	145	283

5.12 In the above the districts are arranged in a descending order according to the average land values per acre. In a parallel column are given the average land values as multiples of land revenue. Thus it will be seen that though the range of variation in land values per acre is indeed great, the land values as multiples of land revenue do not show so large a variation. For instance, as multiples of land revenue the land values are seen to vary from about 175 to 450 which range of variation is less than half the range of variation in the land values per acre. Moreover, the districts do not maintain the same order if they are rearranged according to the land values as multiples of land revenue. Thus the land values per acre are the highest in Kolhapur district where they the above Rs. 1000 per acre. But as multiple of land revenue, the average value in Kolhapur is only 400 and though this is on the higher side, it is by no means the highest; as multiples of land revenue the land values are higher in Poona and Nasik where the land values per acre are very much lower than in Kolhapur. Similarly the average land value is the lowest in Sholapur where it is below Rs. 150 per acre. But as multiples of land revenue it is 233 which though on the lower side is by no means the lowest; as multiples of land revenue, the land values are lower still in Thana, West Khandesh and Dharwar where the values on a per acre basis are very much higher than in Sholapur. It seems therefore that a considerable part of the variation in the land values between districts is on account of the differences in the qualities of land as judged by the levels of land revenue.

**TABLE No. 5.4.**  
*Average sale value of land per acre and as a multiple of land revenue for different years.*

District	Sale value per acre in Rs.					Average for all years	Sale value as a multiple of land revenue					Average for all years
	1948-49	1949-50	1950-51	1951-52	1952-53		1948-49	1949-50	1950-51	1951-52	1952-53	
West Khandesh	475.5	339.9	444.3	531.2	265.7	442.6	197.7	198.5	128.8	173.1	124.1	171.1
East Khandesh	833.6	825.0	767.2	668.0	872.6	762.2	241.6	274.5	238.9	309.1	270.6	267.0
Nasik	316.9	227.6	418.6	425.5	330.5	358.3	419.0	297.8	476.9	515.4	441.2	452.8
Thana	547.2	801.2	455.4	577.6	281.9	543.8	176.8	210.9	239.6	216.3	131.6	185.3
Kolaba	594.1	211.8	257.0	487.1	350.4	452.0	337.2	957.8	299.6	270.6	165.9	237.1
Poona	329.1	403.1	442.5	310.3	191.1	267.2	350.0	460.3	510.3	618.4	347.0	423.9
Ahmednagar	450.9	573.0	357.8	261.7	208.9	302.6	453.7	685.2	399.0	350.0	293.7	383.8
Sholapur	123.7	136.6	173.2	163.2	117.7	144.4	251.8	234.2	332.8	221.4	166.1	232.5
North Satara	122.7	106.0	514.1	150.2	226.6	260.9	335.5	372.9	317.4	238.5	282.2	302.2
South Satara	173.7	183.5	449.3	177.4	286.8	324.9	622.3	695.0	379.4	307.8	326.9	371.2
Kolhapur	911.9	917.6	667.7	1406.2	1111.7	1028.3	399.2	358.7	274.2	441.8	389.9	378.7
Bijapur	152.6	245.4	357.5	205.7	288.2	229.5	307.9	326.9	456.4	296.1	459.3	366.4
Belgaum	280.7	289.9	318.3	453.5	372.9	352.7	515.0	484.1	409.3	437.9	247.5	390.0
Dharwar	262.5	263.0	420.6	513.5	380.7	345.1	161.2	209.7	273.7	370.0	255.6	228.6
Total	315.2	386.6	404.7	374.4	316.0	349.5	250.2	298.5	299.2	311.1	297.4	286.2

5.13 Nevertheless, in Kolhapur district, the land values seem to be on the higher side both in respect of the value per acre and as multiple of land revenue. This must be so on account of the sugar cane areas in this district. Sugar cane in this district is irrigated mostly by private pumps so that, even though the revenue assessment of these lands might be somewhat higher on account of the water right they enjoy, they bear no irrigation charges comparable to those of lands irrigated by government canals. Hence the land values which are high per acre also appear relatively high as multiples of land revenue.

5.14 In Thana, Kolaba, West Khandesh and East Khandesh, the land values per acre are rather high and range between Rs. 450 and Rs. 750 per acre. As multiples of land revenue the land values in these districts are however rather low. This must be on account of the paddy lands in Thana and Kolaba and the cotton lands in East Khandesh and West Khandesh both of which are subject to higher assessments.

5.15 At the other extreme is Sholapur where both as average per acre and as multiple of land revenue the average land value appears to be low. In all other districts the average land values seem to vary in comparatively narrow range; they

are either between Rs. 300 to Rs. 350 per acre or between 300 to 450 times the land revenue.

5.16 Among the many factors affecting sale values of land, one is likely to be the size of the sale in terms of the area of the land sold. In the first instance, the average quality of soil is likely to be inferior in larger sales; secondly, being a large sale, the purchaser is likely to be at an advantage in bargaining. For both reasons, we should expect lower per acre values in larger sales. The relevant data are presented in Table Nos. 5.5, 5.6, 5.7 and 5.8.

5.17 In Table No. 5.5 the sales are distributed according to the size of the lands sold. In Table No. 5.6 is shown the corresponding distribution of the total area involved in the sales. It will be seen from Table No. 5.5 that, considering all districts together, more than 25 per cent of the sales involved less than one acre and about 11 per cent of the sales involved more than 10 acres. In terms of the area, however, as will be seen from Table No. 5.6, the sales involving 10, or more acres accounted for 42.6 per cent of the total area involved in all the sales, while the sales involving less than one acre accounted for only 2.7 per cent of the total area involved in all the sales.

5.18 Size distribution of sales is very different in different districts. A large majority of the sales in Thana and Kolaba, between 55 to 60 per cent, are of areas under one acre. This, is also true of North Satara and Kolhapur where nearly 45 per cent of the sales are of under one acre. In Poona, South Satara and Nasik, over 30 per cent of the sales are of less than one acre. In most of these districts, less than 10 per cent of the sales are of 10 or more acres. On the other hand, in Sholapur nearly 25 per cent and in Bijapur nearly 33 per cent of the sales involved more than 10 acres.

5.19 In Table No. 5.7 are given the average land values per acre for sales of different sizes. Considering all the districts together, it will be seen that the land values vary greatly according to the size of the sale. Thus beginning with over Rs. 1200 per acre for sales under one acre, the land values fall to below Rs. 200 per acre for sales of ten acres or more. The fall in the values is also remarkably well graduated. Thus the land values for the successive sizes of sales are approximately Rs. 1200, 740, 525, 500, 450, 420, 350, 350, 300, 300, 200 per acre.

5.20 It may also be noted that when the comparison between different districts is made within each size group of sales, the variation appears less pronounced. Thus,

considering sales of land under one acre, it will appear that except in Sholapur, Bijapur and Dharwar and also in Than, prices per acre are all above Rs. 1000 and Kolhapur district does not appear very much of an exception. The distinguishing feature about Kolhapur is that while in most other districts such high land values as above Rs. 1000 per acre are confined to only very small sales of under one acre, in Kolhapur, the high values persist in sales of upto 4 acres, which might be the usual limit for sugar cane plots irrigated by pumps on the rivers. In Sholapur, Bijapur and Dharwar sales of smaller plots are comparatively few and frequently even the smaller plots may not have irrigation facilities all the year round. Nevertheless, in Sholapur the land values per acre appear to be low for sales of all sizes. In North Satara and South Satara, the land values are by no means low for smaller plots which frequently enjoy adequate irrigation facility on wells but the land values drop very low, to about Rs. 50 per acre, for sales of above 10 acres. This is even lower than the corresponding land values in Sholapur. The reason for this disparity appears to be that while in Sholapur large blocks of fertile soils are not rare, in North and South Satara, large plots almost always include or comprise very poor soils.

**TABLE No. 5.5.*****Percentage distribution of sale transactions of agricultural lands by the size of the sale in acres (all years).***

District	Total no. of sales	Size of the sale in acres										
		0-	1-	2-	3-	4-	5-	6-	7-	8-	9-	10-
West Khandesh	128	9.4	13.3	13.3	18.7	9.4	7.0	9.4	3.9	2.3	7.0	6.3
East Khandesh	128	23.4	23.4	10.9	14.1	14.1	3.9	3.1	1.6	0.8	-	4.7
Nasik	112	31.3	11.6	9.8	16.1	8.9	4.4	5.4	1.8	4.5	1.8	4.4
Thana	72	59.6	25.0	2.8	4.2	1.4	-	1.4	-	1.4	2.8	1.4
Kolaba	98	55.1	21.5	5.1	5.1	1.0	2.0	3.1	1.0	2.0	-	4.1
Poona	111	33.4	24.3	9.0	8.1	2.7	3.6	3.6	4.5	0.9	-	9.9
Ahmednagar	109	16.5	22.0	17.5	12.8	5.5	3.7	7.3	1.8	3.7	2.8	6.4
Sholapur	123	13.0	11.4	14.5	6.5	5.7	3.3	3.3	5.7	3.3	8.9	24.4
North Satara	111	46.0	20.7	9.9	3.6	2.7	3.6	2.7	1.8	0.9	-	8.1
South Satara	105	30.5	21.9	11.4	8.6	6.7	4.8	-	1.9	3.8	0.9	9.5
Kolhapur	119	43.7	23.5	11.8	8.4	3.4	1.7	0.8	1.7	0.8	0.8	3.4
Bijapur	156	5.1	5.8	10.9	7.1	11.5	6.4	1.9	5.1	10.9	2.6	32.7
Belgaum	110	12.7	11.8	13.6	7.3	16.5	4.5	7.3	2.7	2.7	2.7	18.2
Dharwar	120	3.3	7.5	11.7	13.3	15.9	10.0	10.8	5.8	5.8	4.2	11.7
Total	1602	25.3	16.8	11.2	9.8	7.9	4.4	4.4	3.0	3.4	2.6	11.2

**TABLE No. 5.6.*****Percentage distribution of the area of the agricultural lands sold by the size of the sale in acres (all years).***

District	Total area sold (acres)	Size of the sale in acres										
		0-	1-	2-	3-	4-	5-	6-	7-	8-	9-	10-
West Khandesh	603	1.2	4.1	7.4	13.5	8.8	8.0	12.8	6.2	4.1	14.4	19.5
East Khandesh	387	3.6	11.2	8.9	15.9	20.6	7.0	6.8	3.9	2.3	-	19.9
Nasik	359	4.1	4.9	7.3	16.2	12.2	7.4	10.7	4.3	12.0	5.2	15.7
Thana	112	16.8	23.3	4.6	8.8	4.4	-	6.1	-	7.2	17.0	11.8
Kolaba	198	11.3	14.8	5.9	8.7	2.2	5.9	10.2	4.0	8.4	-	28.6
Poona	388	5.0	9.4	6.3	7.9	3.3	5.2	6.5	9.3	2.2	-	44.6
Ahmednagar	405	1.4	8.3	11.3	11.9	6.8	5.2	12.6	3.7	8.3	6.9	23.6
Sholapur	895	0.7	1.9	4.8	3.0	3.4	2.4	3.0	5.7	3.6	11.5	60.0
North Satara	327	7.5	9.2	8.3	3.9	4.1	6.6	6.0	4.6	2.5	-	47.3
South Satara	394	4.4	8.4	7.0	7.6	8.0	6.8	-	3.8	8.7	2.5	42.8
Kolhapur	274	9.6	13.8	12.6	12.4	6.8	3.8	2.3	5.3	3.0	3.4	27.0
Bijapur	1441	0.5	0.9	2.8	2.6	5.3	3.8	1.3	4.2	9.7	2.6	66.2
Belgaum	640	0.9	3.1	5.2	4.3	12.0	4.3	8.0	3.4	3.8	4.5	50.5
Dharwar	743	0.3	1.9	4.6	7.1	11.0	8.8	11.2	7.2	8.0	6.4	33.5
Total	7166	2.7	5.2	6.0	7.4	7.8	5.3	6.3	5.0	6.3	5.4	42.6

**TABLE No. 5.7.***Average sale values (Rs.) per acre for classes of sales classified by the size of the sale (all years).*

District	Average Sale value for all sales (Rs.)	Size of the sale in acres										
		0-	1-	2-	3-	4-	5-	6-	7-	8-	9-	10-
West Khandesh	442.6	1085.9	617.0	430.6	480.4	341.6	730.5	406.7	662.4	409.0	444.7	229.2
East Khandesh	762.2	1689.3	979.8	998.5	857.3	811.8	568.3	626.6	180.3	740.7	-	481.5
Nasik	358.3	1418.0	514.6	500.4	400.0	567.5	410.4	214.9	168.6	178.6	96.8	109.7
Thana	543.8	768.7	629.3	284.6	311.5	505.0	-	338.2	-	996.9	377.0	415.9
Kolaba	452.0	1004.5	710.7	142.4	243.1	109.1	154.8	845.1	50.8	204.5	-	304.2
Poona	267.2	1019.1	730.4	600.0	167.1	354.3	269.3	100.9	69.2	178.6	-	120.0
Ahmednagar	302.6	1542.6	752.2	202.3	300.6	175.9	69.7	224.1	92.5	137.3	228.2	225.5
Sholapur	144.4	562.2	240.9	366.9	188.5	286.9	275.5	780.7	212.5	180.8	138.7	98.9
North Satara	260.9	1268.1	725.5	307.6	233.0	154.7	415.7	126.6	59.7	74.3	-	33.0
South Satara	324.9	1691.2	1036.4	352.0	269.5	511.3	378.4	-	198.7	85.1	175.7	71.6
Kolhapur	1028.3	1624.0	1000.7	1582.4	1867.3	891.2	576.9	159.3	2146.5	243.9	2021.3	288.2
Bijapur	229.5	529.4	760.9	349.3	397.1	329.7	247.9	311.5	247.9	264.6	270.0	189.7
Belgaum	352.7	1619.9	307.2	428.4	607.5	469.5	457.0	355.2	440.8	166.5	490.1	263.3
Dharwar	345.1	894.1	580.0	393.5	459.7	346.2	322.1	351.5	448.2	293.0	394.5	280.5
Total	349.5	1242.4	739.5	524.5	499.4	454.7	420.5	328.5	360.4	248.2	339.7	184.5



**TABLE No. 5.8.***Average sale values as multiples of land revenue for classes of sales classified by size of the sale (all years).*

District	Average for all sales	Size of the sale in acres										
		0-	1-	2-	3-	4-	5-	6-	7-	8-	9-	10-
West Khandesh	171.1	238.0	197.9	181.3	165.1	157.3	247.7	166.3	217.5	160.8	174.9	146.2
East Khandesh	267.0	543.7	291.4	288.2	290.4	275.2	206.3	366.1	106.7	168.8	-	188.9
Nasik	452.3	1033.7	662.0	604.1	511.0	820.1	404.4	288.2	279.6	211.5	97.3	186.7
Thana	185.3	236.1	198.4	121.3	297.1	271.7	-	912.7	-	245.4	87.3	429.7
Kolaba	237.1	248.6	153.2	97.1	117.6	300.0	642.9	306.7	400.0	100.0	-	501.5
Poona	423.9	663.4	687.3	603.7	174.7	357.1	544.6	257.6	886.5	115.4	-	430.0
Ahmednagar	383.8	1303.0	878.7	201.3	395.9	270.7	730.0	366.8	209.1	203.5	216.9	290.6
Sholapur	232.5	410.3	376.9	425.3	277.8	444.4	371.8	157.9	193.0	362.0	205.8	182.7
North Satara	302.2	458.0	242.8	316.8	306.1	283.8	692.3	416.7	157.9	300.0	-	99.0
South Satara	371.2	610.7	527.0	442.7	265.7	371.3	303.0	-	882.4	261.3	153.2	162.2
Kolhapur	378.7	608.7	395.2	432.1	366.0	246.5	250.0	120.5	750.0	222.2	431.8	172.6
Bijapur	366.4	818.2	109.1	375.5	554.0	505.6	344.4	522.9	341.7	316.7	376.9	338.1
Belgaum	390.0	1598.2	375.9	331.8	754.5	335.3	133.0	527.1	542.9	224.0	521.8	353.6
Dharwar	228.6	513.5	373.3	245.4	324.9	200.4	316.3	223.5	269.5	227.0	378.5	169.2
Total	286.2	483.2	334.7	323.8	295.3	295.0	338.8	235.8	292.1	243.4	228.1	235.3

5.21 In Table No. 5.8 the land values for different sizes of sales are shown as multiples of land revenue. The variation in the sale values for different sizes of sales is here much smaller but is of the same type. The land values decline with the increasing size of the sales. The variation in this case is much smaller because when expressed as multiples of land revenue, the variation in the prices on account of the quality differences in lands is to a certain extent eliminated. As multiples of land revenue, the gradual fall in the land values with the

increasing size of sales may therefore be partly for the other reason namely that with bigger sales the purchaser is usually at an advantage.

5.22 In view of the important restrictions which the Act had placed on the transfer of agricultural lands and particularly in view of the priorities of purchase it gave to different classes of purchasers, it would be of interest to examine from this standpoint the composition of the sales under study. In Table No. 5.9 we have classified the sales according to the categories of sellers and buyers. The sellers are distinguished into three classes, namely, the cultivating owners, the non-cultivating owners resident in the village, and the non-cultivating owners not resident in the village. The buyers are distinguished into four classes: the tenant-in-possession when the seller is not a cultivator; the cultivator cultivating any land adjoining the land under sale, whom, in the title of the Table, we have briefly described as the 'neighbour cultivator'; any other cultivator; and finally a non-cultivator. It should be noted that the use of the term 'non-cultivator' in the above in relation to the seller and the buyer, respectively do not have the same connotation. In respect of the seller, the term non-cultivating owner is to be understood only in relation to the land in question and means that the owner did not personally

cultivate the land on sale; but he might be cultivating other lands. On the other hand, in respect of the buyers, the term non-cultivator is, absolute and means that the persons did not cultivate any lands.

5.23 In Table No. 5.10 we give a similar classification, by categories of sellers and buyers, of the area involved in the sales under study. It will be seen that, considering all the districts together, 42.5 per cent of the area was sold by cultivating owners, nearly 10 per cent to neighbouring cultivators, about 30 per cent to other cultivators and about 2.5 per cent, to non-cultivators. The remaining 57.5 per cent of the area was sold by non-cultivating owners nearly half of whom were residents in the villages in which the lands were situated. It should not be supposed however that the non-resident cultivators were necessarily residents of urban towns or cities or of far away villages; some of them were certainly residents of the adjoining villages. If we put these two categories of sellers together, we find that 28.6 per cent, which is half of the area sold by non-cultivators, was purchased by the tenants-in-possession. The non-resident owners seem to have sold, a larger proportion to the tenants than did the resident owners. 24.2 per cent, which is more than

40 per cent of the sales by the non-cultivators were to cultivators other than the tenants-in-possession, and only a small proportion of it was to cultivators of adjoining lands. Sales by the non-cultivating owners to other non-cultivators accounted for 2.8 per cent which together with what was sold by the cultivating owners to the non-cultivators brought the sales to the non-cultivators to about 5 per cent of the total sales.

5.24 In order to examine whether the land values varied according to the categories of the sellers and buyers, we have presented in Table No. 5.11 and 5.12 the, average land values per acre and as multiples of land revenue, respectively. On the basis of the land values per acre, it might seem that among the sales by cultivating owners, the per acre value of sales to cultivators was lower than that of sales to non-cultivators; and that the per acre value of sales to neighbouring cultivators were lower still. But this is not corroborated when the land values are considered as multiples of land revenue. Among the sales by non-cultivating owners also, the values of sales to buyers of different categories do not show any

systematic and meaningful differences. It seems therefore that the market in land could still be regarded to be a free market for all practical purposes.

5.25 In Table 5.13, we give data relating to the mortgages appearing in our study. In this Table, the mortgage values of land are shown for each year separately both, on a per acre basis and as multiples of land revenue. As the number of mortgage cases appearing in our study was rather small, we have given, these data for groups of districts and not for individual districts. It will be seen that the mortgage values show broadly the same trend as shown by the sale values and that the mortgage values when considered on a per acre basis are somewhat less than half the sale values and are about 70 per cent of the sale values when considered as multiples of land revenue.

5.26 In conclusion we might say that the Tenancy Act had left the /market in land, at any rate upto 1952-53, very much unaffected both in respect of the volume of business and in respect of its character as a free market.

**TABLE No. 5.9.*****Percentage distribution of the sales of agricultural lands by categories of sellers and buyers, (all years).***

District	Total no. of sales	Sold by a cultivating owner to a			Sold by a resident non- cultivating owner to a				Sold by a non-resident non- cultivating , owner to a			
		2	3	4	1	2	3	4	1	2	3	4
West Khandesh	128	12.5	39.8	2.3	9.4	2.3	3.1	0.8	13.3	1.5	14.9	-
East Khandesh	128	15.6	59.4	3.1	7.8	1.6	4.7	2.3	3.9	-	1.6	-
Nasik	112	17.9	46.4	6.2	9.8	4.5	9.8	-	2.7	-	2.7	-
Thana	72	16.7	34.7	2.8	5.5	1.4	11.1	1.4	2.8	-	22.2	1.4
Kolaba	98	13.3	28.6	5.1	17.3	5.1	15.3	2.0	8.2	-	4.1	1.0
Poona	111	25.2	38.8	3.6	14.4	3.6	3.6	0.9	6.3	-	3.6	-
Ahmednagar	109	13.8	41.3	6.4	11.0	1.8	16.5	0.9	3.7	0.9	3.7	-
Sholapur	123	26.0	34.1	0.8	17.1	3.3	9.7	-	5.7	-	3.3	-
North Satara	111	17.1	44.2	5.4	8.1	-	5.4	-	15.3	-	4.5	-
South Satara	105	23.8	43.8	2.8	10.5	-	4.8	-	7.6	-	6.7	-
Kolhapur	119	4.2	17.7	4.2	21.9	5.0	16.8	2.5	20.2	-	6.7	0.8
Bijapur	156	15.4	26.3	2.6	12.8	1.9	7.7	2.6	14.0	1.9	10.9	3.9
Belgaum	110	10.0	35.5	-	11.8	2.7	16.4	-	11.8	0.9	10.0	0.9
Dharwar	120	9.0	28.3	3.3	16.7	1.6	14.2	0.8	16.7	-	9.2	-
Total	1602	15.7	37.0	3.4	12.6	2.5	9.7	1.1	9.8	0.4	7.2	0.6

**TABLE No. 5.10.**  
**Percentage distribution of the area of the agricultural lands sold by categories of sellers and buyers, (all years)**

District	Total area sold (acres)	Sold by a cultivating owner to a			Sold by a resident non-cultivating owner to a				Sold by a non-resident non-cultivating owner to a			
		2	3	4	1	2	3	4	1	2	3	4
West Khandesh	603	9.7	36.2	0.9	13.1	2.0	4.9	1.7	13.5	1.0	17.0	-
East Khandesh	387	8.2	61.3	1.5	9.1	0.6	2.8	5.1	9.5	-	1.9	-
Nasik	359	10.4	46.9	3.6	17.4	3.7	13.3	-	1.8	-	2.9	-
Thana	112	6.6	16.0	1.1	5.2	0.3	17.0	2.6	2.8	-	40.0	8.4
Kolaba	198	3.8	23.9	5.0	5.1	10.0	31.6	1.8	13.1	-	5.4	0.3
Poona	388	21.5	30.3	4.0	15.1	5.1	3.7	0.1	17.8	-	2.4	-
Ahmednagar	405	12.2	28.4	8.7	11.1	1.2	26.6	0.2	8.0	0.1	3.5	-
Sholapur	895	16.3	28.4	0.6	17.6	2.2	23.7	-	10.8	-	0.4	-
North Satara	327	9.5	31.6	1.9	4.4	-	11.9	-	34.7	-	6.0	-
South Satara	394	20.6	32.5	1.5	10.9	-	11.9	-	10.6	-	12.0	-
Kolhapur	274	1.2	12.0	2.4	14.2	2.0	26.4	0.5	33.3	-	7.5	0.5
Bijapur	1441	7.1	25.2	1.8	12.7	0.3	9.0	3.5	19.7	0.7	14.8	5.2
Belgaum	640	5.7	29.5	-	11.9	1.0	17.2	-	17.6	0.9	15.3	0.9
Dharwar	743	3.9	24.9	3.9	12.9	1.0	11.2	2.0	20.5	-	19.7	-
Average	7166	9.8	30.4	2.3	12.6	1.6	13.7	1.5	16.0	0.3	10.5	1.3

(1) Tenant-in-possession. (2) Neighbour-cultivator. (3) Other cultivator. (4) Non-cultivator.

**TABLE No. 5.11.**  
*Average sale values (Rs.) per acre for classes classified by categories of sellers and buyers, (all years).*

District	Average sale value for all sales (Rs.)	Sold by a cultivating owner to a				Sold by a resident non-cultivating owner to a				Sold by a non-resident non-cultivating owner to a			
		2	3	4	1	2	3	4	1	2	3	4	
West Khandesh	442.6	355.2	411.6	450.9	457.1	246.9	462.6	95.5	545.4	834.0	495.4	-	
East Khandesh	762.2	1116.0	766.8	1117.9	951.9	344.1	501.2	264.6	595.4	-	583.9	-	
Nasik	358.3	492.5	353.0	726.2	202.4	577.3	378.8	-	216.2	-	155.3	-	
Thana	543.8	670.7	502.2	1104.0	308.1	428.6	369.6	310.3	612.9	-	642.3	533.3	
Kolaba	452.0	374.9	419.6	260.7	517.7	855.4	250.4	524.8	290.2	-	1544.2	695.7	
Poona	267.2	267.3	352.6	95.7	330.2	118.5	488.8	1428.6	102.6	-	254.6	-	
Ahmednagar	302.6	215.9	337.5	249.4	415.3	101.5	289.1	432.4	278.2	336.8	315.8	-	
Sholapur	144.4	157.8	159.4	57.1	138.2	309.0	114.0	-	120.5	-	458.6	-	
North Satara	260.9	323.8	392.8	918.0	474.7	-	184.6	-	106.3	-	148.7	-	
South Satara	324.9	444.0	299.3	476.6	592.1	-	132.2	-	258.4	-	178.0	-	
Kolhapur	1028.3	1322.8	1228.9	755.7	1097.1	1399.1	528.9	965.5	979.7	-	2545.5	153.8	
Bijapur	229.5	283.9	250.8	293.8	223.6	300.5	193.0	140.6	192.6	245.9	285.6	140.5	
Belgaum	352.7	328.7	291.6	-	374.8	1015.2	422.7	-	358.0	500.0	323.7	350.0	
Dharwar	345.1	338.0	334.3	305.0	374.6	378.4	419.3	335.6	370.1	-	279.7	-	
Average	349.5	340.0	371.3	379.1	364.0	482.5	284.5	220.6	321.5	465.0	411.7	197.7	

(1) Tenant-in-possession. (2) Neighbour-cultivator. (3) Other cultivator. (4) Non-cultivator.

**TABLE No. 5.12.**  
*Average sale values as a multiple of land revenue for classes of sales classified by categories of sellers and buyers, (all years).*

District	Average for all sales	Sold by a cultivating owner to a				Sold by a resident non- cultivating owner to a				Sold by a non-resident non- cultivating owner to a			
		2	3	4	1	2	3	4	1	2	3	4	
West Khandesh	171.1	152.5	194.2	265.6	127.0	674.2	134.0	526.3	196.6	217.8	199.1	-	
East Khandesh	267.0	342.2	2797.8	451.7	345.8	111.1	200.0	189.8	144.5	-	171.9	-	
Nasik	452.3	614.0	428.7	834.0	353.8	596.2	439.7	-	424.2	-	139.1	-	
Thana	185.3	270.7	144.1	2300.0	130.2	500.0	233.4	145.2	452.4	-	234.2	71.6	
Kolaba	237.1	167.1	300.0	163.5	113.3	4445.0	2305.3	864.5	194.1	-	266.5	100.0	
Poona	423.9	478.9	483.3	205.5	388.3	3730.2	473.3	277.8	258.2	-	421.1	-	
Ahmednagar	383.8	340.3	419.2	279.4	494.4	208.3	379.7	210.5	326.1	533.3	365.9	-	
Sholapur	232.5	230.7	289.3	230.8	166.6	383.3	184.6	-	339.7	-	562.5	-	
North Satara	302.2	275.1	358.1	280.0	367.6	-	317.2	-	262.0	-	116.9	-	
South Satara	371.2	496.6	372.9	528.3	370.8	-	476.9	-	2076.9	-	274.5	-	
Kolhapur	378.7	347.1	351.3	811.5	442.2	735.8	262.2	666.7	339.0	-	582.0	111.1	
Bijapur	366.4	438.8	385.3	277.6	335.8	426.5	408.0	327.9	343.9	232.1	452.1	176.1	
Belgaum	390.0	655.2	298.0	-	609.0	650.5	542.0	-	270.6	833.3	4810.6	140.9	
Dharwar	228.6	236.4	239.6	241.1	294.1	329.4	238.3	333.3	221.7	-	171.3	-	
Total	286.2	328.1	298.2	333.5	282.1	351.0	288.7	200.2	256.3	283.5	284.4	121.3	

(1) Tenant-in-possession. (2) Neighbour-cultivator. (3) Other cultivator. (4) Non-cultivator.

**TABLE No. 5.13.**  
*Average mortgage value of land per acre and as a multiple of land revenue for different years.*

District	Mortgage value per acre in Rs.						Mortgage value as multiple of land revenue.					
	1948-49	1949-50	1950-51	1951-52	1952-53	All Years	1948-49	1949-50	1950-51	1951-52	1952-53	All Years
West Khandesh												
East Khandesh	230.6	104.3	327.0	213.8	194.5	241.4	110.7	102.5	344.1	166.7	252.2	195.3
Nasik												
Poona												
Ahmednagar												
Sholapur	55.9	68.3	91.2	142.9	119.0	102.4	134.9	168.4	125.4	133.3	212.0	162.3
North Satara												
South Satara												
Kolhapur												
Bijapur												
Belgaum	119.6	128.2	140.4	214.8	140.0	149.8	129.3	202.5	295.8	267.7	186.9	209.2
Dharwar												
Total	151.1	112.8	202.5	203.2	140.2	162.1	119.0	171.0	286.2	217.0	201.8	197.0



## CHAPTER VI

### CHANGES IN TENANCY

6.1 In this Chapter, we shall describe in greater detail the changes in tenancy occurring during the five year period 1948-53. By 'change in tenancy', one might normally understand change in tenants of a tenant-cultivated plot of land. For the purpose of the present study, we propose to use the term in a somewhat wider sense. Whenever a plot of land passes from the cultivating possession of one person, into the cultivating possession of another person, we shall regard the case as one of a change in tenancy. From this standpoint, we have three main types of change in tenancy: Firstly, a plot of land which was owner-cultivated, in one year might be rented out next year by creating a new tenancy. Secondly, a plot of land which was tenant-cultivated in one year might be resumed next year causing the eviction of the tenant. Finally, the tenant of a tenant-cultivated plot of land might be changed. In addition to these three principal categories, there are a few minor types, such as subletting by a tenant and eviction of the sub-tenant by a principal tenant. Along with these, we might also mention cases of acquisition of a tenant-cultivated land by the tenant-in-possession though these do not obviously involve a change in the persons in cultivating possession. In Chapter IV we have indicated the extent of these

several types of change on the basis of the ten per cent sample of plots covered by Schedule I. However, as was explained there, the information contained in Schedule I was all based on the village records and they did not naturally furnish - many details. Therefore, in order to further probe into the nature and causes of these changes, all such changes were followed up by means of another schedule, namely, Schedule III, which required personal interviewing of all the parties concerned. In order to have a sufficiently large number of cases to study, it was decided that we should have at least 25 such cases from each selected village. Therefore, if in any village the cases of change in tenancy appearing in Schedule I were fewer than 25, the balance was made up by taking additional cases occurring during 1952-53 but not covered by Schedule I. It was expected that when all the changes occurring in 1952-53 were taken into account we would obtain a sample of 25 cases from every village and hence no instructions were given to include non-sample cases of change occurring in earlier years. However, in some of the villages 25 cases of change of tenancy could not be secured even after including all the non-sample cases occurring in 1952-53. In such cases, the investigators sometimes went further back and added the non-sample cases of change occurring in earlier years. We have thus a sample, of cases of change in

tenancy as appearing in the ten per cent sample of plots covered by Schedule I; and in addition some non-sample cases, that is, those not covered by Schedule I, and mostly occurring in 1952-53.

6.2 In all we studied by means of Schedule III a total of 2835 cases of change in tenancy. They were selected for study because on the face of the entries in the village records, they appeared to be cases of change in tenancy. However, on closer scrutiny, it turned out that the recorded entries were not correct in all cases and that, in fact, in 598 cases studied, no change in tenancy was involved. In 233 more cases, we were unable to trace or contact the parties and hence could not obtain any particulars. The remaining 2004 cases all, involved genuine changes in tenancy; 1430 of these related to the ten per cent sample of plots covered by Schedule I while 574 were non-sample cases not covered by Schedule I. In Table No. 6.1 we give this preliminary classification of the cases studied by us. It will be seen that the 2835 cases studied by us comprised a total area of 11,138 acres and that 8689 acres of it related to the 2004 cases of genuine change. To begin with we shall concentrate attention on the cases of genuine change.

6.3 In Table 6.2, we give a classification of the cases of genuine change according to the year in which they occurred and according to whether they belonged to the ten per cent sample of plots covered by Schedule I. We have covered the period from 1948-49 to 1952-53. Hence the first set of changes which we could detect were those that occurred between the years 1948-49 and 1949-50. We have regarded such changes as taking place in 1949-50 and have shown them as such. From the manner in which we added the non-sample cases to our study, it will be clear that their distribution by years is of no significance; a majority of them are from 1952-53. The distribution of the sample cases is however significant. The 1430 sample cases are more or less equally divided between the four years and there is no evidence of any decline in them from 1949-50 to 1952-53.

6.4 In Table No. 6.3 we have classified the cases of genuine change in tenancy according to the three main categories described above, namely, new leases, resumption and changes of tenants. The residual class named 'other changes' includes subletting and eviction of sub-tenants by the principal tenants and acquisitions of tenant-cultivated lands by the tenants-in-possession. In Table No. 6.4 is given a similar classification of the area relating to the cases of tenancy

**TABLE No. 6.1.**  
***Cases of changes in tenancy and the related area classified by the character of the change.***

District	No. of cases					Area (acres)				
	Bogus cases	Nature of change not known	Genuine cases from the sample	Genuine cases not from the sample	Total No. of cases	Bogus cases	Nature of change not known	Genuine cases from the sample	Genuine cases not from the sample	Total No. of cases
West Khandesh	25	14	13	89	141	113	75	76	371	635
East Khandesh	18	34	49	77	178	56	100	135	269	560
Nasik	83	20	112	61	276	191	66	269	272	798
Thana	76	12	44	23	155	66	21	48	13	148
Kolaba	50	19	32	31	132	46	35	23	31	135
Poona	17	14	212	-	243	27	269	632	-	928
Ahmednagar	9	8	88	59	164	27	12	368	304	711
Sholapur	14	-	94	50	158	86	-	661	522	1269
North Satara	89	61	154	6	310	111	90	257	4	462
South Satara	75	32	109	4	220	258	67	315	4	644
Kolhapur	52	4	114	7	177	128	4	190	10	332
Bijapur	30	6	190	49	275	255	39	1540	598	2432
Belgaum	50	9	91	29	179	208	52	574	117	951
Dharwar	10	-	128	89	227	47	-	625	461	1133
Total	598	233	1430	574	2835	1619	830	5713	2976	11138

**TABLE No. 6.2.**  
**Sample and non-sample cases of genuine tenancy change classified by years.**

District	1949-50			1950-51			1951-52			1952-53			All years		
	Sample	Non-Sample	Total	Sample	Non-Sample	Total	Sample	Non-Sample	Total	Sample	Non-Sample	Total	Sample	Non-Sample	Total
West Khandesh	4	21	25	5	18	23	1	26	27	3	24	27	13	89	102
East Khandesh	9	11	20	15	19	34	16	30	46	9	19	28	49	77	126
Nasik	32	1	33	30	2	32	28	8	36	22	48	70	112	61	173
Thana	1	-	1	13	-	13	2	-	2	28	23	51	44	23	67
Kolaba	6	-	6	11	-	11	5	-	5	10	31	41	32	31	63
Poona	57	-	57	49	-	49	49	-	49	57	-	57	212	-	212
Ahmednagar	23	10	33	16	9	25	32	16	48	17	24	41	88	59	147
Sholapur	19	8	27	26	3	29	29	17	46	20	22	42	94	50	144
North Satara	35	-	35	79	-	79	21	-	21	19	6	25	154	6	160
South Satara	34	-	34	30	-	30	20	-	20	25	4	29	109	4	113
Kolhapur	23	-	23	36	-	36	28	1	29	27	6	33	114	7	121
Bijapur	41	-	41	48	-	48	53	1	54	48	48	96	190	49	239
Belgaum	24	1	25	17	1	18	20	-	20	30	27	57	91	29	120
Dharwar	45	-	45	28	3	31	20	1	21	35	85	120	128	89	217
Total	353	52	405	403	55	458	324	100	424	350	367	717	1430	574	2004

**TABLE No. 6.3.**  
**Cases of genuine tenancy change classified by year and type of change.**

District	1949-50				1950-51				1951-52				1952-53			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
West Khandesh	3	16	5	1	6	15	2	-	8	11	8	-	13	11	3	-
East Khandesh	7	5	7	1	16	11	7	-	16	20	8	-	7	18	3	-
Nasik	10	8	14	1	10	13	9	-	9	19	10	-	28	19	23	-
Thana	-	1	-	-	-	6	7	-	1	1	-	-	9	25	16	1
Kolaba	1	1	3	1	2	6	3	-	1	3	-	1	4	25	10	2
Poona	21	20	15	1	15	20	14	-	21	14	14	-	17	28	12	-
Ahmednagar	9	9	15	-	8	12	5	-	22	19	7	-	17	10	14	-
Sholapur	7	16	4	-	8	15	6	-	16	19	10	1	19	17	6	-
North Satara	14	11	10	-	33	27	14	5	11	8	2	-	4	12	9	-
South Satara	10	16	7	1	10	10	7	3	4	10	5	1	13	10	5	1
Kolhapur	3	8	12	-	16	8	11	1	11	8	10	-	14	7	10	2
Bijapur	10	14	16	1	20	13	14	1	9	21	22	2	31	28	34	3
Belgaum	4	13	7	1	3	7	7	1	7	5	6	2	11	36	8	2
Dharwar	15	14	12	4	8	9	7	7	2	10	6	3	30	51	33	6
Total	114	152	127	12	155	172	113	18	138	168	108	10	217	297	186	17

(1) New Lease. (2) Resumption. (3) Change of tenant. (4) Other changes.

**TABLE No. 6.4.**  
*Area relating to cases of genuine tenancy change classified by year and by type of change.*

District	1949-50				1950-51				1951-52				1952-53			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
West Khandesh	15	50	19	14	36	69	12	-	27	45	24	-	62	65	9	-
East Khandesh	21	33	18	1	61	38	28	-	43	76	19	-	23	37	6	-
Nasik	37	17	43	1	14	31	31	-	25	34	21	-	97	70	120	-
Thana	-	-	-	-	-	1	6	-	1	1	-	-	3	16	32	1
Kolaba	1	1	1	1	1	4	4	-	1	1	-	1	3	25	7	3
Poona	42	90	27	13	70	45	57	-	42	71	44	-	24	95	12	-
Ahmednagar	59	40	55	-	19	69	35	-	112	54	32	-	81	46	70	-
Sholapur	75	104	12	-	24	126	48	-	81	121	82	57	215	175	63	-
North Satara	25	33	4	-	50	55	20	6	11	5	2	-	2	20	28	-
South Satara	25	52	23	-	14	43	20	20	9	32	8	6	37	16	8	6
Kolhapur	2	11	40	-	29	15	10	3	16	13	16	-	26	5	12	2
Bijapur	31	148	178	-	152	103	113	9	62	157	191	35	276	283	339	61
Belgaum	11	87	26	5	40	13	52	3	19	63	36	12	98	180	39	7
Dharwar	91	79	38	7	40	22	43	39	3	39	43	10	158	251	179	44
Total	435	745	484	42	550	634	479	80	452	712	518	121	1105	1284	924	124

(1) New Lease. (2) Resumption. (3) Change of tenant. (4) Other changes.

**TABLE No. 6.5.**  
**Cases of genuine tenancy change classified by type of change in greater detail**

District	Leased out		Resumed		Change of tenant		Other changes			Total no. of cases
	By original owner	Follo- wing change in owner	By original owner	Follo- wing change in owner	By original owner	Follo- wing change in owner	Sub- letting	sub- tenant evicted by tenant	Acquired by tenant	
West Khandesh	29	1	47	6	18	-	-	1	-	96
East Khandesh	46	-	54	-	25	-	1	-	-	125
Nasik	57	-	51	8	56	-	-	-	1	166
Thana	10	-	25	8	23	-	1	-	-	64
Kolaba	8	-	35	-	16	-	1	2	1	61
Poona	74	-	81	1	55	-	1	-	-	209
Ahmednagar	56	-	48	2	41	-	-	-	-	145
Sholapur	50	-	66	1	26	-	1	-	-	142
North Satara	59	3	56	2	35	-	1	-	4	155
South Satara	34	3	39	7	23	1	2	1	3	107
Kolhapur	39	5	26	5	43	-	1	-	2	119
Bijapur	70	-	65	11	85	1	4	2	1	237
Belgaum	22	3	49	12	28	-	3	-	3	114
Dharwar	53	2	80	4	58	-	11	6	3	215
Total	607	17	722	67	532	2	27	12	18	1955

**TABLE No. 6.6.***Area relating to eases of genuine tenancy change classified by typo of change in greater detail.*

District	Leased out		Resumed		Change of tenant		Other changes			
	By original owner	Follo-wing change in owner	By original owner	Follo-wing change in owner	By original owner	Follo-wing change in owner	Sub-letting	sub-tenant evicted by tenant	Acquired by tenant	Total no. of cases
West Khandesh	136	4	187	42	64	-	-	14	-	426
East Khandesh	148	-	184	-	71	-	1	-	-	397
Nasik	173	-	142	10	215	-	-	-	1	532
Thana	4	-	10	8	38	-	1	-	-	58
Kolaba	6	-	31	-	12	-	1	3	1	53
Poona	178	-	298	3	140	-	13	-	-	631
Ahmednagar	271	-	202	7	192	-	-	-	-	661
Sholapur	395	-	503	23	205	-	57	-	-	1175
North Satara	84	4	112	1	54	-	-	-	6	252
South Satara	73	12	109	34	58	1	6	15	11	312
Kolhapur	71	2	39	5	78	-	-	-	5	198
Bijapur	521	-	586	105	796	25	77	27	1	2135
Belgaum	144	24	272	71	153	-	19	-	8	681
Dharwar	285	7	378	13	303	-	60	28	12	1077
Total	2489	53	3053	322	2379	26	235	87	45	8588



changes. In Table Nos. 6.5 and 6.6, the cases and the related area are shown in a more detailed classification. For instance, here the cases of fresh leasing out, of resumption and of change in tenants have been classified according as the change was caused by the original owner or by a new owner following a change in ownership. It will be seen that in practically all the cases of change of tenants, the changes were made by the original owners. Similarly, a majority of the cases of fresh leasing were by the original owners and only in less than 3 per cent of the cases, the fresh leases were preceded by a change in ownership. It is only in the case of resumption that we have a substantial number of cases where the resumption was a consequence of a change in ownership from the non-cultivating to a cultivating owner. But even here the change in ownership accounted for less than 9 per cent of the cases of resumption; in the remaining cases the originally non-cultivating owners themselves resumed the lands. The Tables also give particulars of the miscellaneous cases of tenancy changes, namely, of sub-letting, of eviction of sub-tenants and also of acquisition by the tenants-in-possession. We shall begin by presenting our data relating to the three main types of change, namely, fresh leasing, resumption and change in tenants and in doing this we shall keep these three classes distinct. Later we shall present the

data relating to the miscellaneous cases of sub-letting, of eviction of sub-tenants and also of acquisition by tenants. Towards the end, we shall return to a consideration of the cases of bogus change and of the mistaken entries in the village records.

6.5 As we have earlier explained, Schedule III required personal interviewing of all parties to each change in tenancy Under study. However, though in a majority of the cases we could interview all the parties concerned, this was not always possible. In Table No. 6.7, we give particulars regarding the completeness, from this standpoint, of our investigation into the three main types of change. In the case of new leases, there were only two parties, namely, the owner and the new tenant. Similarly, there were only two parties to the cases of resumption; namely, the owner and the evicted tenant. There were however three parties to changes involving a change of tenant, namely, the owner, the old tenant and the new tenant. In Table No. 6.7 we give a classification of the cases involving the three main types of change, according to the extent to which we could contact the parties concerned. It will be seen that in more than 80 per cent of the cases of fresh leases and of resumption, we were able to contact both the owner and the tenant and in another 15 per cent or more cases, though we could not contact the owner,

**TABLE No. 6.7.**  
*Cases of different types of tenancy change classified by the nature of response to our investigation from the parties concerned.*

District	Cases of leasing out Information obtained from					Cases of Resumption Information obtained from					Cases of change of tenant Information obtained from				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
West Khandesh	30	66.7	23.3	-	10.0	53	50.9	30.2	5.7	13.2	18	50.0	16.7	16.6	16.7
East Khandesh	46	80.4	19.6	-	-	54	63.1	29.6	3.7	3.6	25	36.0	40.0	20.0	4.0
Nasik	57	94.8	3.5	-	1.7	59	82.3	10.1	5.1	3.7	56	71.4	23.2	5.4	-
Thana	10	60.0	40.0	-	-	33	78.8	15.1	-	6.1	23	56.5	43.5	-	-
Kolaba	8	50.0	25.0	12.5	12.5	35	68.6	31.4	-	-	16	68.8	25.0	6.2	-
Poona	74	86.5	10.8	-	2.7	82	82.9	15.9	1.2	-	55	83.6	14.6	-	1.8
Ahmednagar	56	76.8	21.4	1.8	-	50	82.0	16.0	2.0	-	41	73.2	24.4	2.4	-
Sholapur	50	78.0	22.0	-	-	67	80.6	14.9	4.5	-	26	69.2	30.8	-	-
North Satara	62	53.2	40.3	4.9	1.6	58	79.4	17.2	3.4	-	35	28.6	34.3	28.5	8.8
South Satara	37	94.6	5.4	-	-	46	84.8	13.0	-	2.2	24	83.3	8.3	8.4	-
Kolhapur	44	84.1	15.9	-	-	31	90.6	9.4	-	-	43	62.8	37.2	-	-
Bijapur	70	84.3	15.7	-	-	76	89.5	6.6	2.6	1.3	86	75.6	20.9	3.5	-
Belgaum	25	84.0	16.0	-	-	61	86.8	11.6	1.6	-	28	50.0	42.8	3.6	3.6
Dharwar	55	96.4	1.8	-	1.8	84	100.0	-	-	-	58	93.2	1.7	3.4	1.7
Total	624	80.9	16.8	0.9	1.4	789	81.1	14.7	2.3	1.9	534	68.5	23.8	5.8	1.9

(1) Total number of cases. (2) Both tenant and owner. (3) Tenant only. (4) Owner only. (5) Village Officers. (6) Total number of cases. (7) Both tenant and owner. (8) Tenant only. (9) Owner only. (10) Village Officers. (11) Total number of cases. (12) Both the tenants and owner. (13) Tenants only. (14) Only one of the tenants. (15) One of the tenants and owner.

we could secure the requisite information from the tenant. One reason why the owners could not be contacted in some of these cases was that they were not residents of the selected villages. It will be noticed that it was only in a very few cases that the information was obtained either from the owners only or from the village officials and leaders.

6.6 As the cases involving change of tenants concerned three parties, it was somewhat difficult to contact all of them. Nevertheless, in nearly 70 per cent of the cases we could contact at least one of them. In addition, in nearly 25 per cent other cases, though it was not possible to contact the owner, we could interview both the tenants. Thus it will be seen that our investigation was quite satisfactory from the standpoint of the need to interview personally all the parties concerned.

6.7 We shall now examine the nature of the cases of fresh leasing where the owner-cultivators had rented out their lands. We shall present the data not in terms of the number of cases but in terms of the related area, namely, the area leased out. In Table No. 6.8 we give a classification of the area freshly leased out according to the nature of the ownership, the nature of tenancy and the nature of rent. It will be seen that the cases of fresh leases studied by us involved a total of 2542 acres of area. 82.6 per cent

of this was owned by owners resident in the villages in which the lands were situated and 16.4 per cent was owned by non-residents some of whom would be residents of the adjoining villages. In view of this possibility, the distinction between the resident and the non-resident might not be of great significance. Nevertheless, it may be noted that the proportion of the non-resident ownership in the fresh leases is very large in West Khandesh, Thana and North Satara where, the proportion is 40 per cent or higher. It is also rather high in Sholapur, Belgaum and Dharwar.

6.8 Most of the tenants were proper tenants. Nevertheless, we have shown a classification by the nature of tenancy to bring out a few cases where the persons recorded as tenants were indeed mortgagees-in-possession. In all districts together they accounted for nearly one per cent of the freshly leased area. They seem more or less in the same proportions in all the districts of the central and south Deccan. However, unless the figure is accidental, the proportion of mortgagee possession in West Khandesh seems large.

6.9 The Table also gives a classification according to the nature of rent, namely, whether share rent or cash rent. It will be seen that nearly 68 per cent of the freshly leased out area was share

**TABLE No. 6.8.**  
*Newly leased out area classified by the nature of ownership, tenancy and rent.*

District	Total area newly leased out (Acres) =100	Nature of ownership			Nature of tenancy		Nature of rent				
		Resident	Non-Resident	Public	Tenant	Mortgage	No rent	Share rent	Cash rent	Other	Un-specified
West Khandesh	140	60.1	37.3	2.6	97.0	3.0	17.3	17.3	35.3	2.5	27.6
East Khandesh	148	79.4	8.5	12.1	100.0	-	-	48.2	40.8	11.0	-
Nasik	173	98.7	1.3	-	100.0	-	0.1	77.5	2.7	16.0	3.7
Thana	4	13.7	86.3	-	100.0	-	-	19.7	-	2.8	77.5
Kolaba	6	83.3	16.7	-	100.0	-	-	27.5	-	60.2	12.3
Poona	178	95.6	4.4	-	100.0	-	0.3	97.2	1.5	0.2	0.8
Ahmednagar	271	94.4	5.6	-	99.8	0.2	0.2	78.7	16.5	-	4.6
Sholapur	395	71.1	28.9	-	98.7	1.3	1.4	79.9	16.7	-	2.0
North Satara	88	52.6	44.5	3.0	98.2	1.8	1.2	87.5	9.1	-	2.2
South Satara	85	99.8	0.2	-	90.7	9.3	9.3	67.0	19.9	-	3.8
Kolhapur	73	91.3	7.8	0.7	95.1	4.9	5.2	41.0	23.6	29.5	0.7
Bijapur	521	87.3	-	12.7	99.4	0.6	2.7	56.9	35.3	4.6	0.5
Belgaum	168	79.7	20.3	-	97.0	3.0	3.0	26.6	63.6	3.2	3.6
Dharwar	292	78.1	21.9	-	97.3	2.7	8.2	58.7	23.5	9.3	0.3
Total	2542	82.6	16.4	1.0	98.5	1.5	3.4	63.3	24.7	5.1	3.5

rented and 25 per cent was cash rented. There are significant differences between the districts in this respect. In the central districts of Poona, North Satara, Ahmednagar and Sholapur, the proportion of share renting is large. In Poona, practically the whole of the newly leased out area was share rented. In North Satara nearly 90 per cent was share rented while in Ahmednagar and Sholapur, more than 80 per cent was share, rented. In Nasik also more than 80 per cent was share rented but in the other two northern districts, of West Khandesh and East Khandesh, the position was very different. Our figures for West Khandesh have been affected by a few exceptional cases giving rise to a large proportion of area where the mode of rent could not be ascertained and a considerable proportion of area reported to be rent-free. The main reason for our failure to ascertain mode of rent on so a large a part of the newly leased out area in this district was that it involved a few owners and tenants who did not reside in the selected villages; they were mostly residents of the neighbouring villages. Nevertheless, it is clear that nearly 40 per cent of the newly leased area in this district was cash rented. Between Thana and Kolaba, the two rice growing districts, share renting was common in Thana but in Kolaba fixed rents in kind were more prevalent.

This was also true of the rice lands in Kolhapur. In the south, Belgaum showed a large proportion of cash rented area.

6.10 There is a small proportion of area reported to be rent-free. This proportion is exceptionally large in West Khandesh and Dharwar and is indeed on account of exceptional cases. The 17.3 per cent of the area appearing rent-free in West Khandesh is accounted for by three cases of fresh leasing involving 3, 18, and 3 acres, respectively. The first two cases were instances of requisition by Government, under the provisions of the Act, of land which after being resumed by the owner had been left uncultivated. After requisitioning, Government leased out these lands to the former tenants on condition of payment of land revenue. Consequently, the tenants so restored were not paying any rent whatever to the owners in respect of these lands. We might have appropriately regarded these cases as of cash renting, the cash rent being equivalent to the revenue. In the third case, a prospective buyer had paid part of the price and was cultivating the land without payment of any rent. The rent in this case could of course be regarded as equivalent to the interest on the part payment of price. In Dharwar district, the 8.2 per cent of the newly leased out area appearing as rent-free is also accounted for by three cases involving a total of 24 acres. In one case,

a plot of 15 acres was given to the divorced wife as an alimony and the wife though appearing as tenant, cultivated it rent-free. In the other two cases, the tenants were given, rent-free, land which had fallen into disuse on condition that they should bring it under cultivation. These cases illustrate the circumstances of free-renting occurring in a few instances in the other districts as well.

6.11 In Table No. 6.9, we have classified the newly leased out area according to the reasons for leasing. It will be seen that 34 per cent of the new leasing was because the owner, being short of bullock power, could not cultivate the lands personally. He could not cultivate personally another 19 per cent for reported shortage of family labour. 2.1 per cent of the area was far away and hence inconvenient for personal cultivation by the owners; only 1.2 per cent of the area was leased out because the owners had excess lands and 2.4 per cent because the owners had other occupation. Thus, in all, nearly 60 per cent of the area was leased out because the owners, for one reason or another, could not cultivate it personally.

6.12 Nearly 10 per cent of the newly leased out area was leased out because, we were told, of financial needs. In a small proportion of these cases, the lands were mortgaged and the possession given to the mortgagee. These were clear cases of financial needs. But in the remaining

cases, which we have described as cases of deposit renting, it is not clear whether the owner was really needy. Such cases were reported on a considerable scale in the Karnatak districts of Bijapur, Belgaum and Dharwar and also in East Khandesh and Nasik. But in a large majority of the cases, it seems that they were nothing but peculiar regional practices. In these cases, the tenants kept a fixed deposit with the owner and in fact it was reported that the practice was to rent out to the one who offered the highest amount as a deposit. These deposits did not earn any interest. On the other hand, the tenants were required to pay usual rents. The tenant was entitled at any time to ask for his deposit and quit the land. At the same time the landlord was entitled at any time to return the deposit and to evict the tenant; and if the tenant refused to comply, he might forfeit the deposit. This seems to be the main function of such deposits.

6.13 Several other miscellaneous reasons for leasing out have been mentioned. 5.1 per cent of the leased out area was reported to have fallen into disuse and another 3.5 per cent was leased out explicitly to effect improvement in the land. These were called improvement leases' in which the land was leased out for a period of years usually three or five for a nominal rent. The main advantage that the owner expected to derive was an improvement in the land through the cultivation by the tenant.

**TABLE No. 6.9.**  
***Newly leased out area classified by reasons of leasing out.***

District	Owner could not cultivate because					Because of financial needs					Leased out because				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
West Khandesh	140	-	12.9	5.7	-	-	5.9	-	2.4	15.0	-	-	-	8.5	49.6
East Khandesh	148	-	30.6	24.0	-	-	1.3	-	19.2	7.5	0.8	7.7	-	-	8.9
Nasik	173	-	6.7	44.8	-	-	-	-	15.5	13.6	2.3	1.2	-	-	12.6
Thana	4	-	-	-	-	-	-	-	-	-	-	-	-	77.5	22.5
Kolaba	6	-	-	18.5	-	-	-	-	-	-	-	-	-	12.3	69.2
Poona	178	-	58.9	9.9	-	-	1.0	-	0.1	7.5	-	-	-	16.2	6.4
Ahmednagar	271	-	72.0	2.8	-	-	9.8	-	4.1	-	-	0.3	-	5.4	5.6
Sholapur	395	-	58.0	14.9	-	-	3.2	-	-	8.0	-	1.9	-	2.1	11.9
North Satara	88	5.0	59.8	20.8	1.9	-	0.6	1.8	-	-	8.4	-	-	1.7	-
South Satara	85	3.2	56.6	10.2	1.1	5.4	-	9.2	-	-	13.5	-	-	0.8	-
Kolhapur	73	-	16.6	11.5	0.5	9.6	12.8	5.0	1.8	2.5	0.9	-	1.9	1.3	35.6
Bijapur	521	1.2	22.4	14.3	3.9	1.8	-	0.5	14.7	-	6.9	1.3	-	0.5	32.5
Belgaum	168	1.2	10.8	12.8	3.6	2.8	-	3.1	29.4	-	16.6	-	-	3.9	16.2
Dharwar	292	-	3.2	52.2	8.3	1.2	-	2.7	15.2	9.3	0.5	0.5	-	0.3	6.6
Total	2542	0.6	33.9	19.2	2.1	1.2	2.4	1.1	9.4	5.1	3.5	1.2	0.1	3.5	16.7

(1) Total area leased out (Acres). (2) Owner migrated from the village. (8) Short of bullock power. (4) Short of family labour. (5) Plots for away. (6) He has other lands. (7) Has other occupation. (8) Mortgaged. (9) Deposit rented. (10) Land fallen into disuse. (11) Improvement lease. (12) Leased to a needy relative. (13) Forcible occupation by tenant. (14) Leased to prospective buyer. (15) Reason unspecified.

6.14 Next, we shall examine the nature affected and not in terms of the number and causes of resumption. As before, we of cases of resumption. In Table. No. shall present the data in terms of the area 6.10 we give a classification of the area

**TABLE No. 6.10.**  
*Area resumed by owner classified by nature, of ownership, terminated tenancy and rent*

District	Total area resumed (Acres)	Nature of ownership			Nature of tenancy		Nature of rent				
		Resident	Non- Resident	Public	Tenant	Mort- gagee	No rent	Share rent	Cash rent	Other	Un- specified
West Khandesh	229	80.1	19.9	-	90.1	9.9	9.4	23.2	61.3	-	6.1
East Khandesh	184	94.4	5.6	-	96.2	3.8	3.8	49.8	40.0	4.9	1.5
Nasik	152	92.4	7.6	-	98.0	2.0	2.0	86.3	8.4	-	3.3
Thana	18	50.3	49.7	-	70.3	29.7	42.3	19.9	12.7	18.1	7.0
Kolaba	31	77.0	23.0	-	95.4	4.6	4.6	6.3	24.8	64.3	-
Poona	301	85.3	14.7	-	99.9	0.1	0.1	82.7	17.2	-	-
Ahmednagar	209	91.6	8.4	-	100.0	-	-	86.1	10.9	-	3.0
Sholapur	526	72.0	28.0	-	100.0	-	-	89.2	8.1	-	2.7
North Satara	113	80.4	18.6	1.0	92.9	7.1	7.1	79.3	2.0	-	11.6
South Satara	143	70.0	30.0	-	100.0	-	-	64.2	24.4	-	11.4
Kolhapur	44	99.3	0.3	0.4	91.7	8.3	8.3	64.0	4.0	23.7	-
Bijapur	691	95.4	4.6	-	99.6	0.4	3.7	66.0	22.4	6.8	1.1
Belgaum	343	79.7	17.9	2.4	97.9	2.1	2.1	23.0	56.5	17.7	0.7
Dharwar	391	90.0	10.0	-	100.0	-	1.0	59.9	38.8	-	0.3
Total	3375	85.2	14.6	0.2	98.2	1.8	2.7	63.9	26.4	4.5	2.5



resumed according to the nature of ownership, the nature of tenancy and the nature of rent. It will be seen that we have data pertaining to a total of 3375 acres of land resumed by the owners during the five years. Its composition by nature of ownership, nature of tenancy and nature of rent is more or less similar to that of the area newly leased out and there are no special features to note.

6.15 In Table No. 6.11 we give a classification of the resumed area according to the period, in years, for which the lands in question were in the personal cultivation of the evicted tenants. It will be seen that nearly 12 per cent of the resumed area was in the cultivation of the evicted tenants for nine or more years; and nearly 25 per cent of the resumed area was in their cultivation for more than five years. In West Khandesh, East Khandesh and Belgaum, nearly 40 per cent of resumed area was in the cultivation of the evicted tenants for more than five years.

6.16 In Table No. 6.12 we give a classification of the resumed area according to the reasons for resumption as given by the tenants. It will be noted that more than 85 per cent of the area resumed by owners was voluntarily resigned by the tenants, and it was only in the case of about 15 per cent of the area that the tenancy was terminated by the owners. Nevertheless a large part of the voluntary resignation

was because the owners wanted the land either for personal cultivation or for sale or because the lease term had expired. These three, circumstances accounted for nearly 64 per cent of the resumed area and thus though the area was admittedly resigned by the tenants voluntarily, it was quite obviously at the instance of the owners. The remaining, nearly 20 per cent, might be taken as genuine cases of voluntary resignations. Nearly 9 per cent of the area was resigned because of either death or migration of the tenants or because the tenants did not find it profitable to cultivate the lands. In the case of another 9 per cent of the area the tenants resigned because they said they were either short of bullock power or of family labour. Of the nearly 15 per cent of the area where the tenancy was terminated by the landlords, in the case of 8.7 per cent of the area, the tenancies were terminated on grounds that the landlords wanted the lands for personal cultivation. These involved in all 80 cases and in 18 of these, the tenancies were terminated by recourse to law. Similarly, in the case of a small area amounting to only 0.5 per cent of the total resumed area, the tenancies were terminated on grounds that the tenants had defaulted payment of rent. They involved 10 cases and in 8 of these the tenancies were terminated with recourse to law. Thus we have on record a total of 26 cases of termination of tenancies by recourse to law. Half of

**TABLE No. 6.11.**  
*Area resumed by owner classified by the duration of the terminated tenancy.*

District	Total area resumed (Acres)	No. of years									Un- specified
		1	2	3	4	5	6	7	8	9	
West Khandesh	229	16.0	8.9	11.6	5.5	15.7	6.1	5.8	13.3	11.0	6.1
East Khandesh	184	27.0	11.4	15.8	1.8	2.0	10.9	6.3	12.2	7.7	4.3
Nasik	152	7.4	38.6	10.9	13.9	1.3	10.8	3.7	-	8.2	5.2
Thana	18	7.7	7.2	-	1.9	31.0	2.3	6.2	-	28.4	15.3
Kolaba	31	3.2	3.7	-	13.0	9.3	-	-	-	70.8	-
Poona	301	39.0	17.8	15.2	2.1	10.7	1.9	-	1.0	12.2	0.1
Ahmednagar	209	29.3	36.2	6.4	8.8	1.2	0.9	-	0.7	13.5	3.0
Sholapur	526	15.2	26.4	6.5	5.7	32.6	8.0	-	1.3	1.6	2.7
North Satara	113	16.2	13.6	4.4	7.2	18.2	0.3	-	16.7	11.8	11.6
South Satara	143	4.4	20.9	5.6	16.3	13.6	9.4	5.1	-	7.1	17.6
Kolhapur	44	18.9	26.3	22.9	1.6	1.4	-	1.0	-	20.7	7.2
Bijapur	691	36.0	15.4	11.4	6.9	7.6	5.2	1.6	1.8	13.0	1.1
Belgaum	343	19.0	5.3	13.0	7.6	8.5	10.0	0.2	3.9	28.6	3.9
Dharwar	391	15.8	23.4	16.5	20.6	5.6	3.4	0.2	6.9	7.6	-
Total	3375	22.8	19.0	11.0	8.4	11.9	5.8	1.5	4.1	12.0	3.5

**TABLE No. 6.12.**  
*Area resumed by owner classified by reasons for terminating tenancy as given by the tenant.*

District	VOLUNTARY RESIGNATION BY TENANT BECAUSE															TERMINATION BY OWNER BECAUSE				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15					
West Khandesh	229	49.5	9.7	2.9	2.8	11.0	-	5.4	-	-	-	7.4	2.0	-	9.6					
East Khandesh	184	46.5	-	-	22.8	3.8	-	13.3	0.7	-	-	5.7	4.2	-	3.0					
Nasik	152	77.7	2.1	-	1.0	2.0	-	6.5	-	0.1	-	-	-	1.3	9.3					
Thana	18	21.2	6.9	8.0	26.1	3.6	2.6	-	-	2.0	-	12.0	10.5	-	7.1					
Kolaba	31	21.2	0.7	1.0	-	4.6	-	-	-	3.2	8.7	40.4	-	-	11.2					
Poona	301	88.4	-	-	1.4	0.1	-	1.2	-	1.6	-	5.3	-	-	2.0					
Ahmednagar	209	65.9	1.1	-	2.7	-	-	4.7	5.6	8.7	4.4	-	-	-	6.9					
Sholapur	526	70.9	-	9.5	0.5	-	-	3.8	2.4	10.0	0.1	0.1	-	-	2.7					
North Satara	113	33.2	-	-	6.3	7.1	-	0.4	2.6	1.8	1.0	23.1	-	5.7	18.8					
South Satara	143	32.3	-	-	-	-	8.7	0.3	12.9	8.4	-	25.4	0.2	-	11.8					
Kolhapur	44	25.5	0.1	-	-	8.3	-	27.3	-	16.4	14.4	0.3	-	0.5	7.2					
Bijapur	691	48.8	13.3	5.1	5.8	0.4	-	4.8	3.5	4.8	3.3	9.5	-	-	0.7					
Belgaum	343	10.6	6.1	9.8	13.2	2.2	2.2	6.3	-	24.7	-	22.4	0.1	-	2.4					
Dharwar	391	49.0	4.1	0.1	21.8	-	4.5	3.7	-	3.4	-	7.4	-	6.0	-					
Total	3375	52.3	4.6	3.8	7.2	1.8	1.1	4.7	2.2	6.8	1.3	8.7	0.5	1.0	4.0					

(1) Total area resumed (Acres). (2) Owner wanted for personal cultivation. (3) Owner wanted to sell. (4) Death or migration of tenant. (5) Expiry of lease term. (6) Redemption of loan. (7) Was adequately compensated. (8) Tenant did not want the plot. (9) Tenant short of bullock power. (10) Tenant short of family labour. (11) Unspecified. (12) Owner wanted for personal cultivation. (13) Default of rent. (14) Other default. (15) Unspecified.

these, that is 13 cases occurred in Thana and Kolaba. Another 8 cases occurred in the districts of West Khandesh and East Khandesh. In the remaining districts, such cases were few. In all the cases occurring in Thana and Kolaba, the possession was obtained through the Mamlatdar's court by giving legal notice. Of the 8 cases occurring in West Khandesh and East Khandesh, in 6 cases the possession was obtained through the Mamlatdar's court and in 2 out of these, the original landlord had sold the land and it was the new owner who secured the possession. In the other two cases, the possession was obtained through the Debt Adjustment Board. The lands were mortgaged and the mortgagee had leased them out. After the mortgager-owner obtained possession, the tenants resigned. Of the remaining 5 cases, occurring in the other districts, in 3 cases, the possession was secured through the Mamlatdar's court and in one of these cases, the owner gave to the tenant Rs. 75 as compensation. In another of these cases, the original owner had sold the land and it was the new owner who had obtained the possession. Of the remaining 2 cases, in one case, the owner had obtained a civil court decree for recovery of rent which was in arrears for 5 years and then on the strength of this decree obtained possession through the Mamlatdar's court. In the other case, the land

was sold by auction by the civil court in execution of a decree and the possession was given to the bidder.

6.17 In Table No. 6.13 we give a classification of the resumed area according to the causes for resumption as given by the landlords. It will be seen that even on the admission of the landlords 70.8 per cent of the area was resumed because the landlords wanted it for personal cultivation. In the case of 13.5 per cent of the area, they reported that the land had to be resumed because the tenants had left and were unwilling to cultivate. Thus the reasons for resumption as given by the landlords are in general agreement with those given, by the tenants. In particular, in the case of only 1.6 per cent of the area the landlords reported that the tenants had defaulted and this was fully corroborated by the tenants.

6.18 Finally, we shall examine the nature of the cases where the tenants were changed. In Table No. 6.14 is given a classification of the related area according to the nature of the ownership, the nature of tenancy, and the nature of rent. The composition of the area in these respects is seen to be similar to the composition of the area which was newly leased out or the area which was resumed. No special features are noticeable.

**TABLE No. 6.13.***Area resumed by owner classified by reasons for resumption as given by the Owner.*

District	Total area resumed (Acres)	For personal cultivation	Resumption preparatory to sale	Redemption of mortgage	Tenant left	Default of rent	Other default	Unspecified
West Khandesh	229	49.6	3.0	13.0	2.9	-	-	31.5
East Khandesh	184	49.3	0.6	3.8	0.2	4.9	12.6	28.6
Nasik	152	68.6	0.9	2.0	-	-	-	28.5
Thana	18	50.6	-	3.6	-	-	-	45.8
Kolaba	31	69.0	11.8	4.6	-	5.0	3.2	6.4
Poona	301	82.9	-	1.0	4.7	-	-	11.4
Ahmednagar	209	77.5	-	2.3	-	-	3.5	16.7
Sholapur	526	99.5	-	-	-	-	0.5	-
North Satara	113	67.9	-	7.1	3.0	-	4.1	17.9
South Satara	143	69.2	-	0.2	17.9	-	3.3	9.4
Kolhapur	44	33.0	-	8.3	35.4	-	-	23.3
Bijapur	691	74.5	-	0.4	19.6	-	-	5.5
Belgaum	343	45.0	1.3	0.8	45.4	-	-	7.5
Dharwar	391	66.4	2.9	-	24.8	-	-	5.9
Total	3375	70.8	0.9	2.0	13.5	0.3	1.3	11.2

**TABLE NO. 6.14.***Area of which tenants were changed classified by the nature of ownership, terminated tenancy and rent.*

District	Total area resumed (Acres)	Nature of ownership			Nature of tenancy			Nature of rent			
		Resident	Non- Resident	Public	Tenant	Mort- gagee	No rent	Share rent	Cash rent	Other	Un- specified
West Khandesh	64	78.1	21.9	-	92.2	7.8	7.8	8.8	52.3	7.8	23.3
East Khandesh	71	64.6	33.3	2.1	92.1	7.9	2.0	43.8	45.1	-	9.1
Nasik	215	75.9	24.1	-	100.0	-	-	78.4	3.6	1.0	17.0
Thana	38	62.8	36.8	0.4	99.6	0.4	0.4	12.6	9.5	77.5	-
Kolaba	12	75.9	24.1	-	100.0	-	-	4.7	32.6	50.0	12.7
Poona	140	86.2	10.9	2.9	100.0	-	-	99.4	0.6	-	-
Ahmednagar	192	60.1	39.9	-	96.8	3.2	3.1	88.8	5.8	-	2.3
Sholapur	205	50.3	49.7	-	100.0	-	2.4	68.3	29.3	-	-
North Satara	54	23.4	76.6	-	100.0	-	-	85.4	3.2	-	11.4
South Satara	59	70.5	29.5	-	100.0	-	-	79.8	19.0	-	1.2
Kolhapur	78	85.4	13.8	0.8	98.2	1.8	1.8	55.1	25.0	15.3	2.8
Bijapur	821	73.9	26.1	-	99.6	0.4	1.4	58.6	28.6	11.4	-
Belgaum	153	70.8	29.2	-	99.4	0.6	0.6	67.8	26.8	-	4.8
Dharwar	303	75.2	24.8	-	100.0	-	-	58.0	32.4	5.8	3.8
Total	2405	70.4	29.3	0.3	99.3	0.7	1.3	64.9	23.2	6.8	3.8

**TABLE No. 6.15.**  
*Area of which tenants were changed classified by the duration of the terminated tenancy.*

District	Total area (acres)	No. of years									
		1	2	3	4	5	6	7	8	9 or more	Un- specified
West Khandesh	64	12.1	16.1	19.6	-	6.9	9.0	-	6.3	13.6	16.4
East Khandesh	71	30.0	16.5	18.7	11.6	4.9	-	-	-	5.7	12.6
Nasik	215	30.9	25.1	21.6	2.6	-	-	-	-	1.1	18.7
Thana	38	-	2.8	-	-	37.5	-	-	9.7	50.0	-
Kolaba	12	-	28.3	1.8	4.1	2.8	-	-	11.7	47.2	4.1
Poona	140	20.1	42.1	12.9	17.6	3.2	2.3	-	-	0.2	1.6
Ahmednagar	192	17.4	21.7	29.9	12.3	-	0.7	-	-	15.8	2.2
Sholapur	205	36.6	22.7	12.1	1.5	7.0	-	-	-	20.1	-
North Satara	54	4.1	0.7	7.1	49.0	3.3	-	-	-	18.7	17.1
South Satara	59	48.5	6.9	12.6	-	12.3	-	-	-	11.7	8.0
Kolhapur	78	15.7	30.5	22.2	9.9	10.2	-	-	2.0	3.6	5.9
Bijapur	821	32.4	23.9	13.5	8.0	5.9	9.1	2.2	1.6	3.4	-
Belgaum	153	0.6	21.8	22.6	11.1	-	0.4	-	4.7	21.8	17.0
Dharwar	303	15.2	23.8	20.5	22.0	4.4	7.4	1.2	-	5.5	-
Total	2405	24.4	23.2	17.0	10.4	5.0	4.5	0.9	1.3	8.7	4.6

6.19 In Table No. 6.15 we give a classification of the area from which tenants were changed according to the period for which the evicted tenants were cultivating the lands in question. It will be seen that nearly 15 per cent of the area was in the cultivation of the evicted tenants for more than five years. The proportion is thus obviously considerably smaller than that in the case of area resumed by the owners. Incidentally, it may be noted that, as in the case of resumption, the proportion of the area on which older tenants were evicted in favour of new tenants was large in West Khandesh and in Belgaum.

6.20 In Table No. 6.16 is given a classification of the area according to the reasons for changing the tenants as given by the old tenants. It will be noted that here again more than 80 per cent of the area was, on the admission of the evicted tenants, voluntarily resigned by the tenants. Only about 20 per cent of this where the tenants resigned because the landlords presumably wanted it for personal cultivation or for sale or because of the expiry of the lease period, might be said to be at the instance of the landlord. In the case of the remaining 60 per cent of the area, the resignations by the tenants must be regarded as genuinely voluntary. In the case of 25 per cent of the area, the resignations were because the tenants were short of either bullock power or family labour. They did not find it profitable to cultivate another 16 per cent of

the area and the resignation of yet another 5 per cent of the area was the result of either the death or migration of the tenants.

6.21 In the case of nearly 20 per cent of the area, the old tenants reported that they were evicted by the owners against their will; in the case of 1.8 per cent the evictions were ostensibly for the purpose of personal cultivation by the owners; in the case of 0.8 per cent, they were due to default of rent; in the case of 3.0 per cent they were for certain other default on the part of the tenants; and in the case of 2.7 per cent for securing higher rent. There were in all 15 cases where the old tenants were evicted for default of rent and in 8 out of these, the termination of their tenancies was secured through the court. 6 of these cases occurred in the districts of West Khandesh and East Khandesh. It will be remembered that there also appeared a number of cases from these two districts, where the lands were resumed by recourse to law.

6.22 It will be noted that in a total of about 17 per cent of the area the tenant either resigned or was evicted because the landlord ostensibly wanted, the lands for personal cultivation; but where in fact, he changed the tenants. This must be regarded the most serious misuse of the right to resume. It will be noted that this happened on a large scale in Poona and North Satara and also in Ahmednagar and Sholapur.



**TABLE No. 6.16.**  
**Area of which tenants were changed classified by reasons for terminating tenancy as given by the original tenant.**

District	1	2	3	4	5	6	7	8	9	10	11	12	Voluntary resignation by tenant because					Termination by owner because				
													13	14	15	16	17	18				
West Khandesh	64	11.9	7.7	24.2	22.5	-	-	9.0	-	-	-	9.4	-	6.3	-	-	-	9.0				
East Khandesh	71	8.6	-	15.1	4.3	-	-	37.3	5.6	-	2.1	-	-	5.8	0.7	-	-	20.5				
Nasik	215	16.5	-	-	1.0	-	0.3	40.2	1.5	1.1	5.7	22.2	-	-	6.4	-	-	5.1				
Thana	38	10.9	-	0.5	-	0.5	-	3.6	-	1.8	23.6	35.2	-	-	-	-	21.1	2.8				
Kolaba	12	27.9	-	23.9	-	-	8.7	6.1	-	4.0	-	13.6	-	11.7	-	-	-	4.1				
Poona	140	58.6	-	0.5	1.6	-	-	14.9	5.3	14.4	-	2.2	-	-	-	-	-	2.5				
Ahmednagar	192	28.5	0.7	1.7	0.2	3.1	-	7.6	38.3	4.2	-	14.7	-	-	-	1.0	-	-				
Sholapur	205	25.1	0.4	-	-	-	-	14.1	24.2	8.4	3.0	11.2	-	-	2.4	-	-	11.2				
North Satara	54	19.3	-	4.5	-	-	-	5.0	2.5	0.7	-	4.1	37.7	0.5	6.7	-	-	19.0				
South Satara	59	-	-	6.8	18.4	-	2.8	-	33.0	19.7	-	4.3	2.2	-	4.3	-	-	8.5				
Kolhapur	78	8.2	-	3.2	0.5	1.8	-	11.5	-	20.3	-	13.9	-	9.4	5.7	1.4	-	24.1				
Bijapur	821	11.1	-	7.3	6.7	0.4	1.7	16.8	6.6	25.2	0.2	15.6	0.3	-	2.5	-	-	5.6				
Belgaum	153	1.5	-	6.9	-	-	-	12.0	2.6	21.0	-	14.4	7.2	0.8	-	-	-	33.6				
Dharwar	303	2.3	-	-	3.5	-	0.3	13.8	3.1	19.9	-	7.4	2.3	-	7.5	20.6	-	19.3				
Total	2405	15.1	0.3	4.7	4.1	0.5	0.7	16.4	9.4	15.6	1.3	12.9	1.8	0.8	3.0	2.7	0.3	10.4				

(1) Total area resumed (acres). (2) Owner wanted for personal cultivation. (3) migration of tenant. (5) Expiry of loan term. (6) Redemption of loan. (7) Was adequately want the plot. (9) Tenant short of bullock power. (10) Tenant short of family labour. (12) Reason unspecified. (13) Owner wanted for personal cultivation. (14) Default of rent. (15) Other default. (16) To obtain higher rent. (17) Forcible occupation by tenant. (18) Reason unspecified.

**TABLE No. 6.17.**  
*Area of which tenants were changed classified by reasons for change of tenant as given by the landlord.*

District	Wanted to raise funds.									
	1	2	3	4	5	6	7	8	9	10
West Khandesh	64	-	-	-	-	-	-	-	-	100.0
East Khandesh	71	-	3.5	-	-	-	-	10.3	-	86.2
Nasik	215	-	-	-	0.1	-	2.9	0.2	2.1	94.7
Thana	38	-	-	-	-	-	-	-	-	100.0
Kolaba	12	-	-	-	-	-	-	-	-	100.0
Poona	140	-	-	-	0.5	-	16.5	4.1	2.3	76.6
Ahmednagar	192	6.6	-	0.7	4.6	1.0	6.7	8.8	5.4	66.2
Sholapur	205	5.4	3.0	0.3	11.0	-	-	2.4	7.5	70.4
North Satara	54	5.4	-	-	-	1.7	-	1.6	1.5	89.8
South Satara	59	-	-	1.1	7.0	-	-	0.6	5.3	86.0
Kolhapur	78	2.7	2.1	-	14.3	2.8	4.3	-	-	73.8
Bijapur	821	0.4	5.5	-	3.0	3.7	2.7	-	-	84.1
Belgaum	153	-	2.6	-	-	-	3.8	1.4	-	92.2
Dharwar	303	-	7.2	-	7.2	-	6.1	2.1	1.6	75.8
Total	2405	1.3	3.4	0.1	3.9	1.4	3.9	1.9	2.0	82.1

(1) Total area (acres) (2) By mortgage. (3) By accepting advance rent. (4) Leased out to a prospective buyer. (5) Could secure higher rent. (6) New tenant appeared to improve land. (7) Wanted to lease to a relative. (8) Old tenant was not taking proper care. (9) Strained relations with old tenant. (10) Unspecified.

6.23 In Table No. 6.17 we give a classification of the area according to the reasons for change of tenants as given by the landlords. It will be seen that in a large majority of the cases we did not get satisfactory answers from the landlords. Nevertheless it will be noted that after the old tenant was evicted, 1.3 per cent of the area was mortgaged by the owners; 3.4 per cent of the area was rented out to new tenants who agreed to pay a few years' rent in advance; in the case of 3.9 per cent of the area the new tenants had agreed to pay higher rents. Only in the case of 4 per cent of the area the landlords reported that either the tenants had defaulted or that their relations with the tenants were strained. It will be noticed that the proportion of mortgages was high in Ahmednagar, Sholapur, North Satara and Kolhapur and that the proportions where the owners had accepted a few years' rent in advance were large in the Karnatak districts of Bijapur, Belgaum and Dharwar and also to some extent in Kolhapur and East Khandesh.

6.24 We shall now describe the miscellaneous cases of tenancy change, namely, of sub-letting, of eviction of sub-tenants by the principal tenants and also of acquisition of the tenant-cultivated plots by the tenants in cultivating possession. Naturally, we have

only a few cases of each one of these types. In the following we shall present brief descriptive notes on these cases.

6.25 We have a total of 27 cases of sub-letting. Of these 18 are from the Karnatak districts, namely, from Bijapur, Belgaum and Dharwar a large majority of them are in fact from Dharwar District. Sub-letting, thus seems to be common in the Karnatak districts, particularly in Dharwar. The remaining 9 cases are from all the other districts and might therefore be regarded as no more than stray cases.

6.26 However, even in these districts, where sub-letting is not so common, the tenants seem to have sublet the plots for an advantage. Thus out of the 9 cases of sub-letting appearing in these districts, the sub-letting was at par only in 2 cases. In these cases therefore the tenants enjoyed no more than a false title. In the remaining cases the sub-letting was usually at an advantage of rent varying from 15 to 50 per cent. In two cases, while the principal tenants were paying cash rent, the sub-letting was for 1/2 share. Presumably this left an adequate margin for the principal tenants. In one case where the share rent was reduced from 1/2 to 1/6 in accordance with law, the original tenant passed off his tenancy rights, to another tenant for a cash consideration of Rs. 425 for one acre of land.

6.27 Out of the 18 cases of sub-letting from the Karnatak districts, 7 involved no profits to the principal tenants. In 5 cases, original cash tenancies were sub-let for 1/2 share and in 2 cases original share tenancies were sublet for cash presumably leaving a margin to the principal tenants. In one case, a cash tenancy was sublet for a clear 20 per cent margin and in 3 more cases, original long leases were sub-let for shorter periods and for a clear profit.

6.28 We have 12 cases where the sub-tenants were evicted by the principal tenants. In 8 of these cases, the tenants had resumed the land for personal cultivation. In one case, the tenant had resumed the land on the death of the sub-tenant. In 2 cases the sub-tenants were evicted in an attempt to raise the rent or to obtain more favourable terms; in one of these cases the land was later sublet to another person offering a higher rent. In the remaining case, the sub-tenant reported that he was on the land for the last 17 years and had been paying his rent direct to the landlord. Nevertheless, he alleged, the name of another person was shown as the tenant and his own as a sub-tenant. Recently the nominal tenant offered higher rent to the landlord, and had forcibly occupied the land. The principal tenant of course denied these allegations; he had sublet the land and now resumed it for personal cultivation.

6.29 We have 18 cases where the tenants had reportedly acquired the land. 12 of these cases were genuine purchases by the tenants while in the remaining cases the purchasers were not genuine tenants. Among the 12 cases where the tenants had purchased, in 6 cases the lands were in the cultivating possession of the tenants for more than 10 years; in the remaining cases they were on the land for smaller durations, usually for 3 or 4 years. Of the 6 cases where the purchasers were not genuine tenants, in 2 cases they were actually relatives of the owner, temporarily shown as tenants and who had later acquired the plots by inheritance and not by purchase. In 2 cases, the tenants were in fact the original owners; had mortgaged the plots, during which period they were shown as tenants, and later had redeemed the mortgage. In the remaining two cases, the prospective purchasers were shown as tenants before the final purchase. We have earlier noted that there were very few cases where the tenants-in-possession had acquired the lands cultivated by them. The evidence of these few illustrative cases shows that possibly not even these few apparent cases of acquisition were all genuine and that probably only about two-thirds of them might be regarded as cases of genuine acquisition by the tenants-in-possession. We came across no case of purchase of land where a protected tenant had exercised his right to purchase on his own initiative and thus had compelled the landlord to sell against his will.

6.30 We shall now examine the nature of the bogus cases of change detected by us in the village records. As we have explained earlier, we studied in all a total of 2835 cases. They were selected for study because on the face of the entries in the village records they appeared to be cases of tenancy changes involving new leases, resumption, change of tenants and similar forms of tenancy changes involving sub-tenants. Of the total of 2835 cases studied by us, we could not trace or contact the parties concerned and ascertain the facts with regard to 233 cases. Of the remaining 2602 cases where we were able to ascertain the nature of the changes, we found that in 598 cases, which is roughly 23 per cent of all cases, there was in fact no change of tenancy involved. We have termed these as bogus cases of change. It is necessary to enquire into the nature of these cases for two reasons: Firstly, because their number is rather large. Secondly, because as our entire analysis of Schedule I outlined in Chapter IV was based on the information as it appeared in the village records unverified by personal interviewing of the parties concerned, it would need a certain correction if so large a proportion of the apparent cases of change did not appear to be genuine on closer examination.

6.31 In Table No. 6.18 we give a classification of these bogus cases and the related area according to the nature of the

apparent tenancy change involved in them. It will be seen that out of a total of 598 cases, 217 were apparent new leases, 224 were apparent resumptions and 157 were apparent changes of tenants.

6.32 The causes for mistaken or inaccurate entries in the record giving rise to cases of apparent fresh leasing and resumption are similar and related. If a wrong entry in the record causes an apparent fresh leasing, the subsequent rectification of the error causes an apparent resumption; similarly, if a wrong entry causes an apparent resumption, its subsequent rectification causes an apparent fresh leasing. It will be convenient therefore to consider the two types of bogus cases together. We have classified the apparent cases of new leases and of resumption according to their true nature in Table Nos. 6.19 and 6.20, respectively. It will be seen that a large number of these were on account of just wrong entries in the record or due to rectification of the wrong entries earlier made. Thus there are 107 cases where the plots were in fact owner-cultivated and continued to be so cultivated but which nevertheless were suddenly and wrongly shown as tenant-cultivated thus causing apparent new leases. In 60 other cases, the plots were in fact tenant-cultivated

**TABLE No. 6.18.**  
***Cases of bogus tenancy change and the related area classified***  
***according to the nature of the apparent change.***

District	NO. OF CASES				AREA (ACRES)			
	Cases of apparent				Cases of apparent			
	Total	Leasing out	Resumption	Change of tenant	Total	Leasing out	Resumption	Change of tenant
West Khandesh	25	11	9	5	113	59	34	20
East Khandesh	18	7	8	3	56	25	27	4
Nasik	83	39	41	3	192	78	95	19
Thana	76	19	22	35	65	10	20	35
Kolaba	50	10	14	26	46	6	11	29
Poona	17	12	5	-	27	21	6	-
Ahmednagar	9	3	4	2	28	7	6	15
Sholapur	14	11	3	-	86	78	8	-
North Satara	89	28	35	26	110	19	39	52
South Satara	75	36	27	12	258	90	81	87
Kolhapur	52	15	10	27	127	16	25	86
Bijapur	30	13	12	5	256	83	97	76
Belgaum	50	11	31	8	210	43	103	64
Dharwar	10	2	3	5	47	3	17	27
Total	598	217	224	157	1621	538	569	514

**TABLE No. 6.19.**  
***Bogus cases of fresh leasing classified by their true nature.***

District	Total No. of cases	Owner cultivated plot changed to tenant-cultivated by a recording error	Rectification of a previous error showing a tenant-cultivated plot to be owner-cultivated	New tenant a member of owner-cultivator's family	Joint cultivation by owner & tenant	Exchange between two owner cultivators	Leased out before 1948 but recorded later
West Khandesh	11	10	-	1	-	-	-
East Khandesh	7	5	2	-	-	-	-
Nasik	39	21	7	9	-	1	1
Thana	19	6	9	4	-	-	-
Kolaba	10	7	1	2	-	-	-
Poona	12	11	-	1	-	-	-
Ahmednagar	3	2	-	1	-	-	-
Sholapur	11	6	2	3	-	-	-
North Satara	28	14	8	3	2	1	-
South Satara	36	13	16	7	-	-	-
Kolhapur	15	6	1	5	3	-	-
Bijapur	13	1	9	3	-	-	-
Belgaum	11	4	4	3	-	-	-
Dharwar	2	1	1	-	-	-	-
Total	217	107	60	42	5	2	1

**TABLE No. 6.20.**  
***Bogus cases of resumption classified by their true nature.***

District	Total No. of cases	Tenant- cultivated plot changed to owner- cultivated by a recording error	Rectification of a previous error showing an owner- cultivated plot to be tenant cultivated	Removed tenant a member of owner- cultivator's family	Joint cultivation by owners & tenants	Resumed before 1948 but recorded later
West Khandesh	9	-	5	-	-	4
East Khandesh	8	5	3	-	-	-
Nasik	41	23	16	-	-	2
Thana	22	9	12	-	-	1
Kolaba	14	9	5	-	-	-
Poona	5	5	-	-	-	-
Ahmednagar	4	2	1	-	-	1
Sholapur	3	1	2	-	-	-
North Satara	35	10	20	3	1	2
South Satara	27	10	7	8	4	1
Kolhapur	10	1	3	2	-	-
Bijapur	12	7	3	2	-	-
Belgaum	31	15	5	11	-	-
Dharwar	3	3	-	-	-	-
Total	224	100	82	26	5	11



but were wrongly recorded as owner-cultivated in earlier years; the error was subsequently rectified again causing apparent new leases.

6.33 We have a number of corresponding cases of apparent resumption. Thus in 100 cases, the plots which were in fact tenant-cultivated and continued to be so, were suddenly and wrongly shown as owner-cultivated causing apparent resumption. In 82 other cases, the plots were in fact owner-cultivated but were wrongly shown as tenant-cultivated in earlier years; the error was subsequently rectified again causing apparent resumption.

6.34 The remaining cases do not involve any error of record as such but nevertheless give an appearance of either fresh leasing or resumption because the record does not reveal the relationship between the recorded owner and the tenant. Thus there are 42 cases of apparent fresh leasing where the newly entered tenants were in fact members of the owner-cultivator's families; why their names should have suddenly appeared in the record as tenants is not clear. In 5 other cases the plots were in the joint cultivation of the owners and the tenants throughout the period; but the record showed them as owner-cultivated for sometime and as tenant-cultivated subsequently. In 2 more cases, the owner-cultivators had exchanged their

plots for mutual convenience. Finally in one case, the change was genuine but had occurred prior to the period under investigation and was recorded only later.

6.35 We have also the analogous cases of apparent resumption not involving an error of record as such. Thus in 26 cases the original tenants who, were removed from the record, were in fact either members of the owners' families or were one of the owners who jointly cultivated the plot. In 5 other cases, the cultivation was in fact joint between the owner and the tenant and continued to be so; but on record the plots were previously shown as tenant-cultivated and subsequently as owner-cultivated. In the remaining 11 cases the resumption was genuine but had in fact occurred prior to the period under investigation and was recorded only later.

6.36 We shall next examine the nature of the apparent cases of change of tenants. In Table No. 6.21 they are classified according to their true nature. Here again a number of these cases arise out of just wrong entries in the record or rectification of such errors earlier made. Thus in 25 cases, the original tenants had continued unchanged but suddenly their names were removed and the names of certain other persons substituted. In 33 other cases, similar errors earlier made were rectified. Obviously on both the occasions, the entries caused apparent change of tenants.

**TABLE No. 6.21.**  
***Bogus cases of change of tenants classified by their true nature.***

District	Total No. of cases	Change in tenant's name by a recording error	Rectification of previous error in tenant's name	New tenant member of old tenant's family	Joint cultivation by tenant	Public lands	New tenants were in fact new owners	Exchange between two tenants	Change of tenant before 1948 but recorded later
West Khan-	5	-	-	1	-	3	1	-	-
desh	3	-	-	-	1	1	-	1	-
East Khandesh	3	1	-	1	-	-	1	-	-
Nasik	35	4	18	8	2	2	-	-	1
Thana	26	3	3	13	7	-	-	-	-
Kolaba	-	-	-	-	-	-	-	-	-
Poona	2	-	-	1	-	-	1	-	-
Ahmednagar	-	-	-	-	-	-	-	-	-
Sholapur	26	6	4	5	11	-	-	-	-
North Satara	12	2	2	3	5	-	-	-	-
South Satara	27	2	2	7	15	-	1	-	-
Kolhapur	5	2	2	1	-	-	-	-	-
Bijapur	8	3	1	3	1	-	-	-	-
Belgaum	5	2	1	1	-	-	1	-	-
Dharwar									
Total	157	25	33	44	42	6	5	1	1

6.37 The remaining cases did not involve an error of record as such but involved changes which might be mistaken as changes of tenants. For instance, in 44 cases the new tenants were either members of the old tenants' families or were in fact heirs of the old tenants. In 42 other cases, the cultivation was indeed joint by, a number of tenants. Sometimes their number changed through either resignation or death of one of their members. Sometimes the names of some of them were not recorded by oversight. In 6 cases, the plots were public lands and were in the cultivation of the persons who rendered the respective village services in rotation. There are 5 cases where even though the original, tenants continued to cultivate, temporary tenancies were created on record in favour of persons who in 3 of these cases had actually purchased the plots, in one case had inherited the plot and who in one case was a mortgagee. In another case, two cultivating tenants had exchanged their plots for mutual convenience. Finally, in the one remaining case, the change of tenants was genuine but had actually occurred before the period of investigation and was recorded only later.

6.38 It will thus be seen that a large majority of the apparent tenancy changes were caused by either recording errors or rectification of the errors earlier made. In fact out of the total of 598 bogus cases of

tenancy change described above, 407 were due to either recording errors or rectification of the previous errors. If we relate this to the total of 2602 cases of tenancy change which we detected and followed up, it seems that nearly 16 per cent of the tenancy changes detected from the village records were on account of recording errors or their rectification. In view of this, it might be worthwhile examining a little more closely the nature of these recording errors. As we have seen in the above there are three main types of recording errors and their rectifications which have caused a majority of these apparent tenancy changes. They are as under:-

Owner-cultivated plots wrongly recorded as tenant-cultivated	107
Rectification of errors of the above type	82
Tenant-cultivated plots wrongly recorded as owner-cultivated	100
Rectification of errors of the above type	60
Wrong alterations in the names of tenants of the tenant-cultivated plots	25
Rectification of the errors of the above type	33
Total	407

6.39 It is to be hoped that these are no more than just genuine errors. Otherwise there exist obviously strong temptations for tampering with the record so as to remove the tenant's name from the record. There can of course be equally strong temptations to create false tenancy

rights by creating a false record of tenant-cultivation; but presumably tampering with the record for this purpose is more difficult. That the two kinds of erroneous entries very nearly balance mutually might indicate that in a large number of cases they were no more than bona fide errors of record. Nevertheless, it should be noted that these are all errors of commission and not of omission. The village record in this respect is usually maintained by carrying forward the entries made in the previous years. Any errors of omission in respect of changes taking place are therefore understandable. Errors of making changes which have just not taken place are not so easily understandable.

6.40 It is consoling, nevertheless, that errors of both these kinds are rectified in due course. Thus while 107 new errors of the type where an owner-cultivated plot was recorded as tenant-cultivated were committed, 82 similar errors previously made were rectified. On the other hand while 100 new errors of recording the tenant-cultivated plots as owner-cultivated were committed, 60 similar errors previously committed were rectified. It might be noted therefore that though the two kinds of errors are seen to be committed more or less to the same extent, the first kind of errors namely of recording owner-cultivated plots as tenant-cultivated seem to be rectified

somewhat more promptly than the second kind of errors where the tenant-cultivated plots are recorded as owner-cultivated. Thus there seems to remain on balance a small excess of apparent resumption; that is to say there remains on balance a small excess of cases where though the plots are tenant-cultivated and continue to be so the rights of the tenants do not appear on the record.

6.41 Wrong alterations in the names of tenants seem to be fully rectified. Nevertheless in all such cases, as also in all cases of apparent resumption where the names of the tenants are wrongly removed from the record, the recording errors though later rectified, cause a break in the term of the tenure as appearing on the record. As a consequence, a number of protected tenancies initially recorded as such might cease to be protected tenancies. The right of protected tenancy, under the Act, is a legal right and its proper recording is a legal requirement. Even in the case of ordinary tenancies, it is legally necessary and desirable to have the period of tenure properly recorded. In view of this, the fact that nearly sixteen per cent of the changes in records should be inaccurate suggests that the recording of tenancy rights in village records has not yet been toned up and brought in tune with the requirements of the new legal provisions.

6.42 We have earlier mentioned that the number of cases of bogus change discovered by us are far too many. In fact, out of a total of 2602 cases appearing as of tenancy change on the basis of the village records, 598, which is only a little less than one-fourth, turned out to be cases not involving any genuine change. In view of this we may have to revise somewhat the estimates of tenancy changes based on Schedule I which we have presented in Chapter IV. It is therefore necessary to examine more closely the incidence of the cases of bogus change. In Table No. 6.22, we give for each district and for each one of the three main types of tenancy changes, namely, fresh leasing resumption and change of tenants, what proportion of the cases as discovered in Schedule I were found, on closer scrutiny, to be not involving any real tenancy change. Considering all the districts together, it will be seen that 25.8 per cent cases identified as of fresh leasing on the basis of the village records, were found to be not genuine cases of fresh leasing. Similarly, 22.1 per cent of the cases identified as of resumption, were found to be not cases of genuine resumption, and 22.7 per

cent cases identified as of change of tenants were found not to involve any genuine change of tenants.

6.48 Most of the analysis of Schedule I as presented in Chapter IV was based on the area of the plots investigated and not on their number. Therefore, it will be convenient if the extent of bogus cases is also indicated on the basis of area. This is done in the latter half of Table No. 6.22. Thus it will be seen that when all districts are considered together, 17.5 per cent of the area which was recognised as having been freshly leased out, was found on closer scrutiny as not to be so. Similarly 14.4 per cent of the area which was considered as having been resumed, was found as not to have been resumed; and 17.6 per cent of the area which was thought of as having been affected by change of tenants was later found not to have been so affected. It will be seen that in all the three cases, the extent of bogus changes appears smaller when considered on the basis of the area of the plots affected than when considered on the basis of the number of plots. It means that the plots relating to the bogus changes were on an average smaller than the plots affected by genuine changes.

**TABLE No.. 6.22.**  
***Bogus tenancy changes shown as proportion of all detected tenancy changes.***

District	No. of bogus changes as proportion of all detected changes			Area of bogus cases as proportion of the area of all detected cases of change		
	Leasing out	Resumption	Change of tenant	Leasing out	Resumption	Change of tenant
West Khandesh	26.8	14.5	21.7	29.6	12.9	23.8
East Khandesh	13.2	12.9	10.7	14.5	12.8	5.3
Nasik	40.6	41.0	5.1	31.1	38.5	8.1
Thana	65.5	40.0	60.3	71.4	51.3	47.9
Kolaba	55.6	28.6	61.9	50.0	26.2	70.7
Poona	14.0	5.7	-	10.6	2.0	-
Ahmednagar	5.1	7.4	4.7	2.5	2.8	7.2
Sholapur	18.0	4.3	-	16.5	1.5	-
North Satara	31.1	37.6	42.6	17.8	25.7	49.1
South Satara	49.3	37.0	33.3	51.4	36.2	59.6
Kolhapur	25.4	24.4	38.6	18.0	36.2	52.4
Bijapur	15.7	13.6	5.5	13.7	12.3	8.5
Belgaum	30.6	33.7	22.2	20.4	23.1	29.5
Dharwar	3.5	3.4	7.9	1.0	4.2	8.2
Total	25.8	22.1	22.7	17.5	14.4	17.6

6.44 There are large differences between different districts as regards this incidence of the cases of bogus change. It appears to be the largest in Thana and Kolaba. Thus here nearly 70 per cent of the area thought of as having been freshly leased out, was not found to have been genuinely leased out. Similarly, 70 per cent of the area thought of as having been affected by change of tenants, was not found to involve any real change of tenants. The incidence of bogus cases was also rather large in South Satara, Kolhapur and North Satara districts. It was comparatively low in Poona, Ahmednagar and Sholapur and also in Dharwar.

6.45 In the light of this assessment of the bogus cases, we may now revise our original estimates of fresh leasing, of resumption and of change of tenants. In Table No. 4.4 we have exhibited the condition in 1952-53 of the area which was owner-cultivated in 1948-49. Of the several classes shown in that Table, we might distinguish only two according as the originally owner-cultivated area was or was not owner-cultivated in 1952-53. Similarly, in Table No. 4.5 we have shown the condition in 1952-53 of the area which was tenant-cultivated in 1948-49. In this case, the principal categories to distinguish are (i) the area which continued to be held by the same tenant; (ii) the area which was resumed by the

owner; (iii) the area of which tenants were changed; and (iv) the area which was acquired by the tenants-in-possession. In view of the large number, of bogus cases of change, the estimates given in Table Nos. 4.4 and 4.5 need to be revised. We have done this and we show the net final figures in Table No. 6.23. Thus, taking all the districts together, it will be seen that 94.5 per cent of the area which was owner-cultivated in 1948-49, remained owner-cultivated in 1952-53 and only 5.5 per cent was converted into tenant-cultivated due to fresh leasing. On the other hand, of the area which was tenant-cultivated in 1948-49, only 58.1 per cent continued to be cultivated in 1952-53 by the same tenants or their heirs; 23.0 per cent was resumed, 15.7 per cent was affected by change of tenants, and only 3.2 per cent was acquired by the tenants-in-possession. This brings out in a summary form the net results of the operation of the Tenancy Act. Broadly speaking, the original tenants continued on only 60 per cent of the tenant-cultivated area. Within a period of five years from the passing of the Act, nearly 25 per cent of the tenant-cultivated area was resumed by the owners and 15 per cent was subjected to change of tenants. It is thus obvious that the Act had failed in its primary objective of protecting the tenant. The other objective of the Act, namely, of promoting the transfer of agricultural lands into the hands of the

**TABLE No. 6.23.**  
***Final assessment of the condition in 1952-53 of the areas which in 1948-49 were owner-cultivated and tenant-cultivated, respectively.***

District	AREA OWNER-CULTIVATED IN 1948-49			AREA TENANT-CULTIVATED IN 1948-49				
	Total owner- cultivated Area (Acres) 1948-49	Per cent continued to be owner- cultivated in 1952-53	Per cent leased out	Total tenant cultivated area (Acres) 1948-49	Per cent continued to be held by the same tenant	Per cent resumed by owner	Per cent affected by change of tenant	Per cent acquired by the tenant
West Khandesh	895	98.0	2.0	261	63.4	15.8	8.8	12.0
East Khandesh	846	95.1	4.9	239	60.3	28.6	4.9	6.2
Nasik	1320	96.3	3.7	523	57.5	15.7	18.1	8.7
Thana	301	99.4	0.6	307	88.8	3.1	8.1	-
Kolaba	296	97.4	2.6	265	86.8	9.4	2.1	1.7
Poona	2265	96.1	3.9	806	45.5	37.2	13.1	4.2
Ahmednagar	1209	90.7	9.3	418	58.4	26.7	14.0	0.9
Sholapur	2568	94.2	5.8	752	31.4	43.2	22.5	2.9
North Satara	1842	96.0	4.0	357	59.1	22.4	18.2	0.3
South Satara	1778	97.0	3.0	726	77.8	14.7	6.3	1.2
Kolhapur	531	89.7	10.3	429	81.0	8.9	10.0	0.1
Bijapur	2859	90.7	9.3	1766	47.9	21.2	29.7	1.2
Belgaum	1548	95.0	5.0	920	61.0	21.7	14.5	2.8
Dharwar	1838	94.3	5.7	1246	62.6	16.4	20.5	0.5
Total	20096	94.5	5.5	9015	58.2	21.8	17.6	2.4
Weighted Average	-	94.5	5.5	-	58.1	23.0	15.7	3.2



tenants, had also made little progress; during the course of the five years, only about 3 per cent of the tenant cultivated area was acquired by the tenants-in-possession.

6.46 It will be clear from the particulars we have given of the cases of resumption and of change of tenants that the failure of the Act to protect the tenant adequately was on account of a certain inherent weakness of its provisions in this respect; the Act permitted the landlord, without any restrictions, to retain the lands when they were voluntarily surrendered by the tenants. With the amount of social and economic power that a majority of the landlords possessed over their tenants, it was obviously not very difficult for them to induce voluntary resignations from the tenants and effect either resumption or change of tenants at their will. The failure of the Act to promote transfer of agricultural lands into the hands of the tenants was also due to the limitations it placed on the right it gave to the tenants to purchase, on their own initiative, the lands they cultivated; the right of purchase given to the tenant was subject to the condition that such a purchase must not reduce the holding of the landlord below 50 acres. The Act also gave the tenants very little active assistance to avail themselves of this even limited right to purchase. It seems therefore that the failure of the Act in respect of both of its

primary objectives was due to certain inherent weaknesses in its provisions which could have been possibly foreseen.

## **CHAPTER VII**

### **CHANGES IN THE TERMS OF TENANCY**

7.1 In this Chapter we shall briefly describe the prevailing mode and level of rents and shall also examine whether there have occurred any significant changes in them since the Tenancy Act. As we have earlier explained, the data regarding the sample of plots contained in our Schedule I, were all based on the village records. These records, though they were also supposed to give information relating to the mode and the level of rents, were not always found complete in this respect; and from the manner in which the information relating to the mode and particularly the information relating to the level of rents was recorded, such information did not seem trustworthy. For these reasons we did not choose to present such information relating to the mode and the level of rents as was available in Schedule I. For any information on the mode and the level of rents to be reliable, it was necessary to have been obtained and verified from both the landlord and the tenant.

7.2 We had occasion to interview a number of landlords and tenants in connection with Schedule III which was used for following up the cases of tenancy

changes as discovered in Schedule I and the results of which were presented in the previous Chapter. We had, therefore, utilised this Schedule to collect information regarding the prevailing mode and level of rents. We shall begin by presenting this information. It should be emphasised that the sample of plots covered by Schedule III did not form a random or an unselected sample; in fact they were all selected because, during the course of the five years under study, they were affected by tenancy changes involving either fresh leasing, resumption or change of tenants. However, we do not expect that this selection would greatly affect the general composition in respect of the mode and the level of rents. In the previous Chapter (Ref. Table Nos. 6.8, 6.10 and 6.14) we had shown a classification of the cases of fresh leasing, resumption and change of tenants by the mode of rent. Between themselves these three categories of cases did not show any differences in this respect and thus did not give any indication that their composition in respect of mode of rent would be very different from that of the tenancies in general.

7.3 In Table No. 7.1 is given a classification of 2055 cases according to the mode of rent. In the same Table, the cases of share rent are further classified by the level of rent. In Table No. 7.2 is shown a percentage distribution of the related area. It will be seen that taking all districts together, nearly 50 per cent of the area is share rented for half crop share and nearly 30 per cent is rented for cash rent. Among the northern districts, cash renting is more common in West Khandesh and East Khandesh, particularly the former, while in Nasik, nearly 85 per cent of the area is share rented so that share renting seems to be almost the rule. In this district, half share is the common practice, though in nearly 10 per cent of the area one-third share prevails.

7.4 Between the two coastal districts, cash rents are more common in Thana and share rents more common in Kolaba. In both the districts, fixed rents in kind are also prevalent though they are more common in Kolaba than in Thana. Share rents are the lowest in Kolaba and in fact more than half the share rented area is rented out for 1/6th share. Obviously therefore, the Act has made a certain effect in this district.

**TABLE No. 7.1.**  
***Distribution of tenant-cultivated plots by the mode of rent paid.***

District	Total No. of cases	More than	Share rent paid					Cash rent paid according to Govt. rules	Fixed rent (kind)	Mixed rent	No rent paid
			1/2	1/2	2/5	1/3	1/4	1/6			
West Khandesh	88	-	33	-	-	-	-	33	50	-	5
East Khandesh	130	-	52	-	-	1	2	55	75	-	-
Nasik	180	1	153	-	-	11	-	165	13	-	1
Thana	114	-	9	-	-	8	4	26	30	-	2
Kolaba	76	-	11	-	-	6	1	29	5	-	-
Poona	210	9	134	5	42	1	-	191	19	-	-
Ahmednagar	142	2	83	-	28	-	-	113	28	-	-
Sholapur	141	-	54	33	26	-	-	113	28	-	-
North Satara	174	18	142	-	-	-	-	160	12	-	2
South Satara	103	1	78	-	-	-	-	79	24	-	-
Kolhapur	128	7	48	-	-	-	1	56	41	-	3
Bijapur	237	11	114	-	5	-	-	130	85	-	-
Belgaum	136	1	58	1	4	-	-	64	65	-	-
Dharwar	196	-	118	-	-	-	-	118	72	-	3
<b>Total</b>	<b>2055</b>	<b>50</b>	<b>1087</b>	<b>39</b>	<b>131</b>	<b>9</b>	<b>16</b>	<b>1332</b>	<b>547</b>	<b>19</b>	<b>16</b>

**TABLE No. 7.2.**  
**Percentage distribution of tenant-cultivated area by the mode of rent paid.**

District	Total area (Acres)	More than 1/2	Share rent paid					Total	Cash rent paid according to Govt. rules	Fixed rent (kind)	Mixed rent	No rent paid
			1/2	2/5	1/3	1/4	1/6					
West Khandesh	390	-	31.8	-	-	-	-	31.8	59.3	-	-	8.9
East Khandesh	403	-	48.9	-	1.7	1.5	-	52.1	47.9	-	-	-
Nasik	563	2.2	73.4	-	9.2	..	-	84.8	8.4	-	-	0.3
Thana	100	-	3.3	-	2.6	1.0	1.3	11.2	60.2	6.0	-	1.9
Kolaba	72	-	16.3	-	6.0	1.1	24.4	47.8	7.6	-	1.4	-
Poona	633	1.8	31.6	1.4	48.1	0.1	-	89.0	11.0	-	-	-
Ahmednagar	664	2.7	69.0	-	12.6	-	-	84.3	14.0	-	1.7	-
Sholapur	1155	-	33.6	32.5	15.4	-	-	81.5	18.5	-	-	-
North Satara	277	4.5	83.9	-	-	-	-	88.4	6.4	-	-	5.2
South Satara	307	0.6	74.3	-	-	-	-	74.9	25.1	-	-	-
Kolhapur	289	6.6	32.2	-	-	-	-	38.8	22.6	-	33.3	1.3
Bijapur	2167	3.1	54.2	-	2.4	-	-	59.7	29.5	-	5.9	-
Belgaum	836	0.1	35.7	1.8	1.1	-	-	38.7	53.1	-	5.6	-
Dharwar	1059	-	50.8	-	-	-	-	50.8	43.1	-	5.1	1.0
Total	8915	1.6	49.3	4.5	7.8	0.1	0.2	63.5	29.3	0.1	3.8	0.7

7.5 In the central districts of Poona, Ahmednagar and Sholapur, share renting is the common practice and between 80 and 90 per cent area is share rented. In Poona  $1/2$  and  $1/3$  shares are common. This is also true of Ahmednagar though here  $1/2$  share is the more common practice. In Sholapur, along with  $1/2$  share,  $2/5$  share seems to be a common practice. This is the only district in which this share practice is reported on a large scale. In this district  $1/3$  share also is common but to a smaller extent.

7.6 Among the southern districts, nearly 90 per cent of the area in North Satara is share rented and most of it is for  $1/2$  share. In South Satara, nearly 75 per cent is share rented for  $1/2$  share and nearly 25 per cent is cash rented. In Kolhapur, the area is nearly equally divided between share renting for  $1/2$  share, cash renting and mixed renting in which the rent is partly paid in kind and partly in cash. This is the only district in which this practice is reported on a large scale though the practice is also prevalent in the Karnatak districts. Fixed rents in kind are also common in Kolhapur as in the Karnatak districts. Presumably these are confined mostly to rice lands.

7.7 In the Karnatak districts, particularly in Belgaum and Dharwar, cash renting is considerable. As already

mentioned fixed rents in kind and mixed rents are also prevalent. In share renting,  $1/2$  share is the most common practice.

7.8 The above information pertains to the level of share rents as they prevailed at the time of the enquiry. In the cases of resumption, they were the rents at the time when the tenancy was terminated. In the cases of fresh leasing, they were the rents at which land was leased out; and in the cases of change of tenants, they were the rents which the new tenants paid. In all cases therefore they show the prevailing position. In view of the great prevalence of  $1/2$  share rents, it is obvious that the clauses of the Act regulating the rent and prescribing the maximum had little effect in practice. The only exception is Kolaba district though even here in 16 per cent bases,  $1/2$  share persisted.

7.9 We shall now examine the level of prevailing cash rents. We might discuss the level of cash rents either on a per acre basis or as multiples of land revenue. It might be seen from Table No. 7.1 that we have a total of 547 cases of cash tenancies. In Table No. 7.3 we have classified these by the level of cash rent per acre. In Table No. 7.4 we give the corresponding classification of the area of the plots concerned. Thus it will be seen that nearly 20 per cent of the cash rented area is rented for not more than Rs. 5/- per acre. There is of course a large variation in this

**TABLE No. 7.3.**  
***Distribution of cash-rented plots by rent (Rs.) per acre.***

District	Total No. of cases	Rent (Rs.) per acre											Unspe- cified
		-5	-10	-15	-20	-25	-30	-35	-40	-45	-50	More than 50	
West Khandesh	50	6	4	10	10	6	1	3	3	-	3	3	1
East Khandesh	75	2	5	1	5	7	5	9	7	6	1	26	1
Nasik	13	1	2	1	1	1	1	-	-	-	-	5	1
Thana	30	3	5	1	2	4	4	-	2	3	-	5	1
Kolaba	5	2	1	2	-	-	-	-	-	-	-	-	-
Poona	19	-	2	2	4	2	-	-	1	2	1	4	1
Ahmednagar	28	-	1	1	4	5	3	3	-	3	3	5	-
Sholapur	28	5	7	8	2	1	1	-	-	-	-	2	2
North Satara	12	1	-	2	2	2	-	-	2	-	-	2	1
South Satara	24	1	5	3	4	-	1	-	2	2	-	5	1
Kolhapur	41	-	1	1	1	1	3	-	1	1	-	29	3
Bijapur	85	15	18	14	12	5	5	5	2	4	-	-	5
Belgaum	65	13	9	10	7	3	4	3	3	2	2	7	2
Dharwar	72	11	13	10	11	9	4	6	2	1	1	3	1
Total	547	60	73	66	65	46	32	29	25	24	11	96	20

**TABLE No. 7.4.**  
**Percentage distribution of cash-rented area by rent (Rs.) per acre.**

District	Total area (Acres)	Rent (Rs.) per acre											Unspe- cified	Average rent per Acre (Rs.)
		-5	-10	-15	-20	-25	-30	-35	-40	-45	-50	More than 50		
West Khandesh	232	9.4	6.1	22.7	26.2	9.5	4.1	3.5	4.4	-	8.3	2.0	3.8	19.4
East Khandesh	193	7.2	3.0	4.3	4.1	7.9	6.0	12.3	4.7	11.9	1.9	36.5	0.2	42.9
Nasik	48	12.8	49.5	9.1	8.6	2.1	2.1	-	-	-	-	14.5	1.3	17.8
Thana	60	15.3	28.9	7.7	5.3	14.5	7.5	-	3.0	10.0	-	1.7	6.1	14.9
Kolaba	6	63.6	9.1	27.3	-	-	-	-	-	-	-	-	-	5.2
Poona	69	-	45.1	41.8	5.6	0.5	-	-	1.9	1.4	1.4	1.7	0.6	12.2
Ahmednagar	93	-	13.8	6.0	9.4	16.5	16.1	12.0	-	10.2	4.7	11.3	-	29.8
Sholapur	214	49.3	19.7	17.0	3.3	0.3	9.3	-	-	-	-	1.0	0.1	8.6
North Satara	18	1.1	-	28.8	22.0	11.9	-	-	18.1	-	-	14.7	3.4	26.3
South Satara	76	0.4	54.8	20.3	11.8	-	2.7	-	2.3	1.7	-	5.9	0.1	16.2
Kolhapur	66	-	0.3	1.1	0.3	8.2	17.4	-	0.1	12.8	-	54.6	5.2	55.7
Bijapur	640	22.2	34.6	19.0	11.6	3.2	2.8	2.3	1.2	1.4	-	-	1.7	10.6
Belgaum	444	27.7	20.7	23.5	10.2	4.2	6.1	2.1	0.7	1.3	0.1	2.9	0.5	14.4
Dharwar	456	18.4	19.9	9.5	18.2	19.5	3.9	6.1	1.6	1.2	0.4	1.2	0.1	16.2
Total	2615	19.5	22.7	16.6	11.9	7.6	5.3	3.6	1.8	2.7	1.1	6.0	1.2	17.5

District	Cash rent per cent	Sale value of land per acre	Sale value as multiple of rent
West Khandesh	19.4	442.6	22.8
East Khandesh	42.9	762.2	17.8
Nasik	17.8	358.3	20.1
Thana	14.9	543.8	36.5
Kolaba	5.2	452.0	86.9
Poona	12.2	267.2	21.9
Ahmednagar	29.8	302.6	10.2
Sholapur	8.6	144.4	16.8
North Satara	26.3	260.9	9.9
South Satara	16.2	324.9	20.1
Kolhapur	55.7	1028.3	18.5
Bijapur	10.6	229.5	21.7
Belgaum	14.4	352.7	24.5
Dharwar	16.2	345.1	21.3
All districts	17.5	349.5	20.0

respect in different districts. The cash rents appear particularly low in Kolaba. As we have earlier noted, share rents or fixed rents in kind are the most prevalent in this district and we have indeed very few cases of cash tenancies in our sample from this district. Most probably these cases also relate only to the inferior lands and not to the rice lands. Besides as we have noted this is the one district where the provisions of the Act regarding the maximum rent seem to have been effectively enforced and consequently the share rents in this district are also the lowest

7.10 After Kolaba, the Cash rents are seen to be the lowest in Sholapur, Bijapur and Poona in that order. In Sholapur, nearly 50 per cent of the area, is seen to be rented for not more than Rs. 5 per acre. In Bijapur and Poona more than 75 per cent of the cash rented area is seen to be rented for not more than Rs. 15 per acre. It may be remembered that the land values in these three districts are also the lowest in that order.

7.11 On the other hand, the cash rents are seen to be the highest in Kolhapur and East Khandesh. Nearly 55 per cent of the cash rented area in Kolhapur is rented for more than Rs. 50 per acre. Similarly,



more than 36 per cent of the cash rented area in East Khandesh is rented for more than Rs. 50 per acre. It will be remembered that the land values in these two districts are also the highest in that order.

7.12 There is thus seen to be a certain correspondence between the level of land values and the level of cash rents prevalent in different districts. We might examine such a relationship more closely. In the following, we give the cash rents per acre (Re. Table No. 7.4), and sale value of land per acre (Ref. Table No. 5.4) in different districts. In a parallel column the sale value is expressed as a multiple of the cash rent.

7.13 Thus it will be seen that taking all districts together the average sale value of land is 20 times the average cash rent. It is noteworthy that this average relationship is also seen to hold quite closely in most of the districts. The only real exceptions are Thana and Kolaba on the one hand and Ahmednagar and North Satara on the other. In Thana and Kolaba, the rents are too low compared to the average value of the land. The case of Kolaba is already mentioned. Situation in Thana is similar though probably less intense. In both the districts, the rents have been brought down by a firmer enforcement of the provisions of the Act. The only point to note is that the land

values do not seem yet to have come down as a consequence of the lowering of the rents.

7.14 In Ahmednagar and North Satara the average land values are only about 10 times the average rent. The average land values in Ahmednagar are not particularly low. The average land values in North Satara are on the lower side but by no means exceptionally low; they are about the same as in Poona. However, the average rents both in Ahmednagar and North Satara are seen to be on the higher side in comparison with average rents in most other districts. The rather low ratio of sale value to rent in these two districts seems therefore to be a consequence of high rents rather than of low land values.

7.15 We might next examine the level of rents in relation to the land revenue. In Table No. 7.5, the cases of cash tenancies are classified by the rent as a multiple of revenue. In Table No. 7.6 is given the corresponding classification of the area of the plots concerned. It will be seen that if all the districts are considered together, the distribution of the area according to the rent as a multiple of land revenue is very closely similar to its distribution according to the rent per acre; rent five times the land revenue corresponding to the rent of Rs. 5 per acre; rent ten times the land revenue corresponding to the rent of Rs. 10 per acre; and so on. This

correspondence between the two distributions is however only illusive and is a remarkable illustration of a fortuitous regularity of statistical averages; because when considered district by district the two distributions exhibit little correspondence and in fact for any single district the two distributions are in most cases widely different.

7.16 In Thana and Kolaba the rents when judged as multiples of revenue again, appear low. Nearly 70 per cent of the cash rented area in these districts is rented for rent less than 10 times the land revenue. Thus, however one might see them, the rents in these two districts appear low and confirm the suggestion earlier made that in these districts the provisions of, the Act have been more firmly and effectively enforced.

7.17 But as multiples of land revenue, the rents appear somewhat low also in West Khandesh and Belgaum. Between 60 and 70 per cent of the cash rented area in these two districts is rented for rent less than 10 times the revenue. The rents appear very high in Poona and Ahmednagar where the average rent is over 30 times the land revenue. In Poona district nearly 70 per cent of the cash rented area is rented for between 40 to 45 times the

land revenue. Similarly nearly 25 per cent of the cash rented area in Ahmednagar district is rented for rent more than 50 times the land revenue. A majority of these cases relate to canal irrigated lands which are liable to heavy water rates which are ordinarily, not compounded with the revenue. The same is true of Kolhapur and Nasik where between 15 to 20 per cent of the cash rented area is rented for rent more than 45 times the revenue. It is obvious that while relating the rent to revenue the canal irrigated lands must be excluded. If we exclude such cases, the rent in most districts would appear to be around ten times the land revenue.

7.18 We may now examine whether there have occurred any significant changes either in the mode or the level of rents since the Tenancy Act. Obviously, the most opportune moment for the landlord to make any such changes is when the tenants are changed. Therefore, we thought that in order to study such changes we might concentrate attention on those cases where the tenants were changed during the course of the five years under study. Presumably the changes in the terms of tenancy were much less frequent where the tenants had remained unchanged.

**TABLE No. 7.5.**  
***Distribution of cash-rented plots by rent as multiple of land revenue.***

District	Total No. of cases	Rent as multiple of land revenue										More than 50	Unspe- cified
		-5	-10	-15	-20	-25	-30	-35	-40	-45	-50		
West Khandesh	50	25	13	5	2	1	-	1	2	-	-	-	1
East Khandesh	75	9	22	11	12	8	5	2	1	1	-	3	1
Nasik	13	1	1	1	3	2	-	-	-	-	2	2	1
Thana	30	11	4	1	2	2	1	-	2	-	-	6	1
Kolaba	5	1	2	1	-	-	-	-	1	-	-	-	-
Poona	19	2	1	2	1	-	3	-	1	6	-	2	1
Ahmednagar	28	-	2	2	-	4	5	3	2	2	1	7	-
Sholapur	28	-	3	12	5	-	-	2	-	-	1	3	2
North Satara	12	4	-	3	-	1	-	1	-	1	-	1	1
South Satara	24	3	6	4	4	3	-	3	-	-	-	-	1
Kolhapur	41	2	3	11	2	2	7	1	3	1	2	4	3
Bijapur	85	8	17	11	9	8	6	5	2	1	1	12	5
Belgaum	65	10	16	11	4	4	4	2	1	1	3	7	2
Dharwar	72	14	20	12	7	8	4	2	1	-	1	2	1
Total	547	90	110	87	51	43	35	22	16	13	11	49	20

7.19 As will appear from Table No. 6.5 these cases according to the mode of rent in Chapter VI, we have studied a total of prior to the change of tenants and after 534 cases where the tenants were the change of tenants. Thus, before the changed during the course of the five change of tenants, 343 of these cases were years. In Table No. 7.7 we have classified of share renting and 114 were of cash

**TABLE No. 7.6.**  
*Percentage distribution of cash-rented area by rent as multiple of land revenue.*

District	Total area (Acres)	Rent as multiple of land revenue											Average rent as multiple of revenue	
		-5	-10	-15	-20	-25	-30	-35	-40	-45	-50	More than 50		Unspe- cified
West Khandesh	232	50.4	27.9	9.1	4.7	2.2	-	1.0	0.9	-	-	-	3.8	6.8
East Khandesh	193	12.7	28.7	15.9	11.3	18.1	9.2	0.8	0.7	0.1	-	2.3	0.2	14.3
Nasik	48	12.8	22.5	26.9	19.8	3.4	-	-	-	-	7.4	5.9	1.3	17.9
Thana	60	52.7	15.7	0.8	1.1	4.5	4.3	-	10.5	-	-	4.3	6.1	5.1
Kolaba	6	9.1	63.6	21.8	-	-	-	-	5.5	-	-	-	-	10.54
Poona	69	0.3	19.1	1.7	0.9	-	3.5	-	1.4	70.4	-	2.1	0.6	32.1
Ahmednagar	93	-	2.3	10.8	-	10.0	12.7	18.2	12.7	8.2	1.3	23.8	-	30.4
Sholapur	214	-	29.8	44.7	21.3	-	-	2.5	-	-	0.2	1.4	0.1	14.3
North Satara	18	31.6	-	33.9	-	2.8	-	9.6	-	15.3	-	3.4	3.4	10.1
South Satara	76	15.2	19.0	42.9	3.9	6.9	-	12.0	-	-	-	-	0.1	10.4
Kolhapur	66	1.3	1.8	34.8	14.5	4.0	14.0	2.3	2.3	0.3	4.6	14.9	5.2	18.0
Bijapur	640	14.2	17.8	14.1	18.4	14.7	6.0	3.5	1.3	0.9	0.3	7.1	1.7	17.2
Belgaum	444	29.9	31.6	19.6	1.7	3.2	2.4	3.9	2.6	0.8	0.6	3.2	0.5	9.3
Dharwar	456	14.0	30.0	30.9	8.2	8.8	2.8	2.1	1.2	-	0.8	1.1	0.1	12.1
Total	2615	18.5	24.1	21.2	10.1	8.1	4.0	3.4	1.9	2.6	0.6	4.3	1.2	12.2

renting. After the change of tenants, 347 were of share renting and 121 of cash renting. It will thus be seen that there was no appreciable shift from one mode to another. This is more or less true even if the position is examined district by district except that both in Thana and Kolaba the fixed rents in kind seem to be in the process of being converted into either cash or share rents. Possibly there might also, be a slight shift from share renting to cash renting in Dharwar district. In all other districts the overall position seems to remain more or less unchanged.

7.20 In Table No. 7.8 we classify the cases which prior to the change of tenants were either share or cash tenancies, according to their mode after the change of tenants. Thus of the 343 cases of initial share tenancies, 255 continued to be so without any change after the change of tenants; in 19 cases, the tenancies continued to be share tenancies but at an enhanced rate and in 9 cases at a reduced rate. In 35 cases the initial share tenancies were converted into cash tenancies and in 6 other cases to other forms such as fixed rent in kind or mixed renting; in 19 cases

our information was incomplete. Similarly out of the initial 114 cases of cash tenancies, 26 continued to be so without any change; in 34 cases the rent was enhanced and in only 13 cases the rent was reduced. In 28 cases the initial cash tenancies were converted into share tenancies and in 4 other cases to other forms of tenancy; in 9 cases our information was incomplete.

7.21 It will be seen that there are more cases where the rents were enhanced than where they were reduced; in the case of share tenancies there are twice as many cases of enhancement of rent as of reduction and in the case of cash tenancies, they are as many as three times.

7.22 It will be seen that cases of other forms of rents such as fixed rents in kind and mixed rents are confined to only a few districts; they are Thana, Kolaba, Kolhapur, Bijapur and Dharwar. There were a total of 37 such cases. Of these 14 were converted to share renting and 6 to cash renting. Among the remaining 17 cases, in 10 the rents continued unchanged, in 3 cases they were enhanced and in 4 they were reduced.

**TABLE No. 7.7.**  
*Cases of change of tenants classified by the mode of rent before and after the change.*

District	Total No. of cases of change of	Mode of rent before change					Mode of rent after change				
		Share rent	Cash rent	Rent fixed	Mixed	Rent Un- specified	Share rent	Cash rent	Rent fixed	Mixed	Rent Un- specified
West Khandesh	18	3	10	-	-	5	6	7	-	-	5
East Khandesh	25	9	13	-	-	3	8	12	-	-	5
Nasik	56	53	2	-	-	1	50	3	1	-	2
Thana	23	6	3	13	-	1	8	9	6	-	-
Kolaba	16	2	3	9	-	2	8	3	5	-	-
Poona	55	53	2	-	-	-	54	1	-	-	-
Ahmednagar	41	34	4	-	-	3	34	6	-	-	1
Sholapur	26	17	8	-	-	1	18	7	-	-	1
North Satara	35	26	1	-	-	8	26	1	1	-	7
South Satara	24	19	3	-	-	2	21	2	-	-	1
Kolhapur	43	16	16	1	3	7	15	15	3	6	4
Bijapur	86	45	28	5	5	3	46	25	4	5	6
Belgaum	28	21	5	-	-	2	19	8	-	-	1
Dharwar	58	39	16	-	1	2	34	22	-	-	2
Total	534	343	114	28	9	40	347	121	20	11	35

**TABLE No. 7.8.**  
**Cases of change of tenants classified by the change in the mode and level of rents following the change in tenants.**

District	Originally share rented changed to							Originally cash rented changed to						
	Total No. of cases	Same share rent	Increased share rent	Reduced share rent	Cash rent	Other mode	Rent un-specified	Total No. of cases	Same share rent	Increased share rent	Reduced share rent	Cash rent	Other mode	Rent un-specified
West Khandesh	3	1	-	-	1	-	1	10	1	5	-	3	-	1
East Khandesh	9	6	-	-	2	-	1	13	2	4	3	1	-	3
Nasik	53	47	3	-	1	-	2	2	1	1	-	-	-	-
Thana	6	1	-	4	1	-	-	3	3	-	-	-	-	-
Kolaba	2	1	-	-	-	1	-	3	1	1	1	-	-	-
Poona	53	50	2	1	-	-	-	2	-	1	-	1	-	-
Ahmednagar	34	27	3	-	3	-	1	4	1	1	1	1	-	-
Sholapur	17	13	1	1	1	-	1	8	2	3	1	2	-	-
North Satara	26	19	-	-	1	-	6	1	-	-	-	-	1	-
South Satara	19	17	-	-	1	-	1	3	-	1	-	2	-	-
Kolhapur	16	11	1	-	1	2	1	16	9	2	1	2	1	1
Bijapur	45	21	8	3	8	3	2	28	2	7	5	8	2	4
Belgaum	21	14	1	-	5	-	1	5	1	1	1	2	-	-
Dharwar	39	27	-	-	10	-	2	16	3	7	-	6	-	-
Total	343	255	19	9	35	6	19	114	26	34	13	28	4	9

**TABLE No. 7.9.**  
*Cases of change of tenants classified by the net change in the mode and the level of rents following the change of tenants.*

District	Total No. of cases	Mode of rent unchanged			Mode of rent changed to			Original rent unspecified	Later rent unspecified
		Rent same	Rent increased	Rent reduced	Share rent	Cash rent	Other mode		
West Khandesh	18	2	5	-	3	1	-	5	2
East Khandesh	25	8	4	3	1	2	-	3	4
Nasik	56	48	4	-	-	1	-	1	2
Thana	23	7	1	5	3	6	-	1	-
Kolaba	16	5	1	2	5	-	1	2	-
Poona	55	50	3	1	1	-	-	-	-
Ahmednagar	41	28	4	1	1	3	-	3	1
Sholapur	26	15	4	2	2	1	-	1	1
North Satara	35	19	-	-	-	1	1	8	6
South Satara	24	17	1	-	2	1	-	2	1
Kolhapur	43	24	3	1	2	1	3	7	2
Bijapur	86	23	17	10	13	9	5	3	6
Belgaum	28	15	2	1	2	5	-	2	1
Dharwar	58	30	7	-	7	10	-	2	2
Total	534	291	56	26	42	41	10	40	28



7.23 The position is summarised in Table No. 7.9. Here the 534 cases have been classified according to the nature of the change. Thus in 291 cases, there was no change whatever, either in the mode or in the level of rent. In 56 cases the rent was enhanced and in 26 cases it was reduced without any change in the mode of payment. In the remaining cases there was a change in the mode of rent itself and we could not therefore make any comparison regarding the levels of rent. In 42 of these cases the tenancies were changed to share tenancies and in 41 cases they were changed to cash tenancies; in 10 cases they were changed to either fixed rents in kind or mixed rents. In 40 cases our information regarding the initial position and in 28 cases about the end position was incomplete. It is thus clear that there is no general shift from one mode of rent to another. In particular there is no evidence of a shift from share renting to cash renting. There is however some evidence that on the balance, there has been a certain enhancement of rents. Thus in more than 10 per cent of the cases of change of tenants studied, the rents were increased and only in 5 per cent cases they were reduced. It is possible, as has been already pointed out, that such cases of enhancement were largely confined to situations where the tenants were changed; in fact as was noted earlier, that

could be a motive in causing the change of tenants. The above figures should not therefore be misunderstood to mean that in 10 per cent of all cases of renting, the rents were enhanced. The above figures nevertheless demonstrate the fact that there have been, cases where an increase in rents was secured along with the change of tenants.

7.24 Apart from changes in the mode and the level of rents, changes may take place in the general practices governing the relationship between the tenant and the landlord. Share-renting is often governed by certain traditional practices by which the landlord contributes towards the expenses of cultivation. In order to ascertain the prevailing practices in this respect and to know whether there had occurred recently any change in them, as a result of the Tenancy Act, we conducted a small enquiry. Using Schedule V we interviewed all the tenant-cultivators out of the sample of cultivators selected for Schedule IV. A large part of the response to Schedule V has been of a uniform type; this was to be expected as practically no change in share cropping practices has been reported. Therefore, instead of trying to present this information in a statistical form, we prefer to present it in the form of short notes relating to conditions in each district.

7.25 In West Khandesh, where  $1/2$  was the usual share rent, the landlords shared half the expenditure on seed, manure and harvesting and paid only half the land revenue. It is reported that recently they have ceased to contribute to the expenses but instead pay the whole of the land revenue. In East Khandesh, though the usual share was  $1/2$ , it was  $2/3$  in the case of cotton. The landlords contributed their proportionate share of manure. They also contributed their share of seed but only in the case of wheat and groundnut or when the crops were irrigated. In a few cases they were also reported to have contributed to the weeding and harvesting expenses. They paid only their share of land revenue. There has been no change in these practices. In Nasik, the usual share rent was  $1/2$  though  $1/3$  was also common. The landlords contributed proportionately to the expenses of manure, seed and in some cases of weeding and harvesting.

7.26 In Thana and Kolaba, the landlords did not share expenses of cultivation.  $1/2$  was the most common share rent though in Kolaba  $3/4$  share also prevailed. As a result of the legislation, there has been a drastic change and the rents are being reduced to  $1/3$ ,  $1/4$  or even to  $1/6$ th. There have also been reported cases where the fixed rents in kind have been converted

to share rents at either  $1/4$  or  $1/6$ th. In both the districts, there is a clear evidence that the clauses relating to the regulation of rent are being put into active operation.

7.27 In Poona district,  $1/2$  share was common on irrigated lands. On dry lands, the share was either  $1/2$  or  $1/3$ . The landlords paid the whole of the land revenue. When the share was  $1/2$ , they also contributed half the expenditure on manure, seed, and harvesting. In some cases, they also contributed to the expenditure on weeding. In the case of irrigated lands, the landlords also contributed to the watering expenses. In the case of canal irrigated lands, they paid half of the water charges. In the case of well irrigated lands, they bore half the expenditure on expenses of water lifts and the accessories. There has been no change in these practices. In Ahmednagar district, the landlords bore the entire land revenue and also the entire cost of manure. The practices were not uniform in respect of other items such as expenditure on seed, weeding and harvesting; but they often bore proportionate share of expenditure on these items. There has been no change in these practices. There was a great deal of variation in the level of share rents in Sholapur district.  $1/2$ ,  $2/5$  and  $1/3$  were the main forms of share renting and it was not clear on what, the

variation in the share depended. At any rate it did not seem to be related either to the crops or the availability of irrigation facility to the plot. With  $1/2$  share, the landlord paid the whole of land revenue and usually contributed proportionately to the expenses of seed, manure, weeding and harvesting; with  $2/5$  and  $1/3$  shares, he contributed proportionately towards the revenue and the expenses of seed only. The practices have remained unchanged.

7.28 In North Satara,  $1/2$  share was the common practice but there were instances of  $3/5$  or even  $2/3$  share. In all cases, the landlord paid the whole of the land revenue and contributed proportionately to the expenses of seed and manuring. In South Satara also  $1/2$  share was the common practice. The landlord paid the whole of the land revenue and contributed proportionately towards the expenses of seed, manure, weeding, harvesting and watering in the case of irrigated lands. With irrigated lands, there were however some instances where the share was only  $1/3$  and the landlord did not contribute anything except paying the whole of land revenue, in Kolhapur district also more or less the same practices prevailed.  $1/2$  share was the common practice but the landlord was entitled to  $2/3$  share of the fruit of fruit

trees. There were also noticed a few instances of tobacco cultivation where the landlord's share was  $2/3$ . The landlords paid the revenue and contributed proportionately towards seed and manure.

7.29 In Bijapur district,  $1/2$  share was common but  $1/3$  share also prevailed for the irrigated lands. There were also cases of  $2/3$  share for dry but superior lands and  $1/3$  share for particularly inferior lands. Practices with regard to the sharing of expenses of cultivation were not at all uniform and there, appeared to be existing several forms of these arrangements. Land revenue was paid by the land lord either partly or wholly. Expenses on seed were usually shared but only in respect of certain crops such as cotton, wheat, groundnut, gram and linseed. Expenses on manure were not usually shared; the landlord either did not contribute anything or contributed the whole of the manure. Expenses on weeding and harvesting were sometimes shared. With all these unstandardised practices it is obvious that there would be a great deal of scope for unfair dealings. The conditions have continued unchanged. Conditions in Belgaum district were only slightly better in this respect. The landlords usually paid the whole of the

land revenue and contributed proportionately to the expenditure on harvesting and seed in respect of certain crops. It was not common for them to contribute to the manure and when they did it was often as an alternative to the contribution to the seed. In Dharwar 1/2 share was most common. The landlord paid the whole of land revenue and contributed proportionately to the expenses of weeding and harvesting. The expenditure on manure was either shared or fully borne by the landlord. Expenses of seed were shared in respect of only certain crops. The practices have remained unchanged.

7.30 Thus, quite obviously, except in Thana and Kolaba districts, the provisions of the Act relating to the fixation of the maximum rent have made no effect whatever. The Act had specified the maxima in terms of share rent. These have been enforced with some effect only in Thana and Kolaba districts. In all other districts the share rents have remained largely unchanged and whatever changes have occurred in them are not related to the provisions of the Act. The practices governing share renting have also remained unchanged and unstandardised; of course, the Act itself had intended to leave them unchanged. The

Act had fixed the maxima specifically in terms of the share. Therefore, in order to circumvent the provisions of the Act, one would have expected a certain shift from share to cash rents. Nothing of the kind has happened; the share rents have remained the share rents and at very much the old levels. It only means that the people have not found it necessary even to manoeuvre in order to evade law. The legal fixation of the maximum share rents, the restrictions on the transfer of lands and the general protection given to the tenants had also little effect on the cash rents. The cash rents have remained very much at the old levels and if one should judge on the strength of the small evidence that we have, there have been more cases of enhancing than of reducing the rents. There have been cases of change of tenants to secure higher rents and in some cases when the tenants had changed, the occasion had been utilised to effect a rise in the rents. The relations of the landlords and the tenants have thus continued to be governed by very much the same considerations as in the earlier days and the overall impression that one gathers is that the provisions of the Act have either not reached the people concerned or that they have not found it necessary to take cognisance of them.

## CHAPTER VIII

### IMPROVEMENT OF AGRICULTURAL LANDS.

8.1 One of the objects of the Bombay Tenancy and Agricultural Lands Act of 1948 was to promote full and efficient use of agricultural lands. This was supposed to follow from the protection offered to the tenants who as a consequence were expected to take better care of the land. A direct method to examine how far this objective was attained would be to test whether the productivity of the land, as measured by production yields, had increased since the enforcing of the Act. For reasons explained in Chapter III we did not attempt to do this but instead decided to concentrate attention on the investment in land in various forms of land improvement and to regard it as an indicator of better care and efficient use. Of course on account of the many development measures taken during the period since the enforcement of the Act in 1948, we should expect that there would be since then an increasingly larger amount of expenditure on land improvements; and it was obvious that this could not be attributed entirely to the Tenancy Act.

8.2 In order to isolate the effects of the Tenancy Act on the investment in land improvement, we must compare the condition of the tenant-cultivated lands

with that of the owner-cultivated lands. Prior to the Tenancy Act, the principal cause from which the tenant-cultivated lands presumably suffered was the natural reluctance of the unprotected tenants to invest in any land improvement. Therefore, if the protection given to the tenant by the Tenancy Act had indeed given him a real sense of security of tenure, we should expect that the difference between the owner-cultivated and the tenant-cultivated lands in respect of investment in the improvement of these lands would gradually narrow down after the enforcement of the Act.

8.3 For an enquiry into the relative investment in the improvement of the owner-cultivated and the tenant-cultivated lands, we could have utilised the ten per cent sample of plots which we used for ascertaining the extent and the nature of the changes in ownership and tenancy and the results of which we have presented in the previous chapters. For reasons explained in Chapter III, we preferred to conduct this enquiry on the basis of a sample of persons, landowners and cultivators, and not on the basis of the sample of plots. We have also fully explained the manner in which this sample of landowners and cultivators was selected.

8.4 The enquiry into the investment expenditure incurred by the sample of owners and cultivators was conducted by making use of Schedule IV. The main items of information included in this Schedule are the areas owned, leased out and leased in by each person in each of the five years from 1948-49 to 1952-53; and the expenditure he incurred on each one of these three categories of land in each one of the five years by way of land improvement of various descriptions. The primary objective of this Schedule was to ascertain the relative investment in the improvement of the owner-cultivated, the leased-out and the leased-in lands. Nevertheless, the Schedule also furnished incidentally data relating to the sizes of owned and cultivated land holdings, the areas leased out and leased in by land holders of different sizes and any change in these respects occurring during the period of five years from 1948 to 1953. We shall begin by presenting these data.

8.5 It may not be appropriate to present these data for each district separately as the sample of owners and cultivators from each single district is rather small. We therefore propose to group the districts into a few regions and present the data for each region. The following regions are made:

Region I: West Khandesh, East Khandesh and Nasik;  
 Region II: Thana and Kolaba;  
 Region III: Poona, Ahmednagar and Sholapur;  
 Region IV: North Satara, South Satara and Kolhapur;  
 Region V: Bijapur, Belgaum and Dharwar

8.6 In Table 8.1 we give, for each of the above regions and for all the regions combined together, the distribution of the landowners by the size of their holdings. The distributions are shown as proportions of all the landowners owning more than certain areas specified in the first column; and in parallel columns are shown what proportion of the total area they owned. It will be seen that only one per cent of all the land holdings were of size of 100 acres or more but that they comprised 13.8 per cent of the total area. Similarly 5 per cent of all holdings were of 50 acres or more but they comprised nearly 30 per cent of the total area. Comparing the regions, it seems that our sample sizes for each region are not adequate to permit an inter-regional comparison regarding the inequalities in the distribution of land. In particular, it seems that our samples from Regions I and II, especially from Region II, suffer from an accidental inclusion of a few very large holders.

8.7 Our total sample for all regions together is fairly large and should ordinarily be adequate to indicate the size

distribution of land holdings. areas; secondly, our information relating Nevertheless, we wish to remind of the to land areas is obtained by interview and two circumstances which are likely to not from the village records. For both affect our results in this respect. In the these reasons, the distributions of land first instance, as we have earlier holdings as appearing in Table No. 8.1 explained, our sample does not cover the may not be entirely representative and absentee landlords residing in urban trustworthy.

TABLE No. 8.1.

*Distribution of land-owners by size of owned holding showing corresponding distribution of owned area by regions (1952-53).*

	REGION I		REGION II		REGION III		REGION IV		REGION V	
Size of owned holding (Acres)	Percent- age of owners	Percent- age of area	Percent- age of owners	Percent- age of area	Percent- age of owners	Percent- age of area	Percent- age of owners	Percent- age of area	Percent- age of owners	Percent- age of area
100 or more	1.8	25.0	3.9	75.2	0.3	1.6	-	-	0.7	6.0
50 or more	4.8	35.5	3.9	75.2	7.0	25.7	1.3	9.8	5.7	25.7
20 or more	23.5	66.3	6.2	79.6	30.6	66.3	16.1	51.3	28.3	67.1
10 or more	48.6	86.2	14.7	86.9	59.3	88.9	36.8	78.2	52.2	87.3
5 or more	68.9	94.6	21.7	90.4	76.1	96.1	52.8	89.3	70.6	95.4
2.5 or more	88.1	98.9	45.7	96.4	90.4	99.2	73.6	97.1	85.3	98.8
1.5 or more	95.0	99.7	59.7	98.2	96.1	99.8	81.9	98.7	91.6	99.6
0.5 acres or more	99.3	100.0	82.2	99.7	100.0	100.0	93.3	99.8	98.8	100.0
Total No. of owners	395		129		356		299		598	
Total area owned (acres)		6798		7965		6322		3068		10094

8.8 From the standpoint of the present study however the chief interest lies in comparing the size distributions of the land holdings over the period of five years since 1948-49. For this purpose of course, our data are quite adequate. We give in Table No. 8.2, for each one of the five years, the distribution of the landowners according to the size of their owned holdings. It may be noted that the distributions for the five years are based on one and the same sample of landholders and hence that the information for the five years relates to the same set of landowners; for this reason we should expect our data to give a more accurate comparison over the five years. As in Table No. 8.1, the distributions are shown as proportions of all the landowners owning more than certain areas specified in the first column; and in parallel columns are shown what proportions of the total area they owned. It is obvious that there has been no change whatever in the size distributions of landholdings during the five year period since the passing of the Tenancy Act, though here again we should remind that our data relate to the land owners resident in the rural areas only and exclude the absentee landlords resident in the urban areas. Of course, if there had occurred any substantial change in the size distribution of the land-holding of these absentee landlords, presumably in the direction of reducing the size of

their holdings, though such a change would not directly appear in our data, we should expect to discover in our data certain compensating changes in the size distribution of the land-holdings of the landholders covered by our data. In fact no such change is noticeable.

8.9 A landowner may either cultivate all the land owned by him or may lease it out either wholly or partly. On the other hand, in addition to his owner-cultivated land, he may take more land on lease for tenant-cultivation. Hence if we deduct from his owned holding the area leased out and add to it the area leased in, we get the area under his cultivation, or in other words, his cultivated holding. We shall now present our data regarding the size distribution of cultivated holdings. This is done in Table Nos. 8.3 and 8.4.

8.10 It will be appropriate to include in these tables, along with the owner-cultivators, the non-owning cultivators or the pure tenants.

For reasons fully explained in chapter III, our sample of pure tenants is not representative both in respect of their total number relative to the number of owner-cultivators in our sample, and in respect of their distribution by size of their cultivated holdings. The sample of non-owning cultivators or pure tenants



therefore will need adjustments in both respects before it may be appropriately combined with the sample of owner-cultivators;

TABLE No. 8.2.

*Distribution of land-owners by size of owned holding showing corresponding distribution of owned area by years (all regions).*

	1948-49		1949-50		1950-51		1951-52		1952-53	
Size of owned holding (Acres)	Percent- age of owners	Percent- age of area	Percent- age of owners	Percent- age of area	Percent- age of owners	Percent- age of area	Percent- age of owners	Percent- age of area	Percent- age of owners	Percent- age of area
100 or more	1.0	13.8	1.0	13.8	1.0	13.8	1.0	13.8	1.0	13.8
50 or more	5.0	30.0	4.9	29.9	4.8	29.7	4.9	29.8	4.9	29.8
20 or more	24.2	66.2	24.1	66.1	24.1	66.1	24.1	66.1	24.0	65.9
10 or more	47.5	86.4	47.5	86.3	47.3	86.2	47.4	86.3	47.5	86.4
5 or more	64.8	94.3	64.8	94.3	64.7	94.3	64.8	94.3	64.8	94.3
2.5 or more	82.3	98.6	82.3	98.6	82.1	98.6	82.1	98.5	82.1	98.6
1.5 or more	89.4	99.5	89.4	99.5	89.3	99.5	89.3	99.5	89.3	99.5
0.5 acres or more	97.1	99.9	97.1	99.5	97.0	99.9	97.1	99.9	97.0	100.0
Total No. of owners	1769		1769		1775		1775		1777	
Total area owned (acres)	28162		28129		28120		28185		28247	

8.11 As explained in Chapter III, the pure tenants included in our sample were selected on the basis of a sample of plots. This resulted in not giving every pure tenant the same chance of being included in the sample; the one with a larger number of plots under his cultivation got a proportionately larger chance of being included in the sample. Hence our sample of pure tenants is not representative of their class but gives a disproportionately larger representation to the bigger cultivators. More specifically the distribution of the pure tenants in our sample

according to the size of their cultivated holdings does not represent the true size distribution of their class; instead it corresponds to the distribution of the number of plots according to the size class of cultivated holdings of the tenants who cultivate, them. This latter may be taken to correspond approximately to the distribution of the area according to the size class of cultivated holdings of the tenants.

**TABLE No. 8.3.**

*Distribution of cultivators by size of cultivated holding showing corresponding distribution of cultivated area by regions (1952-53).*

	REGION I		REGION II		REGION III		REGION IV		REGION V	
Size of cultivated holding (Acres)	Percent- age of culti- vators	Percent- age of area	Percent- age of culti- vators	Percent- age of area	Percent- age of culti- vators	Percent- age of area	Percent- age of culti- vators	Percent- age of area	Percent- age of culti- vators	Percent- age of area
100 or more	1.3	15.6	0.7	19.0	0.6	3.9	-	-	0.7	5.7
50 or more	3.8	26.6	0.7	19.0	9.5	33.3	0.6	6.2	6.1	25.7
20 or more	20.4	61.8	2.3	33.1	34.7	72.5	9.6	43.1	30.1	68.2
10 or more	42.5	83.9	4.9	42.0	61.6	91.4	23.3	69.0	55.8	89.1
5 or more	60.9	93.6	10.2	52.1	74.6	96.2	34.4	81.0	69.6	95.0
2.5 or more	74.6	97.7	35.7	77.9	88.1	99.0	54.0	91.6	84.9	98.8
1.5 or more	80.7	98.6	57.7	89.6	97.1	99.9	69.7	96.0	91.9	99.6
0.5 acres or more	99.4	100.0	94.1	99.5	100.0	100.0	96.8	99.9	99.1	100.0
Total No. of cultivators	524		305		346		531		753	
Total area cultivated (acres)		7133		1139		6927		3754		13077

From this it is possible, by straightforward methods, to derive the approximate distribution of the tenants according to the size of their holdings. Such a distribution, when derived, will also give an estimate of the average size of the cultivated holdings of the pure tenants. This is the first stage in the process of

adjustment. A second adjustment is needed because in our total sample of 30 owners and cultivators from each village, the number of pure tenants does not bear any proper relationship to the number of landowners. This is because, the pure tenants were chosen on the basis of the

TABLE No. 8.4.

*Distribution of cultivators by size of cultivated holding showing corresponding distribution of cultivated area by years (all regions).*

	1948-49		1949-50		1950-51		1951-52		1952-53	
Size of owned holding (Acres)	Percent- age of culti- vators	Percent- age of area	Percent- age of culti- vators	Percent- age of area	Percent- age of culti- vators	Percent- age of area	Percent- age of culti- vators	Percent- age of area	Percent- age of culti- vators	Percent- age of area
100 or more	0.7	7.3	0.7	7.2	0.7	7.1	0.6	7.2	0.7	7.3
50 or more	4.3	25.3	4.2	25.0	4.2	24.9	4.3	25.6	4.2	25.0
20 or more	20.7	63.5	20.8	66.6	21.1	63.8	21.0	63.7	20.8	63.5
10 or more	40.5	84.4	40.6	84.5	40.6	84.5	40.8	84.6	40.5	84.4
5 or more	53.5	91.8	53.6	91.8	53.6	91.9	53.8	92.0	53.5	91.8
2.5 or more	70.6	97.0	70.4	97.0	70.4	97.0	70.5	97.0	70.4	97.0
1.5 or more	81.4	98.7	81.4	98.7	81.4	98.6	81.4	98.6	81.2	98.6
0.5 acres or more	98.2	100.0	98.2	100.0	98.1	99.9	98.2	99.9	98.2	100.0
Total No. of cul- tivators	2447		2448		2460		2462		2459	
Total area culti- vated (acres)		31791		31809		32088		32040		32030

ten per cent sample of plots and their number in the sample was allowed to be determined by the contingencies of this procedure; on the other hand, the number of landowners to be included in the sample was determined by the consideration that the total sample from each village should be about 30, which number itself was decided upon arbitrarily. Therefore the question to be decided is what should be the number of pure tenants that should be combined with the number of landowners actually included in the sample from each district. This is done on the following considerations. On the basis of Schedule I, we have an estimate for each district of what proportion of the total cultivated area was tenant cultivated. We propose that the landowners and the pure tenants should be combined in such a manner in each district that the tenant-cultivated area in the combined sample should bear the same ratio to the total cultivated area as it did in that district on the basis of Schedule I. This gives us an estimate for each district of the area cultivated by the pure tenants corresponding to the area owner-cultivated by the landowners included in our sample from that district. When this is divided by the average size of cultivated holdings of the pure tenants earlier derived, we get the required number of pure tenants that should be combined with the given number of

landowners. We thus get an estimate of the appropriate number of pure tenants, the total area under their cultivation and their distribution according to the size of their cultivated holdings. These size distributions of the non-owning cultivators are then combined with the corresponding distributions of the landowners to give the size distributions of the cultivated holdings as appearing in Table Nos. 8.3 and 8.4.

8.12 In Table No. 8.3, we give for each region, distributions of the cultivators, including the pure tenants, according to the size of their cultivated holdings. The distributions are given, as in Table No. 8.1, in the form of proportions of cultivators cultivating more than certain areas specified in the first column. In parallel columns are shown, what proportions of the total cultivated area were cultivated by them. It will be seen that if all regions are considered together, less than 1 per cent of the cultivated holdings are of 100 or more acres but that they comprise more than 7 per cent of the total cultivated area. Similarly, about 4 per cent of the cultivated holdings are of 50 acres or more but they comprise 25 per cent of all cultivated area. Table No. 8.4 is similar to Table No. 8.2. Here we compare the size distributions of cultivated holdings over the

period of five years since 1948-49. It is obvious that there has been little noticeable change.

8.13 We may now direct our attention more specifically to the area which was leased out by their owners and which was therefore tenant-cultivated. Particular importance attaches to the extent of concentration of this area in the hands of a few landowners. We shall examine our data from this standpoint. As earlier described we have obtained for each owner or cultivator included in Our sample, the areas leased out and leased in by him. In a complete enumeration, the areas leased out should equal the areas leased in. In our results the two do not agree, and in all regions except in Thana and Kolaba, the areas reported to be leased out fall very much short of the areas reported to be leased in. The reported leased out areas also fall very much short of what we would expect on the basis of the proportions of the tenant-cultivated lands in the respective regions as estimated by Schedule I. It is clear therefore that the leased out area is very much under-enumerated in our sample of land-owners and cultivators. The principal reason for this, we suppose, is the possibility that a considerable proportion of the leased out area might be owned by landowners residing in towns and cities who could not be represented

in our sample of landowners. Nevertheless, the difference between the leased out area as reported and as we expect it to be, is so large that the possibility of reporting biases on the part of landlords cannot also be ruled out. Under the circumstances, we shall present our results for what they are worth.

8.14 In Table No. 8.5 is shown for each region the concentration of the leased out area in the hands of landowners arranged according to the size of their holdings. The distributions of landowners are similar to those appearing in Table No. 8.1 and are in the form of proportions owning more than certain areas specified in the first column. In parallel columns are shown what proportions of the total leased out area were owned by them. In the bottom line of the Table is shown the total reported leased out area as a percentage of the area expected to be leased out on the basis of Schedule I.

8.15 Considering all the regions together, it will be seen that nearly 40 per cent of the leased out area is owned by landowners owning 100 or more acres and who form just 1 per cent of all the landowners; or nearly 50 per cent of all leased out area is owned by the landlords owning more than 50 acres who form only about 5 per cent of all landowners.

It is obvious therefore that there is a very heavy concentration of leased out area in the hands of a few large owners.

8.16 The extremely heavy concentration appearing in Region II, is on account of a few very large holders accidentally included in our sample; these have been referred to earlier. On their account, the leased out area as reported in this region is actually much larger than what we would otherwise expect. The particular set of figures are therefore not trustworthy.

8.17 In Table No. 8.6 similar data are, given for all regions compared over the period of five years. It is obvious that the results show no change whatever.

8.18 We may make a corresponding analysis of the leased in area and examine the extent of its concentration in the hands of large cultivators. This is done in Table No. 8.7. The Table is similar, to Table No. 8.5 except that here we are considering the concentration of leased in area in the hands of cultivators arranged according to the size of their cultivated holdings. It will be seen that, considering all regions together, nearly 15 per cent of the leased in area, that is to say, the tenant-cultivated area, is being cultivated by cultivators cultivating 50 or more acres; and that they

form only about 4 per cent of all cultivators. Or, that nearly 50 per cent of the tenant-cultivated area, is being cultivated by cultivators cultivating 20 or more acres; and that they form only about 21 per cent of all the cultivators.

8.19 For purposes of comparing the position in this respect over the period of five years we are presenting Table No. 8.8 which is similar to Table No. 8.6. It is obvious that there is little change noticeable over the period of five years. It may be mentioned that both Table Nos. 8.7 and 8.8 have been obtained by appropriate adjustments as explained in Section 8.11.

8.20 Let us now return to the main object of Schedule IV, namely, to ascertain the comparative rates of investment in the owner-cultivated and the tenant-cultivated lands since 1948-49 and to examine whether they have relatively improved in favour of the tenant-cultivated lands. We shall present the relevant data in Table No. 8.9. In this table, we give, for each region and for each year, the investment per acre in lands of different types, namely, the owner-cultivated lands, the leased out lands and the leased in lands; it was necessary to make the latter two classes because in the tenant-cultivated lands investment might be made either by the owner or by the tenant.

**TABLE No. 8.5.**  
***Distribution of land owners by size of owned holding showing corresponding distribution of leased out area by regions (1952-53).***

	REGION I		REGION II		REGION III		REGION IV		REGION V	
Size of owned holding (Acres)	Percent- age of owners	Percent- age of area	Percent- age of owners	Percent- age of area	Percent- age of owners	Percent- age of area	Percent- age of owners	Percent- age of area	Percent- age of owners	Percent- age of area
100 or more	1.8	54.4	3.9	95.2	0.3	1.5	-	-	0.7	9.1
50 or more	4.8	56.0	3.9	95.2	7.0	10.3	1.3	21.5	5.7	26.0
20 or more	23.5	72.4	6.2	95.6	30.6	50.5	16.1	43.4	28.3	68.3
10 or more	48.6	89.4	14.7	99.4	59.3	81.5	36.8	78.1	52.2	86.6
5 or more	68.9	96.0	21.7	99.8	76.1	94.5	52.8	90.6	70.6	96.2
2.5 or more	88.1	99.0	45.7	99.8	90.4	99.5	73.6	97.0	85.3	99.2
1.5 or more	95.0	100.0	59.7	99.9	96.1	99.8	81.9	97.7	91.6	99.7
0.5 acres or more	99.3	100.0	82.2	100.0	100.0	100.0	93.3	100.0	98.8	100.0
Leased out area as percentage of estimated leased in area		76.6		281.5		55.0		27.9		33.3
Total No. of owners	395		129		356		299		598	
Total area owned (acres)		1094		1281		741		265		1497

**TABLE No. 8.6.**

*Distribution of land owners by size of owned holding showing corresponding distribution of leased out area by years (all regions).*

	1948-49		1949-50		1950-51		1951-52		1952-53	
Size of owned holding (Acres)	Percent- age of owners	Percent- age of area	Percent- age of owners	Percent- age of area	Percent- age of owners	Percent- age of area	Percent- age of owners	Percent- age of area	Percent- age of owners	Percent- age of area
100 or more	1.0	41.6	1.0	42.2	1.0	42.4	1.0	41.5	1.0	40.2
50 or more	5.0	48.7	4.9	49.3	4.8	49.5	4.9	49.2	4.9	48.3
20 or more	24.2	74.5	24.1	74.1	24.1	74.2	24.1	73.4	24.0	72.3
10 or more	47.5	89.9	47.5	90.1	47.3	89.5	47.4	89.5	47.5	89.4
5 or more	64.8	96.1	64.8	96.1	64.7	96.4	64.8	96.5	64.8	96.5
2.5 or more	82.3	99.2	82.3	99.2	82.1	99.2	82.1	99.2	82.1	99.2
1.5 or more	89.4	99.7	89.4	99.7	89.3	99.7	89.3	99.7	89.3	99.7
0.5 acres or more	97.1	100.0	97.1	100.0	97.0	100.0	97.1	100.0	97.0	100.0
Leased out area as percentage of estimated leased in area		56.7		56.6		54.5		53.4		56.3
Total No. of owners	1769		1769		1775		1775		1777	
Total area leased out (Acres)		4748		4791		4759		4757		4878



**TABLE No. 8.7.**

*Distribution of cultivators by size of cultivated holding showing corresponding distribution of leased in area by regions (1952-53)*

	REGION I		REGION II		REGION III		REGION IV		REGION V	
Size of cultivated holding (Acres)	Percent- age of culti- vators	Percent- age of area	Percent- age of culti- vators	Percent- age of area	Percent- age of culti- vators	Percent- age of area	Percent- age of culti- vators	Percent- age of area	Percent- age of culti- vators	Percent- age of area
100 or more	1.3	0.2	0.7	-	0.6	9.1	-	-	0.7	3.6
50 or more	3.8	3.6	0.7	-	9.5	35.6	0.6	-	6.1	16.7
20 or more	20.4	31.3	2.3	8.4	34.7	75.9	9.6	13.1	30.1	59.4
10 or more	42.5	69.6	4.9	11.2	61.6	90.6	23.3	36.7	55.8	85.7
5 or more	60.9	83.7	10.2	19.6	74.6	94.4	34.4	50.6	69.6	91.6
2.5 or more	74.6	92.1	35.7	55.8	88.1	98.3	54.0	74.1	84.9	98.0
1.5 or more	80.7	94.1	57.7	80.7	97.1	100.0	69.7	87.3	91.9	99.4
0.5 acres or more	99.4	100.0	94.1	100.0	100.0	100.0	96.8	100.0	99.1	100.0
Total No. of cultivators	524		305		346		531		753	
Total area leased in (acres)		1429		455		1346		951		4489

**TABLE No. 8.8.**

*Distribution of cultivators by size of cultivated holding showing corresponding distribution of leased in area by years (all regions).*

	1948-49		1949-50		1950-51		1951-52		1952-53	
Size of cultivated holding (Acres)	Percent- age of culti- vators	Percent- age of area	Percent- age of culti- vators	Percent- age of area	Percent- age of culti- vators	Percent- age of area	Percent- age of culti- vators	Percent- age of area	Percent- age of culti- vators	Percent- age of area
100 or more	0.7	3.4	0.7	3.6	0.7	3.2	0.6	3.2	0.7	3.3
50 or more	4.3	14.7	4.2	14.8	4.2	15.4	4.3	16.1	4.2	14.7
20 or more	20.37	48.7	20.8	49.4	21.1	49.8	21.0	49.8	20.8	49.5
10 or more	40.5	73.8	40.6	74.1	40.6	74.6	40.8	74.9	40.5	74.4
5 or more	53.5	81.7	53.6	82.0	53.6	82.5	53.8	82.7	53.5	82.3
2.5 or more	70.6	91.9	70.4	91.9	70.4	92.2	70.5	92.2	70.4	92.1
1.5 or more	81.4	96.0	81.4	96.1	81.4	96.2	81.4	96.2	81.2	96.1
0.5 acres or more	98.2	99.9	98.2	99.9	98.1	99.9	98.2	99.9	98.2	100.0
Total No. of cul- tivators	2447		2448		2460		2462		2459	
Total area leased in (Acres)		8377		8471		8727		8909		8670

8.21 One striking fact arising out of this Table is that the scale of expenditure on land improvement has increased considerably in all the regions since 1948-49. The second obvious fact brought out by this Table is that the scale of expenditure on improvement of the owner-cultivated lands is very much higher than on the tenant-cultivated lands even after the expenditure on them by both the

**TABLE No. 8.9.**  
**Investment expenditure (Rs. per acre) on improvement of different types of land by regions and years.**

1948-49		1949-50				1950-51				1951-52				1952-53			
Region No.	Owner cultivated	Leased out	Leased in	Owner cultivated	Leased out	Leased in	Owner cultivated	Leased out	Leased in	Owner cultivated	Leased out	Leased in	Owner cultivated	Leased out	Leased in		
I	3.8	-	0.9	5.6	-	0.4	3.3	0.2	0.4	5.3	-	0.8	8.7	-	1.2		
II	3.8	0.5	6.1	4.7	0.1	6.5	3.8	-	5.9	5.0	-	6.6	9.7	-	9.6		
III	4.6	0.7	0.1	5.6	1.6	0.8	6.2	1.8	0.3	6.1	2.3	0.3	7.1	2.3	0.1		
IV	4.4	0.8	0.3	4.2	3.7	0.7	1.8	0.5	0.6	3.9	-	0.4	6.4	1.3	1.3		
V	2.0	0.2	0.3	2.1	0.4	0.3	3.2	0.7	0.6	4.3	1.1	1.2	8.1	1.1	1.4		
All region	3.4	0.3	0.7	4.1	0.6	0.8	3.8	0.6	0.8	5.0	0.7	1.2	7.9	0.8	1.6		
Total area (acres)	23414	4748	8377	23338	4791	8471	23361	4759	8727	23428	4757	8909	23369	4878	8670		

landlords and the tenants is taken into account. Thus if we examine the figures for all the regions taken together, it will be seen that while, in the beginning, the per acre expenditure on the owner-cultivated lands was in the neighbourhood of Rs. 4 per acre, it had practically doubled during the last two years. One would not ordinarily depend upon a rise which is observed only for a period of two years; but in the present case it is noteworthy that the rise is noticeable to a more or less extent in all the regions. It seems certain therefore that the expenditure on land improvement had in fact nearly doubled during the last two years, namely, 1951-52 and 1952-53. Compared with the scale of expenditure on the owner-cultivated lands, the expenditure on the tenant-cultivated lands is very much lower. Thus broadly speaking, the per acre expenditure on leased out lands by the landowners is only about one-tenth and the per acre expenditure on the leased in lands by the tenants is only about one-fourth when compared with the expenditure on the owner-cultivated lands. Hence even if we combine the expenditures incurred by the landlords and the tenants; the per acre expenditure on improvement of the tenant-cultivated lands would be only about one-third of that incurred on the owner-cultivated lands. It is noteworthy nevertheless that

the scale of expenditure on the tenant-cultivated lands also has increased considerably over the period of five years. Thus it will be seen that while the per acre expenditure was about Rs. 1.5 per acre in the initial years, it had nearly doubled during the last two years.

8.22 From the standpoint of the present study the immediately important fact however is not either that the expenditure on the improvement of the tenant-cultivated lands is considerably lower than the expenditure on the owner-cultivated lands; nor that the expenditure on improvement of both the owner-cultivated as well as the tenant-cultivated lands has increased considerably over the period of five years under report; the important fact is that this increase in investment expenditure over the last five years has been more or less proportionate in respect of both the owner-cultivated and the tenant-cultivated lands. In other words, though the investment expenditure on land improvement has generally increased, the expenditure on the tenant-cultivated lands continues to bear more or less the same relation to the expenditure incurred on the owner cultivated lands. This means that little effect in this respect is ascribable to the Tenancy Act and hence that little evidence can, be put forward from this standpoint to show that as a result of the protection given to the tenants by the

Tenancy Act the tenant-cultivated lands are now better attended to than before. There is at the same time no evidence to suggest that the situation in this respect has in any way worsened. Not only the tenant-cultivated lands, as compared with the owner-cultivated lands, continue to receive the same level of attention as they received prior to the Act, but the relative shares of the landlord and the tenant in this respect also continue to remain more or less the same as before; so that as a result of the Tenancy Act neither are the tenants induced to pay more attention to the lands they cultivate, nor have the landlords tended to neglect whatever care they bestowed on the lands they leased out. The Act has thus left the situation more or less unchanged.

8.23 The investment expenditure referred to above, includes expenditure on such items of land improvement as construction of new wells, repairs to existing wells, bunding, reclamation and other forms of land improvement like development of other irrigation, resources, laying of new orchards and so on. In Table No. 8.10, we give for all regions combined together, the distribution of investment expenditure incurred in different years according to the item of land improvement.

8.24 For the purpose of comparing the composition of the investment over different years, it might be convenient to concentrate attention on the investment expenditure on the owner-cultivated lands. It will be seen that though there are apparent small changes, the composition of the expenditure has remained quite substantially the same over the period of five years. This is remarkable in view of the fact that the level of investment expenditure has nearly doubled during this period. The main change in the composition of the expenditure seems to be a somewhat smaller share of the expenditure on construction of new wells, with somewhat larger shares for repairs of existing wells, reclamation and for other items of land improvement.

8.25 The leased out and the leased in areas covered by our sample are rather small to permit a reliable comparison of the composition of investment expenditure on these lands over the period of five years. The figures as they appear in Table No. 8.10 seem erratic and do not give, any evidence of a consistent change in the composition of the expenditure having taken place.

8.26 A comparison between the compositions of expenditure on the owner-cultivated and the tenant-cultivated lands is however instructive. A striking difference lies in the respective shares for

**TABLE No. 8.10.**  
**Investment expenditure on improvement of different types of land in different years distributed (in percentages) by items of expenditure.**

Region No.	1948-49				1949-50				1950-51				1951-52				1952-53			
	Owner cultivated	Leased out	Leased in	Owner cultivated	Leased out	Leased in	Owner cultivated	Leased out	Leased in	Owner cultivated	Leased out	Leased in	Owner cultivated	Leased out	Leased in	Owner cultivated	Leased out	Leased in		
Construction of new wells	48.1	-	-	50.3	61.5	6.1	41.6	-	-	41.1	30.1	-	36.8	40.9	7.0					
Repairs to wells	9.3	3.1	1.1	7.8	9.0	14.8	4.9	41.4	17.0	5.1	18.1	6.2	12.3	6.1	6.2					
Bunding	28.2	88.1	49.7	25.6	22.1	42.4	34.0	35.2	47.5	34.3	26.8	51.8	28.8	18.6	29.6					
Reclamation	4.3	3.8	10.5	2.4	-	9.0	5.5	-	3.0	4.0	-	6.1	6.5	2.7	5.6					
Others	10.1	5.0	38.7	13.9	7.4	27.7	14.0	23.4	32.5	15.5	25.0	35.9	15.6	31.7	51.6					
Total investment expenses in Rs.	79792	1600	5835	95724	2765	6545	88500	2655	6918	116075	3320	10668	184276	3665	13555					
Total investment expenditure per acre	3.4	0.3	0.7	4.1	0.6	0.8	3.8	0.6	0.8	5.0	0.7	1.2	7.9	0.8	1.6					

the construction of new wells. Thus while between 40 to 50 per cent of all investment expenditure on the owner-cultivated lands is for the construction of new wells, very, little or no expenditure for this purpose is done on the tenant-cultivated lands. On the other hand, there is proportionately larger expenditure on bunding and other items of land improvement. The difference is of course easily understandable. Digging of wells is an expensive item and constitutes practically a permanent improvement of the land. Therefore it is natural that both the landlord and the tenant should be ordinarily unwilling to undertake such an expenditure. Hence the fact that no appreciable increase of expenditure on these items has taken place in respect of the tenant-cultivated lands, might be regarded as a failure of the Tenancy Act to create a real sense of security in the tenants. This may be true. Nevertheless we should note that there may be other circumstances preventing an increase in the scale of expenditure on the tenant-cultivated lands. In the first instance, it might be that in spite of a real sense of security, the tenants might continue to suffer for some time from lack of funds and credit; secondly it is possible that the tenant-cultivated lands are in general inferior to the owner-cultivated lands and thus offer less scope for improvement of this type. Under the circumstances, it does not seem fair more than to note the lack of evidence in support of any positive results achieved by the Tenancy Act.

8.27 In Table No. 8.11, we give, for different regions, the composition of investment expenditure incurred during the period of five years. It will be seen that Region II, comprising Thana and Kolaba, falls out showing a large proportion of the expenditure on bunding. Of the total investment expenditure in these two districts more than 60 per cent is on bunding. These are rice growing districts where rice is mostly cultivated in small bunded field. These bunds need annual repairs and maintenance and often reworking. It is possible that part of the expenditure on these operations has been reported as investment expenditure though more appropriately it should have been classified as current expenses of cultivation. This is also suggested by the fact that the entire expenditure, though small, reportedly incurred by the landlords on the lands leased out by them, is on this item. Also the expenditure incurred by the tenants on this item forms a large portion; in fact it occupies more or less the same position as it does in the expenditure incurred by the owner-cultivators. In this region, nearly 20 per cent of the expenditure on the owner-cultivated lands is for the construction of new well; the corresponding proportion in the expenditure on the tenant-cultivated lands is under 6 per cent though this is partly compensated by an additional nearly 9 per cent expenditure on repair of wells.

**TABLE No. 8.11.**  
**Investment expenditure on improvement of different types of land in different regions distributed**  
**(in percentages) by items of expenditure.**

	REGION I			REGION II			REGION III			REGION IV			REGION V		
	Owner Cultivated	Leased out	Leased in	Owner Cultivated	Leased out	Leased in	Owner Cultivated	Leased out	Leased in	Owner Cultivated	Leased out	Leased in	Owner Cultivated	Leased out	Leased in
Construction of wells	57.0	-	4.7	19.2	-	5.7	52.3	54.6	-	40.5	42.4	6.6	22.0	-	-
Repairs to wells	4.3	20.0	-	0.2	-	8.8	16.3	23.0	52.8	12.3	24.2	8.2	4.2	6.0	5.7
Bunding	28.8	40.0	50.7	63.3	100.0	60.1	18.9	17.5	24.0	40.1	26.4	45.9	35.3	43.0	25.4
Reclamation	1.4	-	14.4	7.3	-	1.2	4.3	1.6	20.8	2.0	3.6	18.0	9.2	-	5.2
Others	8.5	40.0	30.2	10.0	-	24.2	7.7	3.3	2.4	5.1	3.4	21.3	29.3	51.0	63.7
Total expenditure during 1948-53	152313	250	5295	18239	740	15862	165775	6405	2045	57731	1650	3050	170309	4960	17269
Rs.															
Total investment during 1948-53															
Rs. per acre per annum	5.3	-	0.8	5.4	0.1	6.9	5.9	1.7	0.3	4.1	1.3	0.7	3.9	0.7	0.8



8.28 In Region I, comprising West Khandesh, East Khandesh and Nasik, 57 per cent of the total expenditure on owner-cultivated lands is for digging of new wells and another nearly 29 per cent on bunding. In this region very little expenditure on improvement of leased out lands has been reported by the landlords. Also, a large part, more than 50 per cent, of the expenditure reported, by the tenants is on bunding and only about 5 per cent is for the construction of new wells.

8.29 In Region III, comprising Poona, Sholapur and Ahmednagar, digging of new wells and repair of the existing ones claim even a larger share; 53 per cent of the expenditure on the owner-cultivated lands is for digging of new wells and an additional 16 per cent is for repair of the existing ones. Thus the two together account for nearly 70 per cent of the total expenditure. Further, in this region, the landlords seem to incur quite considerable expenditure on the improvement of the leased out lands; and a very large part of this expenditure, nearly 80 per cent, seems to be devoted to the digging of new wells and repair of the existing ones. Of the expenditure which the tenants incur on the leased in lands, little or nothing is spent on digging of new wells but nevertheless a large part, more than 50 per cent is spent on repairs of the existing wells. However, it is to be noted that in

this region, the level of expenditure by the tenant is indeed very small and further that, as it will appear from Table No. 8.9, it has actually diminished considerably. In this region therefore there seems to be a rather firm evidence to suggest that the Tenancy Act has done little to promote a sense of security in the tenants. Quite obviously it has also not shaken the confidence of the landlords in the long term investment in the lands they have leased out. The investment expenditure they seem willing to incur is quite considerable and as will be seen from Table No. 8.9, it has increased considerably over the period of five years.

8.30 In Region IV, comprising North Satara, South Satara and Kolhapur districts also digging of new wells and repairs to existing wells occupy an important place in the items of land improvement but bunding also takes a large share. In the expenditure on the owner-cultivated lands, nearly 40 per cent is spent on digging of new wells and an equal amount for the construction of bunds; an additional 12 per cent is spent on repairs to existing wells. As in Region III, so in this region, a considerable part of the expenditure incurred by the landlords is for new wells and repairs to existing wells. But here there are no signs of an increase in the expenditure that the landlords incur; if anything it may have decreased to some extent. On the other

hand, there is some evidence to suggest that the expenditure incurred by the tenants has increased to some extent. This coupled with, the fact that a part of the expenditure, though small, incurred by the tenants is for construction and repair, of wells and on bunds which here are not the very, temporary bunds found in Region II, suggests that possibly in this region the Tenancy Act is making some noticeable impression.

8.31 Finally in Region V, comprising Bijapur, Belgaum and Dharwar districts, bunding assumes greater importance than the construction and repair of wells; Considerable proportion of the expenditure incurred by the landlords and the tenants on the tenant-cultivated lands also is on bunding. But though 22 per cent of the expenditure on the owner-cultivated lands is on construction of new wells, the corresponding expenditure by the landlords and the tenants on the tenant-cultivated lands is practically absent. This fact coupled with another namely that the scales of expenditure on the owner-cultivated lands, on the leased out lands by the landlords and on the leased in lands by the tenants do not show any relative movements suggests that the Tenancy Act has left the situation in these districts more or less unchanged so far.

8.32 A side issue not altogether unrelated to problems of tenancy reforms, is to examine how far the rate of investment in the improvement of agricultural lands is related to the size of holdings. As a major part of the investment is made on the owner-cultivated lands, we might examine, from this standpoint, only the investment in the owner-cultivated lands. The relevant data are presented in Table Nos. 8.12 and 8.13. In Table No. 8.12, the data are given for the five regions separately but on the basis, of the average expenditure incurred during the five year period 1948-53. In Table No. 8.13, the same data are given for the five years separately but on the basis for all the five regions combined together. In both the Tables, the land-holders are classified according to the size of their owned holding, showing, for each size class, the number of land-owners in that class, the corresponding owner-cultivated area and, average expenditure per acre per annum on the improvement of the owner-cultivated area. It will be clear from both the Tables that there is no evidence that the larger landholders incur larger investment expenditure per acre of their owner-cultivated lands; if anything, the evidence is generally to the contrary. Thus it will be seen that in all the regions except Region IV comprising. North Satara, South Satara and Kolhapur, the landholders of upto 5 acres seem to incur a somewhat larger expenditure per

**TABLE No. 8.12.**  
*Investment expenditure (Rs. per acre per annum) on improvement of owner-cultivated lands in  
different regions shown for land holders classified by size of holding.*

Size of holding (Acres)	REGION I				REGION II				REGION III				REGION IV				REGION V			
	Total No. of owners	Owner cultivated area (Acres)	Average expenditure (Rs.) per acre	Total No. of owners	Owner cultivated area (Acres)	Average expenditure (Rs.) per acre	Total No. of owners	Owner cultivated area (Acres)	Average expenditure (Rs.) per acre	Total No. of owners	Owner cultivated area (Acres)	Average expenditure (Rs.) per acre	Total No. of owners	Owner cultivated area (Acres)	Average expenditure (Rs.) per acre	Total No. of owners	Owner cultivated area (Acres)	Average expenditure (Rs.) per acre		
1-2.5	47	61	6.4	70	86	7.5	34	50	6.7	79	81	1.3	88	109	4.6					
2.5-5	76	260	14.1	31	117	6.6	51	159	5.0	62	223	4.4	88	299	3.3					
5-10	80	503	4.0	9	63	5.3	60	356	6.7	48	308	6.7	110	669	4.5					
10-20	99	1163	5.7	11	95	6.1	102	1196	5.4	62	731	3.3	143	1773	3.8					
20-50	74	1917	4.5	3	82	2.9	84	2271	5.7	44	1215	4.5	135	3537	4.3					
50 or more	19	1800	5.3	5	258	4.2	25	1549	6.7	4	245	1.9	34	2210	3.4					
Total	395	5704	5.3	129	684	5.4	356	5581	5.9	299	2803	4.1	598	8597	3.9					

**TABLE No. 8.13.**  
*Investment expenditure (Rs. per acre) on improvement of owner-cultivated lands  
 in different years shown for land holders classified by size of holding.*

Size of holding (Acres)	1948-49				1949-50				1950-51				1951-52				1952-53			
	Total No. of owners	Owner cultivated area (Acres)	Average expenditure (Rs.) per acre	Total No. of owners	Owner cultivated area (Acres)	Average expenditure (Rs.) per acre	Total No. of owners	Owner cultivated area (Acres)	Average expenditure (Rs.) per acre	Total No. of owners	Owner cultivated area (Acres)	Average expenditure (Rs.) per acre	Total No. of owners	Owner cultivated area (Acres)	Average expenditure (Rs.) per acre	Total No. of owners	Owner cultivated area (Acres)	Average expenditure (Rs.) per acre	Total No. of owners	Owner cultivated area (Acres)
1-2.5	313	362	3.2	313	363	5.1	318	371	2.1	318	370	5.5	318	370	9.3	318	370	9.3	318	370
2.5-5	309	1045	6.3	310	1049	6.5	309	1060	4.2	307	1058	6.0	308	1058	10.3	308	1058	10.3	308	1058
5-10	306	1958	4.4	305	1953	2.7	308	1934	6.1	308	1930	7.0	307	1899	5.5	307	1899	5.5	307	1899
10-20	413	4932	3.1	414	4919	4.9	412	4933	4.3	414	4925	5.0	417	4958	5.7	417	4958	5.7	417	4958
20-50	340	8970	3.0	340	9011	3.8	342	9073	3.3	341	9077	5.4	340	9022	8.0	340	9022	8.0	340	9022
50 or more	88	6147	3.5	87	6043	3.8	86	5990	3.4	87	6068	3.4	87	6062	9.6	87	6062	9.6	87	6062
Total	1769	23414	3.4	1769	23338	4.1	1775	23361	3.8	1775	23428	5.0	1777	23369	7.9	1777	23369	7.9	1777	23369

acre of their owner-cultivated land. Among the higher size classes the expenditure is at a lower but at a more or less constant level. In Region IV alone is there some indication that holders of under 5 acres do not incur as much expenditure on land improvement as do the holders of between 5 to 10 acres. But even here holders of more than 10 acres do not show any higher levels of expenditure. Table No. 8.13 gives more or less the same type of indications except that in the year 1950-51, the small holders do not show the somewhat higher levels of expenditure as they do in the other years.

8.38 To conclude, it seems fairly clear, at any rate there is little evidence to the

contrary, that the Tenancy Act has made little impression on the situation, and that the conditions have remained more or less unaffected both in respect of the size distribution of the owned and cultivated holdings and the relative care bestowed on the owner-cultivated and the, tenant-cultivated lands. It may be that it is too early to expect results in these directions. But the indications in the earlier chapters also pertaining to what could be immediately expected if the Act had been effectively operative, did not appear promising. The general evidence therefore is that except in a few districts, the Act has for all practical purposes, remained ineffective.

## CHAPTER IX

### CONDITIONS IN RATNAGIRI DISTRICT

9.1 In the preceding five chapters we have described the working of the Tenancy Act in 14 out of the 16 districts covered by our investigation. As mentioned at the beginning, we had left out of this discussion two districts, namely Ratnagiri and Karwar. In this and the following Chapter, we shall now present the results of our investigation in Ratnagiri and Karwar districts, respectively.

9.2 Until recently, when it was abolished by the Act of 1949, a special tenure called the khoti tenure prevailed in Ratnagiri district. The same tenure, with a certain difference, also obtained in parts of Kolaba district but here its existence was less extensive. It chanced that none of the six villages we selected for investigation in Kolaba district happened to be a khoti village; We thought it therefore convenient to present our results relating to Kolaba district along with those relating to the other districts without mention of the khoti tenure. Our discussion regarding the tenancy conditions in Ratnagiri district will however illustrate the kind of changes, though with a certain difference and on a much smaller scale, that occurred in Kolaba district as well consequent to the Khoti Abolition Act of 1949.

9.3 The terms of the khoti tenure in Ratnagiri district were governed by the provisions of the Khoti Settlement Act of 1880 as amended by the amending Act of 1946. The khoti tenure originated owing to the hilly nature of the tract and consequent difficulty, of collecting land revenue. The persons who acted as revenue farmers came to be known as Khots. A khot was a superior holder to settle with Government for the revenue of his village and to hold the same, subject to the payment of jama, that is the land-revenue payable to Government. The lands in a khoti village were distinguished into two categories, namely, the dhara lands and the khoti lands. The dhara lands were government lands and were held by permanent hereditary proprietors or holders called dharekaris and quasi-dharekaris. All lands other than the dhara lands were termed the khoti lands. Some of these lands were occupied by permanent tenants having statutory rights and privileges. The dharekaris, the quas-dharekaris and the permanent tenants were privileged occupants. The dharekaris held the land on payment of survey assessment and local fund cess to Government and did not pay any rent or dues to the khot. The quasi-dharekaris paid assessment and local fund cess to Government and certain amounts of grain or money to the khot as set forth in a schedule to the Khoti Settlement Act of

1880. The permanent tenants had to pay to the khot customary rent as per entries in the survey record subject to deductions of survey assessment and local fund cess. The rents paid to the khot by the quasi-dharekaris and the permanent tenants were called the khot's dues. The khot had certain reversionary rights in the lands occupied by the privileged occupants so that the lands would revert to him in case of lapse for failure of heirs, forfeiture for failure to pay assessment or rent and resignation by the permanent tenants. Lands so reverted to the khot were termed the khoti nisbat lands. All other lands held by and in possession of a khot were called the khoti khasgi lands. The khot had full proprietary right in the khoti khasgi lands. The khoti khasgi and the khoti nisbat lands were either in the personal cultivation of the khot or were leased out to ordinary tenants, that is tenants other than the permanent tenants. The ordinary tenants held these lands subject to the terms and conditions agreed upon between the khot and themselves. Under the Khoti Settlement (Amendment) Act of 1946, the ordinary tenants were made ten yearly tenants and their rents were not to exceed certain prescribed maxima. The rights of tenants in general regarding rent, tenure etc., were secured by the Bombay Tenancy Act as amended in 1946 and later by the Bombay Tenancy and Agricultural Lands Act of 1948.

9.4 The sample of plots selected for investigation in this district, comprised 1540 plots with a total cultivable area of 1320.1 acres. In Table No. 9.1, we give a classification of these plots and the corresponding area according to the type of tenure under which they were held. It will be seen that 8.6 per cent of the total area was held by the dharekaris. In the sample, there appeared no lands held by quasi-dharekaris. 63.7 per cent of the area was held by permanent tenants and 27.7 per cent was held by the khots. Thus over 90 per cent of the total area was cultivated either by the khots or by the privileged occupants, namely, the dharekaris and the permanent tenants. Only about 10 per cent of the area was cultivated by the ordinary tenants. The majority of the lands held by the dharekaris were under their personal cultivation. Nearly 90 per cent of the area held, by the permanent tenants was under their personal cultivation and only a little over 10 per cent was leased out to ordinary tenants. The same is, true of the area held by the khots. It is obvious therefore that at least in the sample of villages selected for investigation, the khots were as much proper cultivators as were the permanent tenants. Considering the total area from another standpoint, it will appear that nearly one-third was under the personal cultivation of the proprietor cultivators, either khots or dharekaris, while the

remaining two-thirds was under the cultivation of tenants, either permanent or ordinary. Thus 24.9 per cent was cultivated by the khots; 8.2 per cent was cultivated by the dharekaris; 57.0 per cent was cultivated by permanent tenants and 9.9 per cent was cultivated by ordinary tenants.

**TABLE No. 9.1**  
*Percentage distribution of the area of the sampled plots according to the type of tenure, prior to the Khoti Abolition Act of 1949.*

Tenure class	No. of plots	Area in acres	Percentage of area cultivated by		
			Khots	Privileged occupants.	Ordinary tenants.
held by dharekaris	146	113.0	-	8.2	0.4
held by permanent tenants	1074	841.7		57.0	6.7
Khoti-nisbat	36	26.8	1.2	-	0.8
Khoti-khasagi	284	338.6	23.7	-	2.0
Total	1540	1320.1	24.9	65.2	9.9

9.5 The permanent tenants paid customary rents which were usually recorded in the village records. By usage, the rents paid by ordinary tenants were also often recorded. Thus in our sample of plots, of the total of 885.4 acres under the cultivation of either permanent or ordinary tenants, we could find in respect of 567.3 acres, a record of rents paid by the tenants. In Table No. 9.2, we give a distribution of the tenant-cultivated area of which rents were known, according to the mode of rent, namely, whether cash, share or fixed rents in kind. In Table Nos. 9.3 and 9.4, are given particulars of share and cash rents paid. It will be seen that broadly speaking nearly 50 per cent of the area was cash rented; 40 per cent was share rented and 10 per cent was rented for rents fixed in kind. Share rents were more common in the case of khoti nisbat lands leased to ordinary tenants while fixed rents in kind were more common on dhara and khoti khasgi lands leased to ordinary tenants. Over 60 per cent of the share rented area held by permanent tenants was rented for 1/3rd share while over 30 per cent was rented for 1/4th share. 1/2 share existed only on paddy lands though. 1/3rd or 1/4th shares were also common. In the case of the khoti nisbat and khoti khasgi lands leased to ordinary tenants on share rent, it was a common practice to pay the fixed share



**TABLE No. 9.2**  
***Distribution of tenant-cultivated area by mode of rent.***

Tenure class	Tenant cultivated area (acres)	Tenant cultivated area of which rent is known (acres)	Percentage of area leased area out on		
			Share rent	Cash rent	Rent fixed in kind.
held by dharekaris	5.8	5.7	1.7	-	98.3
held by permanent tenants	841.7	535.4	42.6	51.2	6.2
Khoti-nisbat	11.2	8.0	77.5	21.3	1.2
Khoti-khasagi	26.7	18.1	37.0	-	63.0
Total	885.4	567.3	42.5	48.4	9.1

**TABLE No. 9.3.**  
***Distribution of share-rented area by the level of share-rent.***

Tenure class	Area leased out for share rent (acres)	Percentage of area leased out for share rent					
		Crop appraisal	1/2 share rent	2/5 share rent	1/3 share rent	1/4 share rent	1/6 share rent
held by dharekaris	0.1	-	100.0	-	-	-	-
held by permanent tenants	228.1	2.8	3.0	0.9	62.0	31.3	-
Khoti-nisbat	6.2	71.0	6.5	-	14.5	-	8.0
Khoti-khasagi	6.7	100.0	-	-	-	-	-
Total	241.1	7.3	3.0	0.9	59.0	29.6	0.2

on the basis of an appraisal of the crop by the khot. Presumably the appraisal of the crop by the khot was the more important factor determining the rent so much so that in these cases the fixed shares were not found usually recorded. Of the cash rented area, which was mostly held by the permanent tenants, in the case of nearly two-thirds of the area, the cash rent was two times the assessment and in the remaining nearly one-third of the area it was 3.1/4 times the assessment.

**TABLE No. 9.4.**  
*Distribution of cash-rented area by the level of cash-rent as multiple of assessment.*

Tenure class	Area leased out for cash rent (acres)	Percentage of area leased out for cash rent		
		2 multiples of assessment	3 multiples of assessment	3 $\frac{1}{4}$ multiples of assessment
held by permanent tenants	274.3	62.8	3.3	33.9
Khoti-nisbat	0.1	100.0	-	-
Total	274.4	62.8	3.3	33.9

9.6 Such was the position in the year 1948-49 as it appeared in the village records. By means of the Bombay Khoti Abolition Act of 1949, which came into force with effect from 15th May 1950, the khoti tenure was abolished. In the case of khoti khasgi lands, the khot; in the case of dhara lands, the dharekari or quasi-dharekari; in the case of lands held by permanent tenants, the permanent tenant; and in the case of khoti nisbat lands the tenant in possession or in the absence of a tenant, the khot; were made primarily liable for the payment of the land revenue and were accorded full proprietary occupancy rights. As a compensation to the khot, a quasi-dharekari or a permanent tenant was to pay to the khot commuted value of the khot's dues. The commuted value was to be determined by the Mamlatdar subject to the condition that it should not exceed three times the amount of the khot's dues if payable in

cash or three times the value of such dues if payable in kind. The commuted value was also not to exceed six times the survey, assessment of the land. When the khot's dues were payable in crop share, a third crop share was regarded as equivalent to two multiples of survey assessment and any other crop share as proportional multiple of such assessment. On the other hand, the ordinary tenants on the khoti nisbat lands were to pay to the khot, an occupancy price, equivalent to six multiples of the survey assessment of the land. The occupancy price and commutation value of the khot's dues were both recoverable as arrears of land revenue. Thus as a consequence of these provisions only the ordinary tenants on lands other than the khoti nisbat lands remained as tenants. Hence as would appear from Table No. 9.1, the tenant-cultivated area in the district fell below 10 per cent of the total

area. The rights of these tenants relating to tenure, rent etc., continued to be secured under the provisions of the Bombay Tenancy and Agricultural Lands Act of 1948.

9.7 The Khoti Abolition Act came into force with effect from 15th May 1950. In comparison with, the operation of the Bombay Tenancy and Agricultural Lands Act of 1948 which was then effective, the abolition of khoti tenure was a major operation. We need not therefore discuss the working, in this district, of the Bombay Tenancy and Agricultural Lands Act during the first two years, namely, 1948-49 and 1949-50. Hence while examining the extent and nature of changes in tenancy taking place in this district in the light of the provisions of the Bombay Tenancy and Agricultural Lands Act of 1948, we shall confine the discussion to the three years 1950-51, 1951-52 and 1952-53.

9.8 With the abolition of the Khoti tenure, the khots were required to hand over to the Government records relating to the khoti villages maintained by them under the provisions of the Khoti Settlement Act. These records were inadequate in their scope and generally unsatisfactory in their accuracy and completeness. Attempts are being made to bring them in line with the village records in the other districts of the State.

Nevertheless, at the time of our investigation, the village records were generally not very satisfactory. Thus our sample of 1540 plots indicated, on the basis of the village records, 181 cases of tenancy changes, namely of fresh leasing, resumption, change of tenants and similar changes involving sub-tenants and also of acquisition of land by tenants. To these cases given by the sample of plots, we added 41 cases of similar change, mostly taking place in 1952-53 and not covered by the sample. We thus had a total of 222 cases of tenancy change as indicated by the village records. In 4 of these cases, we could not contact the parties concerned and ascertain the facts. Of the remaining 218 cases, there were apparently 82 cases of fresh leasing; 91 cases of resumption; 43 cases of change of tenants and a cases of acquisition of lands by tenants. All these we followed up by personal interviewing of the parties concerned. It then turned out that 73 out of the 82 cases of apparent fresh leasing did not involve any real fresh leasing; 69 out of the 91 cases of apparent resumption did not involve any real resumption; and that in 32 of the 43 cases of apparent change of tenants, no genuine change of tenants was involved. Thus nearly 80 per cent of the cases which, on the basis of the village records, appeared to involve some kind of a tenancy change were found on closer scrutiny, not to involve any genuine change. A large majority of

these cases appeared on account of either recording errors or of rectification of previous errors. Thus out of the 174 bogus cases 40 occurred on account of recording errors and 77 because of the rectification of previous errors. In another 20 cases, though the changes were genuine, they had actually taken place prior to 1948 and were entered only later. The remaining 37 cases did not involve an error of record as such but involved changes which might be mistaken as changes of tenants. It is obvious therefore that the records were far from satisfactory though the considerably larger number of rectification of previous errors than the number of fresh errors promised to bring the records to a more satisfactory state. Under the circumstances, it does not seem appropriate to discuss, on the basis of these records, the extent of changes in ownership and tenancy that might have taken place during the three years' period under examination. Instead, we propose to describe the nature of the genuine cases of tenancy change discovered either through the sample of plots or through the additional non-sample cases.

9.9 There were only 9 cases of genuine fresh leasing involving an area of 8.4 acres. In all the cases, the owners were residents of the villages in which the lands were situated. 58.2 per cent of the freshly leased area was leased out for

share rent and 16.3 per cent was leased for fixed rent in kind. The remaining 25.5 per cent was rent free. They were cases of either mortgage or alleged forcible occupation. Nearly 7 per cent of the area was mortgaged and the mortgagee shown as tenant. Nearly 18.5 per cent of the area, the owners alleged, was forcibly occupied by the tenants.

9.10 There were 22 cases of genuine resumption involving an area of 17.0 acres. In 11 of these cases, the persons who resumed were permanent tenants; in 9 cases, they were khots and in 2 cases they were dharekaris. In all the cases, they were residents of the villages in which the lands were situated. 83.9 per cent of the resumed area was rented for rents in kind; 13.2 per cent was cash rented and only 1.0 per cent was share-rented. It thus seems that fixed kind rent tenancies were terminated more frequently while among new leases share rents predominated. In the case of nearly 25 per cent of the resumed area the evicted tenants were in continuous cultivating possession of the lands for 9 or more years. In another 30 per cent they were on the lands for, six or seven years; in yet another 30 per cent they were on the lands for three or four years. As for the reasons for terminating tenancy, the owners reported that 63.2 per cent of the area was resumed because the owners wanted it for personal cultivation; 28.7 per cent of the area was resumed

because the tenants had left of their own accord which was fully corroborated by the tenants. In the case of nearly half of this area, the tenants did not want it because it was not profitable; in the case of the remaining half, they were short of bullocks. On 8.1 per cent of the resumed area, the tenancies were terminated because, both the landlords and the tenants reported, the lands had to be kept as current fallow. As noted above, 63.2 per cent of the area was resumed because, the landlords reported, the landlords wanted it for personal cultivation. On the basis of the reports from tenants there appear further details of these cases. Nearly 16 per cent of the area was resumed by the landlords consequent on either the death or migration of the tenant and nearly 11 per cent was resumed on the expiry of the initial lease term. Nearly 31 per cent of the area was surrendered, admittedly voluntarily, because the landlords wanted it either for personal cultivation or for sale. Only in the case of 5.7 per cent of the resumed area, the tenants reported that the landlords terminated the tenancy against the will of the tenants, because the landlords wanted the lands for personal cultivation.

9.11 There were 11 cases involving change of tenants. In 8 of these cases, the persons making these changes were the permanent tenants. The 11 cases involved an area of 10.5 acres. Before the change

of tenants, nearly 70 per cent of the area was share rented and 30 per cent was rented for fixed rent in kind. After the change of tenants, nearly 45 per cent was share rented, 45 per cent was rented for fixed rent in kind and about 10 per cent was cash rented. This does not accord with the suggestion earlier made on the basis of the cases of resumption and of fresh leases, namely, that tenancies with fixed kind rents were terminated more frequently and that among new leases share rents predominated. In a majority of the cases of change of tenants, the evicted tenants were not more than four years on the lands. As for the reasons for changing tenants, the landlords reported that in the case of nearly 60 per cent of the area, the old tenants were not taking proper care of the land and in an additional 5 per cent cases, the new tenants had specifically agreed to improve the lands. In the case of 25 per cent of the area, the new tenants were prospective buyers. The reasons given by the evicted tenants have not been sufficiently specific but in nearly 94 per cent of the area, the old tenants had surrendered the land voluntarily; in the case of nearly 25 per cent of this area, the surrender was consequent on either death or migration of the old tenant. Only in the case of 4 per cent of the area, the old tenants reported that they were evicted on the pretext that the landlords wanted the land for personal

cultivation and in another 2 per cent that the new tenants had occupied the land forcibly.

9.12 We shall next examine the cases of change in ownership through sale and purchase of land. Our sample of plots gave 36 such cases. To these we added 59 cases taken from the office of the sub-registrar. We have thus a total of 95 cases of sale of land. They were distributed over the five years from 1948-49 to 1952-53. 10 of these sales had taken place

in 1948-49 and 14, 19, 28, and 24 in the subsequent four years, respectively. They involved a total area of 347.5 acres. The average sale value was Rs. 93.3 per acre or 257.0 times the land revenue.

9.13 In Table No. 9.5, we give a distribution of these sales and the corresponding area by the size of each sale in acres. In parallel columns, we show for each class size of the sales, their average sale value expressed as per acre and also as multiple of the land revenue.

**TABLE No. 9.5.**

*Cases of sale of land and the related area classified by size of sale in acres showing for each size class average sale value per acre and as multiple of land revenue.*

Size of the sale in acres	No. of sales as percentage of total	Area of sales as percentage of total	Sale value per acre in Rs.	Sale value as a multiple of land revenue
0-	31.6	3.7	453.3	431.3
1-	28.4	11.8	204.1	326.4
2-	11.6	7.7	156.6	379.1
3-	5.2	5.1	144.3	240.6
4-	4.2	4.6	46.7	131.6
5-	8.5	13.5	68.8	163.6
10 or more	10.5	53.6	39.7	187.3
Total	95	347.5	93.3	257.0

It will be seen that nearly 60 per cent of the sales were of less than 2 acres each but they accounted for only about 15 per cent of the area sold. At the other extreme, a little over 10 per cent of the sales were of ten acres or more each and they accounted for more than half the area sold. The land values on a per acre basis, for sales of different sizes show great variation. Beginning with over Rs. 450 per acre for sales of under one acre, they drop to Rs. 200 for sales of between 1 and 2 acres, and to about Rs. 150 for sales of between 2 and 4 acres. For sales of more than 4 acres, the values drop very low. The land values expressed as multiples of land revenue show similar but much smaller variation. Quite obviously therefore a large part of the variation in land values for sales of different sizes was on account of the difference in quality of lands involved in sales of different sizes. In this district, the plots of paddy lands are usually very small and the larger plots invariably include or comprise in large part dry lands called warkas lands. The difference in the quality and value of these two types of land is of course very great.

9.14 In Table No. 9.6, we give a classification of the sales and the corresponding area according to the categories of the sellers and the buyers. In parallel columns are shown for each class of sales, the average sale values expressed on a per

acre basis and also as multiples of land revenue. It will be seen that over 85 per cent of the sales, involving more than 80 per cent of the area sold, were by one cultivating owner to another cultivator, nearly 10 per cent of which involving nearly 25 per cent of the area were to neighbouring cultivators. Thus sales to neighbouring cultivators form a considerable part of the total sales. This must be on account of the difficult terrain of the country where often it is only the neighbouring cultivator who may buy a land on sale. This is also reflected in the differentials in the average values of sales to the neighbouring and the other cultivators. Both on the basis of per acre and as multiples of land revenue; the average values of sales to the neighbouring cultivators, are considerably lower than that of the sales to the other cultivators. The difference, in the land values as multiples of land revenue appears smaller than on a per acre basis suggesting that it is possibly the neighbouring cultivator who can afford to buy an inferior warkas land as, an adjunct to his holding. Only about 10 per cent of the sales comprising less than 15 per cent of the area sold were by non-cultivating owners and more than half of them were to the tenants-in-possession. The tenants in possession also seem to have a small advantage in price over other cultivators but this is probably for the same reasons as those on

**TABLE No. 9.6.**

*Cases of sale of land and the related area classified by the category of seller and buyer showing for each category class average sale value per acre and as multiple of land revenue.*

Category of seller & buyer	No. of sales as percentage of total	Area of sales as percentage of total	Sale value per acre in Rs.	Sale value as a multiple of land revenue
Sold by a cultivating owner to a				
Neighbouring cultivator	10.5	24.3	47.4	186.0
Other cultivator	74.8	56.8	122.7	312.3
Non-cultivator	4.2	4.2	49.7	118.0
Sold by a non-cultivating owner to a				
Tenant	6.3	8.7	39.3	148.8
Neighbouring cultivator	-	-	-	-
Other cultivator	4.2	6.0	109.0	178.3
Non-cultivator	-	-	-	-
Total	95	347.5	93.3	257.0

account of which the neighbouring cultivators in general were seen to enjoy that advantage.

9.15 As in other districts, we had in this district, selected a sample of landowners and cultivators in order to examine any trends in the relative investment in land improvements of owner-cultivated and tenant-cultivated lands. In Table No. 9.7, we give a distribution of the 163 landowners in our sample according to the size of their holdings. It will be seen that nearly 20 per cent of the landholdings were of 20 acres or more each and that

they accounted for nearly 56.5 per cent of the total owned area; or that nearly 40 per cent of the holdings were of size 10 acres or more each and that they accounted for nearly 80 per cent of the area. However, as earlier pointed out is, is necessary to distinguish the lands in this district into two distinct categories, namely the paddy and the warkas lands. In large parts, the warkas lands are either permanent fallows kept for collecting rab manure, or at best grow only inferior millets when they need frequently to be kept as current fallow. In considering the size of holdings in this district, it will



TABLE No. 9.7.

*Land-owners classified by size of owned holding showing for each class particulars of owned area.*

Size of owned holding (acres)	No. of landowners	Total owned area (acres)	of which		
			owner-cultivated (acres)	leased out (acres)	uncultivated (acres)
50 or more	5	296.2	17.5	15.0	263.7
20-	29	883.2	103.5	7.5	772.2
10-	33	464.5	92.7	6.8	365.0
5-	43	322.5	80.7	31.1	210.7
2.5-	23	86.8	30.0	12.7	44.1
1.5-	13	24.2	13.8	-	10.4
0.5-	10	8.8	3.4	-	5.4
0-	7	1.2	1.0	0.1	0.1
Total	163	2087.4	342.6	73.2	1671.6

therefore be more appropriate to show separately the cultivated and the non-cultivated area. This is done in parallel columns of the Table and the cultivated area is further distinguished into two classes according as it was owner-cultivated or tenant-cultivated. It will be seen that out of the total of 2087.4 acres, only 415.8 acres, which is less than 20 per cent of the total were cultivated. The proportion of uncultivated area among the larger holdings is larger and hence reduces somewhat the inequalities in the distribution of land holdings. Thus it will

be seen that the holdings of 20 acres or more each, though they account for as much as 56.5 per cent of the total area, command only about one-third of the total cultivated area; or similarly that though the holdings of 10 or more acres each account for nearly 80 of the total area, they command only about 60 per cent of the cultivated area.

9.16 Of the 415.8 acres of cultivated area, 342.6 acres were owner-cultivated while the remaining 73.2 acres, forming about 18 per cent of the total, were leased

out. For holdings below 2.5 acres each, practically no cultivated area was leased out but for larger holdings except for the very large ones above 50 acres there is no evidence to suggest that a larger part of the larger holdings was leased out. An unduly large holding was therefore not a usual reason for leasing out in this district.

9.17 We might examine the distribution of the cultivated area more directly by considering the size distribution of the cultivated holdings. Out of the 163 landowners selected in our sample, 13 were non-cultivating owners. On the other hand, we had a sample of 16 pure tenants, that is non-owning cultivators,

discovered on the basis of our sample of 10 per cent of plots. We had thus a total of 166 cultivators to study. In Table No. 9.8, we give their distribution according to the size of their cultivated holdings. In parallel columns, we show their total cultivated area distinguished into two classes according as it was owned or leased in. It will be seen that more than half of the holdings were of less than 2.5 acres each and nearly 30 per cent of the holdings were of less than 1.5 acres each. On the basis of the definition of the economic holding as one comprising 4 acres of paddy land nearly 90 per cent of the holdings would appear to be uneconomic.

**TABLE No. 9.8.**

*Cultivators classified by size of cultivated holding showing for each class particulars of cultivated area.*

Size of cultivated holding (acres)	No. of cultivators	Total cultivated area (acres)	of which	
			owned (acres)	leased in (acres)
10 or more	1	12.0	12.0	-
5-	17	111.3	90.1	21.2
2.5-	53	180.1	141.4	38.7
1.5-	46	86.7	67.7	19.0
0.5-	38	39.2	29.0	10.2
0-	11	2.7	2.4	0.3
Total	166	432.0	342.6	89.4

9.18 Of the total of 432.0 acres of cultivated area, 89.4 acres were leased in. As would be expected, a larger proportion of the smaller holdings was leased in; but the difference in this respect between larger and the smaller holdings was not very large. Nearly 25 per cent of the area of the holdings under 1.5 acres was leased in. The same proportion for holdings of over 5 acres was a little over 17 per cent.

9.19 Physical possibilities of land improvement are not many in this district. On account of the very small land holdings, there is also probably little margin to effect improvements. A certain amount of expenditure has to be incurred annually on the bunding of paddy fields; but that is more often in the nature of current farm expenditure rather than investment expenditure. The only expenditure which might be classified as investment expenditure is that incurred on reclamation of lands though even here it could often be the normal reclamation of warkas lands kept fallow for a period of years. In the following, we shall briefly examine the reported expenditure on bunding and reclamation of the owner-cultivated lands, leased-out lands and leased-in lands. While classifying the total area into these categories, we have adopted the position as it was in the year 1952-53 and examined the reported expenditure on these three categories of land over the period of five years from

1948-49 to 1952-53. We have this information for a total of 342.6 acres of owner-cultivated land; 73.2 acres of leased-out land and 89.4 acres of leased-in land. No expenditure whatsoever was reported by the landlords on the lands leased out by them. On the lands leased in, the cultivators did not report any expenditure during the first two years, namely 1948-50. It seems therefore that on the tenant-cultivated lands, neither the landlords nor the tenants incurred much of an investment expenditure until 1949-50. After that, the situation seems to have changed for the better though only slightly. The landlords of course did not incur any expenditure on the leased-out lands. The tenants have however reported small amounts incurred on bunding of the leased-in lands. On the total of 89.4 acres of leased-in land, the reported expenditure amounted to Rs. 10, Rs. 110 and Rs. 60 during the three years 1950-51, 1951-52 and 1952-53, respectively. The amounts are too small and the period too short to regard the evidence as anything more than indicating the possibility that the tenants may in due course be induced to take better care of the lands than they traditionally did until recently.

9.20 The 342.6 acres of owner-cultivated area was all owner-cultivated only from 1950-51 when the Khoti Abolition Act came into effect. Before

that, that is during the first two years covered by our investigation, a large part of this area was tenant-cultivated and was occupied mostly by the permanent tenants or by tenants on khoti nisbat lands. With the abolition of the khoti tenure, these tenants secured proprietary rights. The principal advantage they derived from this change in title was that they

ceased to pay the khot's dues or the rent. It was therefore to be expected that, now that they could enjoy the full benefits of their labour and expenditure on their lands, they would take better care of these lands. In fact, this did not happen. In Table No. 9.9, we give the reported expenditure on these owner-cultivated lands over the period of five years. It will

**TABLE No. 9.9.**  
*Investment expenditure on owner-cultivated lands.*

Items of Investment Expenditure	Total Investment Expenditure in Rs. during				
	1948-49	1949-50	1950-51	1951-52	1952-53
Bunding	110	115	145	155	299
Reclamation	400	200	-	-	40
Total investment (Expenditure per acre (Rs.))	510	315	145	155	339
Expenditure per acre (Rs.)	1.5	0.9	0.4	0.4	1.0

be seen that the investment expenditure declined considerably in the period immediately following the abolition of khoti, that is in the two years 1950-51 and 1951-52. This happened mainly because in these two years no expenditure was incurred on land reclamation. It is difficult to give any firm explanation but we shall mention a few possible explanations which were brought to our notice during the course of our investigation. Some

khots said that the net result of the abolition of the khoti tenure would be that with the ceasing of payment of rents or khots's dues, the cultivators Would have ample grain for their needs and they would therefore not make any effort to bring into cultivation all the cultivable area in their occupation. This is a point which could be examined only on the basis of reliable data on crop acreages. The explanation might however be

accepted as a contingent possibility. As was pointed out, the tenants, who with the abolition of the khoti tenure acquired full proprietary rights, were traditionally paying 1/3rd or 1/4th share rents. With the abolition of the khoti tenure, these tenants thus obtained a very substantial relief. It is possible therefore that in the initial jubilation they somewhat slackened. Nevertheless, it should be emphasised that even if this ever happened, it could be regarded as no more than a short term contingency and that it would be absurd on that basis to attribute to the erstwhile tenants a permanent lack of desire to improve their living standards with better effort. There was another explanation for the possibility that immediately following the abolition of the khoti tenure, the erstwhile tenant-cultivated lands suffered from lack of attention. As the khot's traditional dues were usually paid in crop shares, the khot naturally paid some attention to the proper cultivation of the lands. In particular, he often supplied, though undoubtedly as loan, better seed. Many tenants had such small holdings that they habitually ran short of grain, both for consumption and seed, and hence depended on grain loans from the khot. With the abolition of the khoti tenure, such loans were not available. It should be remembered that during these same years, the tenants were required to pay

either the occupancy price or the commuted value of the khot's dues relating to the lands over which they acquired proprietary rights. It is possible that the cultivation suffered on these accounts for some time. These are possible explanations. In any case, if the cultivation of the erstwhile tenant-cultivated lands suffered immediately following the abolition of the khoti tenure, it happened only for a short while. The investment expenditure under taken on these lands during 1952-53 showed signs of returning to the normal levels.

9.21 In conclusion, we may point out that the tenancy reform effected by the abolition of the khoti tenure in Ratnagiri district was a major operation and was more radical than that attempted by the Bombay Tenancy and Agricultural Lands Act of 1948 in other districts of the State. The benefits accruing to the tenants, from the abolition of the khoti tenure are too obvious to need any statistical demonstration. Whether these reforms would lead to better care of the lands and increased agricultural production is a larger issue. The conditions in this district are not very favourable to show any immediate effects. The physical possibilities of land improvement are distinctly limited and the agricultural holdings are too small to allow much margin to experiment.

## CHAPTER X

### CONDITIONS IN KARWAR DISTRICT

10.1 In this Chapter we shall describe the conditions in Karwar district as revealed by our investigation. The reason for making it into a separate chapter was the existence, in this district, of a large class of perpetual lessees known as mulgenidars holding land not directly from Government but under superior holders. They pay land revenue to Government and a fixed rent to the owner, not subject to enhancement by the latter. The owners have a reversionary interest in these lands and a lien on them in case of default by the mulgenidars. The mulgenidars have a perpetual and inheritable right in their lands, but, unlike the statutory rights of the privileged occupants in Ratnagiri district, the rights of mulgenidars are derived from contract and hence are liable to variation from individual to individual in such particulars as mode and level of rents, rights of alienation and so on. Usually the mulgeni contracts are in writing and are registered.

10.2 The practice of creating mulgeni rights originated in the early nineteenth century when large tracts of land in this district had gone out of cultivation on account of the campaigns of Haider and Tipu in the latter part of the eighteenth century when the country was partially depopulated and the lands were deserted

so that the owners were finding it difficult even to pay the land revenue in respect of their lands. Later, the practice persisted as a convenient form of leasing out. However it is no mode of leasing out and we have now only stray cases of creating fresh mulgeni rights.

10.3 The earlier mulgeni contracts usually stipulated cash rents which were either equal to or only slightly in excess of the survey assessment of the lands then prevailing. In later deeds however the rents appear much higher and, in addition, the mulgenidar also paid the land revenue. There also appears a shift towards fixed rents in kind or sometimes even, share or mixed rents. On the other hand, while the earlier contracts stipulated that the mulgeni rights were inheritable but not transferable, the later contracts gave full alienation rights to the mulgenidars. As a consequence, some of the mulgenidars gave their lands in perpetual leases to sub-mulgenidars for higher rents thus creating a succession of intermediate interests. Besides, many mulgenidars of course rented out their lands to ordinary tenants.

10.4 Another class of rights, similar to the mulgeni rights existing in this district is the nadagi rights. The nadagi rights are much less frequent and were apparently created to suit the conditions of the coconut plantations. Under the system,

an owner, after planting, handed over the plantation to a nadagidar who reared it; the owner bore the expenses and the nadagidar got no remuneration until the plantation matured. When the plantation started yielding fruit, the owner was entitled to a three-fifths share. The nadagi rights were also usually secured by written contracts.

10.5 The sample of plots selected for investigation in this district consisted of 1072 plots with a total cultivated area of 529 acres. In Table No. 10.1 we give a classification of these plots and the corresponding area according to the type of tenure under which they were held in 1948-49. It will be seen that 30.6 per cent of the area was cultivated by owners; 14.7 per cent was cultivated by perpetual lessees, mostly mulgenidars; 45.1 per cent was cultivated by ordinary tenants of the owners and the remaining 9.6 per cent

was cultivated by the ordinary tenants of the mulgenidars. In other words we might say that nearly 75 per cent of the area was held under ordinary tenure and that only 40 per cent of it was owner-cultivated while nearly 60 per cent was tenant-cultivated by ordinary tenants. On the other hand, nearly 25 per cent of the area was held by perpetual lessees of which nearly 60 per cent was cultivated personally by the lessees and 40 per cent was rented out to ordinary tenants. It will thus be seen that, in comparison with other districts, tenant-cultivation is the most extensive in Karwar district, nearly 55 per cent of the total area being under ordinary tenant-cultivation and another 15 per cent under perpetual lessees. Moreover, renting out by perpetual lessees is quite common so that as a class they are seen to be no more proper cultivators than are the other landowners.

**TABLE No. 10.1.**

*Percentage distribution of the area of sample plots according to the type of tenure in 1948-49.*

Tenure class	No. of plots	Area in acres	Percentage of total area cultivated by		
			owners	lessees	tenants
held by owners	822	400.2	30.6	-	45.1
held by mulgenidars	231	121.4	-	13.3	9.6
held by sub-mulgenidars	9	2.7	-	0.5	-
held by nadagidars	10	4.7	-	0.9	-
Total	1072	529.0	30.6	14.7	54.7

10.6 The rents agreed upon between the perpetual lessees and the owners were usually found noted in the village records. Out of the 250 plots held by perpetual lessees, we could obtain this information in respect of 150 plots involving a total area of 80.4 acres. In the case of 57.1 per cent of this area, the lessees paid fixed rents in kind and in 27.0 per cent of the area, they paid cash rents. 14.2 per cent of the area was share rented though except in the case of nadagidars; the specific shares were not found noted in the village records; as earlier noted, the nadagidars paid three-fifths share. The remaining 1.7 per cent of the area was leased out for other kinds of considerations. The cash rents generally prevailed on smaller and presumably better quality plots and the cash rents averaged Rs. 17.8 per acre which was equivalent to 4.8 multiples of the survey assessment. It is obvious therefore that the rents on perpetual leases were by no means very low.

10.7 The Bombay Tenancy Act of 1939 was amended in 1946 and was made applicable all over the State and as a first step the rights of protected tenancies were recorded in the Record of Rights. The rights of the perpetual lessees, namely, the mulgenidars and the nadagidars, were of course superior to the rights of the protected tenants and they remained unaffected. On the other hand, such of the ordinary tenants as qualified for the rights

of the protected tenancy were recorded as such. As will appear from Table No. 10.1, in 1948-49, 54.7 per cent of the total area was cultivated by tenants either under the owners or under the lessees. This consisted of 32 plots. We found that on 251 of these, the right of protected tenancy was recorded initially in 1947-48. But by the next year, that is by 1948-49, on 26 of these plots, the tenants recorded to be protected tenants had already been evicted and replaced by new tenants so that in 1948-49, tenants on only 225 out of the 392 tenant-cultivated plots appeared to be protected tenants. Also, 10 more cases came to our notice where the plots were cultivated by tenants recorded to be protected tenants in 1947-48 but which, in 1948-49, were resumed by the owners. The process of resumption and of change of tenants on plots even where the right of protected tenancy was recorded, continued during the five-year period covered by our investigation. During this period, there occurred 13 cases of resumption and 19 cases of change of tenants so that in 1952-53, there remained only 193 plots under protected tenants. Thus of the 261 protected tenancies recorded in 1947-48, only 193 remained alive in 1952-53.

10.8 We might now examine the tenancy changes more generally. As will appear from Table No. 10.1, 30.6 per cent of the total area of our sample of plots was



cultivated by owners in 1948-49; 14.7 per cent was cultivated by lessees; 45.1 per cent was cultivated by tenants of owners and 9.6 per cent was cultivated by tenants of lessees. In 1952-53, 93.6 per cent of the area cultivated by the owners continued to be under their cultivation while 6.4 per cent was rented out. Similarly 96.7 per cent of the area cultivated by the lessees continued to be under their cultivation while 3.3 per cent was rented out. On the other hand, of the area cultivated by the tenants of the owners, only 82.9 per cent continued to be tenant-cultivated by the same tenants and another 0.2 per cent was acquired by the tenants; of the remaining, 12.0 per cent was resumed by the owners and on 4.9 per cent of the area, the tenants were changed. The conditions on the area cultivated by the tenants of the lessees were not materially different. Thus, only 82.3 per cent of this area continued to be tenant-cultivated by the same tenants; 16.1 per cent of it was resumed by the lessees and on 1.6 per cent of the area, the tenants were changed. On the whole it will be seen that more area was resumed than was newly leased out. As a consequence, in 1952-53, a somewhat larger proportion of the area was cultivated either by the owners or by the lessees and a smaller proportion of the area was cultivated by the tenants of either the owners or of the lessees. In fact, in 1952-53, 34.1 per cent of the area was cultivated by the owners; 15.7 per cent

was cultivated by the lessees; 41.6 per cent was cultivated by the tenants of the owners and 8.6 per cent of the area was cultivated by the tenants of the lessees.

10.9 The above description of the tenancy changes during the five year period is based on the changes appearing in the village records in respect of the ten per cent sample of plots but duly verified by personal interviewing of the parties concerned. For, as in the other districts, the village records in this district also showed a number of recording errors. In fact, on the basis of the village records, our sample of 1072 plots showed 234 cases of tenancy change. To these cases were added 62 more cases of tenancy change mostly occurring in 1952-53 but on plots not covered by the sample. We thus had a total of 296 cases of tenancy change, as indicated by the village records. Of these, we followed up 270 cases by personal interviewing of the parties concerned; in the remaining 26 cases, the parties could not be contacted. It turned out that in 76 of the 270 cases, that is in more than one-fourth of the cases, no real tenancy change was involved; in 38 cases the apparent change was because of recording errors and in 13 cases, they were on account of the rectification of previous errors. In 20 cases, there were no recording errors as such but nevertheless they did not involve genuine, changes because of the relationships

between the parties concerned. In 5 cases, examined by us, the tenancy changes the changes were genuine but had taken place prior to 1948 and were recorded only later. In the remaining 194 cases the tenancy change.

**TABLE No. 10.2.**  
*Cases of tenancy change and the related area classified by type of change.*

Type of tenancy change	No. of cases	Area (Acres)
New Leases		
by owners	41	56.6
by lessees	4	11.5
subletting by tenants	15	25.1
Resumption		
by owners	49	61.4
by lessees	15	37.2
by principal tenants	10	33.9
Change of Tenants		
by owners	37	80.2
by lessees	5	2.2
by principal tenants	5	31.9
Acquisition of Land		
by lessees	1	0.3
by tenants	12	3.0
Total	194	343.3

10.10 As will be seen, there were in all 60 cases of fresh leasing, of which 41 were by owners, 4 were by lessees and the remaining 15 were of subletting by tenants. The 41 cases of new leasing by owners involved an area of 56.6 acres. In the case of 76.2 per cent of this area, the owners did not reside in the respective villages and 15.3 per cent of the area was under public ownership. 94.5 per cent of the leased area was leased out with the object of effecting improvement in the soil. 69.3 per cent of the area was leased out for fixed rents in kind and 26.1 per cent was leased out free of rent with the sole purpose of bringing it under cultivation. The 4 cases of new leasing by lessees involved an area of 11.5 acres. In 2 of the cases, the mulgenidars said that they were short of family labour and hence had leased out. In one case, the land was leased out for bringing it under cultivation. The remaining case was of one sub-mulgenidar leasing out for a clear advantage in rent. Subletting by ordinary tenants also appears common in this district and we have in fact 15 such cases involving an area of 25.1 acres. But in none of these was there evidence of the subletting being done for an advantage of rent. In a majority of these cases, the principal tenants were apparently seeking employment in forest areas in this district and had temporarily resorted to subletting.

10.11 There were 74 cases of resumption; 49 by the owners, 15 by the lessees and 10 of the principal tenants evicting the sub-tenants. The 49 cases of resumption by the owners involved an area of 61.4 acres. In the case of 87.1 per cent of this area the owners were resident in the respective villages. Nearly 57 per cent of the resumed area was previously rented out for fixed rent in kind and the remaining for share rent. In the case of nearly half of the resumed area, the evicted tenants were on the lands for 9 or more years. The reasons for resumption given by the tenants and the landlords do not agree well. According to the reports by the evicted tenants, in the case of 22.2 per cent of the area, the leased term had expired; in the case of 67.9 per cent, the tenants surrendered because the landlords wanted it for personal cultivation; and in 2.1 per cent, they surrendered for personal reasons. In the case of 4.4 per cent of the area, the tenancy was terminated by landlords because they wanted it for personal cultivation and in the case of 3.4 per cent, the tenants admitted, it was because of default on the part of the tenants. As against this, the landlords reported that in the case of 43.0 per cent of the resumed area, the tenants had defaulted payment of rent. Further, they reported that in the case of 7.5 per cent of the area, it was a case of redemption of mortgage and not of resumption; this was not corroborated by the evicted tenants.

10.12 The 15 cases of resumption by lessees involved an area of 37.2 acres. In 9 out of these 15 cases, the evicted tenants were on the lands for 9 or more years. In 8 of the 15 cases, the tenants had migrated or left of their own accord for personal reasons. In 5 cases, the resumption was for personal cultivation by the lessees. In 2 cases, according to the version of the lessees, the tenants had defaulted; this was admitted by the tenants in one case while disputed in the other.

10.13 The 10 cases of resumption by the principal tenants involved an area of 33.9 acres. In 4 of these cases, the land was resumed on grounds of personal cultivation; in 3 cases, because the lease had expired and in the remaining 3 cases, because the sub-tenants had left of their own accord.

10.14 There were 47 cases of change of tenants, 37 of which were done by owners, 5 by lessees and 5 by principal tenants. The 37 cases of change of tenants made by the owners involved an area of 80.2 acres. In the case of 73.2 per cent of this area the owners were not residents in the respective villages; 23 per cent of the area was in the possession of the evicted tenants for more than five years. Prior to the change of tenants, 48.5 per cent of the area was rented for fixed kind rents; after the change of tenants this proportion rose to 61.9 per cent. On the other hand, 44.1

per cent of the area was share rented prior to the change of tenants; after the change of tenants, this dropped to 17.8 per cent. In fact, out of the 37 cases of change of tenants, in 8 cases an initial share rent was changed to a fixed kind rent while only in one case, an initial fixed kind rent was changed to a share rent. It would, also appear from the earlier discussion of the cases of fresh leasing and of resumption that a larger proportion of the newly leased out area was leased for fixed kind rents than appeared in the area resumed. It seems therefore that there was a shift from share rents to fixed kind rents. It is difficult to say whether this was in consequence of the fact that the maximum rent under the Act was defined in terms of share rent and not in terms of fixed rent, either in cash or in kind.

10.15 As for the reasons for terminating the tenancies, the evicted tenants and the owners have apparently given their respective reasons. But in large part, it seems that the former tenants had resigned voluntarily on personal grounds. Thus, they reported that in the case of 27.6 per cent of the area, they resigned because they were short of family labour and in another 13.6 per cent of the area, because it was not profitable to cultivate the plots. In the case of 11.3 per cent of the area, the tenancies were terminated because of death or migration of the former tenants. In only 14.2 per

cent of the area, the former tenants said they resigned because the owners wanted the land for personal cultivation and in only 3.1 per cent of the area, they said that the tenancies were terminated against their will. On the other hand, the landlords reported that in nearly two-thirds of the cases the former tenancies were terminated because they were in need of funds and that the plots concerned were later mortgaged. This was not corroborated by the new tenants; they said that they were proper tenants though some of them had paid advance rents. The 10 cases of change of tenants by the lessees or the principal tenants, were mostly on account of death or migration of the former tenants. We had earlier referred to the migration in search of employment in forest areas. This seems to be an important circumstance leading to all the three types of tenancy changes in this district, namely, fresh leasing, resumption and change of tenants.

10.16 There were apparently 12 cases of tenants acquiring the ownership of the land in their possession. But on closer examination, it appeared that only 2 of them were genuine. The remaining 10 cases were in fact of redemption of

mortgage. There was also one case where a mulgenidar acquired full ownership rights of the lands in his possession. It was a small plot of land measuring only 0.3 acres.

10.17 We shall next examine the changes in ownership through the purchase and sale of land. The sample of plots gave only 10 cases of sale. To these were added 151 cases of sale taken from the office of the sub-registrar. We had thus a sample of 161 sales. On closer scrutiny, it appeared that only 135 of these were cases of genuine sales; 21 were of mortgages and the remaining 5 were cases of gifts. Of the 135 cases of sale, 20 had occurred in 1948-49 and 12, 17, 27 and 59 in the subsequent four years, respectively. They involved a total area of 170.0 acres. The average sale value was Rs. 432.6 per acre or 128.1 times the land revenue.

10.18 The cases of sale of land in this district fall into four distinct categories, namely, (i) sale of full ownership rights; (ii) sale of ownership rights in mulgeni lands; (iii) sale of existing mulgeni rights; and (iv) creation of new mulgeni rights. In Table No. 10.3,

**TABLE No. 10.3.**  
***Particulars of cases of sale of land classified by the type of sale.***

Type of sale	No. of sales	Area (acres)	Sale value per acre (Rs.)	Sale value as multiple of land revenue
Sale of land	92	121.1	482.7	131.8
Sale of ownership rights in mulgeni lands	17	19.2	650.5	193.0
Sale of existing mulgeni rights	22	28.8	173.3	57.1
Creation of new mulgeni rights	4	0.9	1111.1	188.7
Total	135	170.0	452.6	128.1

we give particulars of the cases of sale thus classified into these four categories. It will be seen that the average value of the sales of full ownership rights, per acre or as multiple of land revenue is higher than the corresponding value of the sales of mulgeni rights. This is as it should be. But it is a little surprising that the value of the sales of ownership rights in mulgeni lands should be higher than the value of the sales of full ownership rights. Further, the value of creating new mulgeni rights appears higher still. In fact, in both these cases, this has happened due to exceptional circumstances. Out of the 135 sales under study, only 119 were sales of agricultural lands; 10 involved plots with farm houses and in 6 cases the sales were specifically for new building purposes. The average sale values per acre of these three categories of sales were Rs. 433.3, Rs. 986.8 and Rs. 1744.4,

respectively. The corresponding multiples of land revenue were 123.6, 215.5 and 436.5, respectively. It chanced that out of the 17 cases of sale of ownership rights in mulgeni lands, 11 cases involved either plots with farm houses or plots sold specifically for building purposes. On the other hand, there were no such cases to be found among the 92 cases, of sale of full ownership rights. The apparently higher values of sale of ownership rights in mulgeni lands are due to this circumstance.

10.19 The 4 cases of creating new mulgeni rights also exhibited exceptional features. In the first instance, it will be noted that they all involved very small plots in fact, the 4 together involved only a total of 0.9 acres. In 2 of the cases, they were in fact sale of full ownership rights, but because this could not be done on

account of the provisions of the Prevention of Fragmentation and Consolidation of Holdings Act, a mulgeni contract was executed with a nominal rent of 4 annas per annum. In another case, an ordinary tenant had constructed a house on the plots in his possession; taking advantage of this, the owner had forced on him the mulgeni rights at an exorbitant price. In the remaining case, the mulgeni rights were forced on a neighbouring cultivator by denying him passage through the plot in question; here too the price was exorbitant. As will appear from these cases, the creation of new mulgeni rights is not now ordinarily done under normal circumstances. The

prices paid for the purpose are therefore either exorbitant or at least not lower than the prices paid in ordinary sales.

10.20 Confining our attention to only the sales of agricultural lands, we might examine the variation in the sale values in relation to the size of the sale and the category of the sellers and

the buyers. In Table No. 10.4 we give particulars of the 119 Sales classified according to their size. It will be seen that a large majority of the sales involved plots of under one acre, and that their sale value, both per acre and as multiple of land revenue was much higher than that

**TABLE No. 10.4.**  
*Particulars of sales of agricultural lands classified by size of sale in acres.*

Size of the sale in acres	No. of sales as percentage of total	Area of sales as percentage of total	Sale value per acre (Rs.)	Sale value as multiple of land revenue
0-	67.2	19.1	813.0	189.0
1-	17.6	19.9	693.3	179.6
2 or more	15.2	61.0	234.0	73.0
Total	119.0	165.3	433.3	123.5

of sales of larger size. In Table. No. 10.5, we give particulars of these sales classified according to the category of the sellers and the buyers. It is a little surprising that the average sale values of the sales by non-cultivating owners should be substantially higher than those by cultivating owners. This seems to be true both when compared on a per acre basis and also as multiples of land revenue. This suggests that the Tenancy Act had made little effect on the land market

in this district. On the other hand, among the buyers, the tenant and the neighbouring cultivator seem to enjoy a certain advantage over other cultivators and possibly also over non-cultivators. But, as in Ratnagiri district, this might be more on account of the difficult terrain of the country than on account of the higher priority accorded by the Act to the tenant-in-possession and the neighbouring cultivator.

**TABLE No. 10.5.**

*Particulars of sales of agricultural lands classified by category of sellers and buyers.*

Category of sellers & buyers	No. of sales as percentage of total	Area of sales as percentage of total	Sale value per acre (Rs.)	Sale value of land as multiple revenue
Sold by a cultivating owner to				
Neighbouring cultivator	5.0	6.3	154.8	42.4
Other cultivator	20.2	8.5	962.1	138.3
Non-cultivator	12.6	21.8	220.8	155.5
Sold by a non-cultivating owner to				
Tenant	24.5	21.9	418.2	113.3
Neighbouring cultivator	0.8	0.8	100.0	217.4
Other cultivator	19.3	12.5	613.5	196.1
Non-cultivator	17.6	28.2	433.7	105.0
Total	119	165.3	433.3	123.5



10.21 As in other districts, we had in this district selected a sample of land-owners and cultivators in order to examine any trends in the relative investment in land, improvement of the owner-cultivated and the tenant-cultivated lands. Our sample comprised a total of 151 landowners. In Table No. 10.6, we give their distribution according to the size of their holdings. It will be seen

that less than 10 per cent of the land-owners had holdings of 20 acres or more; but that they accounted for more than 60 per cent of the total owned area and 75 per cent of the leased out area. At the other extreme, nearly 20 per cent of the owners had holdings of less than half an acre. In the last column of the Table, the leased out area

**TABLE No. 10.6.**  
*Particulars of owned holdings classified by size of holding.*

Size of owned holding in acres	No. of owners	Area owned (acres)	Area leased out (acres)	Leased out as percentage of owned
100 or more	1	282.2	282.2	100.0
50-	4	316.2	276.2	85.5
20-	8	221.5	159.3	71.9
10-	17	228.2	129.6	56.8
5-	15	94.0	58.4	61.5
2.5-	32	107.9	35.4	32.8
1.5-	18	32.4	11.1	34.3
0.5-	27	24.7	4.2	16.3
Less than 0.5	29	5.6	0.6	10.7
Total	151	1313.7	957.0	72.8

is shown as a percentage of the owned area from which it will appear that large landowners had leased out a major portion of their holdings. It should be noted that in this Table, the leased out area includes area leased out to the perpetual lessees as also to ordinary tenants.

10.22 Of the 151 landowners, 17 were non-cultivating owners. On the other hand, we had another sample of 17 pure tenants, that is, non-owning cultivators

including the perpetual lessees. We have thus a sample of 151 cultivators. In Table No. 10.7, we give their distribution according to the size of their cultivated holdings. It will be seen that a little over 15 per cent of the cultivators had holdings of more than 5 acres while nearly 20 per cent had holdings of less than half an acre.

A large part of the holdings of cultivators of between a half and 5 acres, were leased-in-lands including of course lands obtained on perpetual leases.

**TABLE No. 10.7.**  
*Particulars of cultivated holdings classified by size of holding.*

Size of cultivated holding in acres	No. of cultivators	Area cultivated (acres)	Area leased in (acres)	Leased in as percentage of cultivated
20 or more	2	52.9	-	-
10-	6	80.5	1.2	1.5
5-	15	93.0	14.0	15.1
2.5-	46	159.3	58.4	36.7
1.5-	22	42.3	22.4	53.0
0.5-	32	31.1	12.8	40.0
Less than 0.5	28	7.6	1.2	15.8
Total	151	466.7	110.0	23.6

10.23 In Table No. 10.8, we give particulars of the investment expenditure undertaken by these landowners and cultivators during the five years 1948-53.

We have shown this expenditure separately for the, owner-cultivated, leased out and the leased in lands. It will appear that during the five years, the landowners

incurred on their owner-cultivated lands is large. Comparatively, the landowners an average of Rs. 25 worth of investment had incurred very little expenditure on the expenditure per acre per annum. In leased out lands. Some of these lands comparison with many other districts, were of course perpetual leases. On the this is quite large. It is true that more than other hand, the cultivators have reported half of this expenditure was on bunding substantial expenditure on the leased in or on repair of bunds which in this district lands; this is Rs. 7.5 per acre per annum. may be more in the nature of current farm However, more than 90 per cent of this expenditure. Nevertheless, the remaining expenditure was on bunding, or on repair part, which is more than Rs. 10 per acre of bunds and on fencing of the fields. per annum, was on items which might be Very little expenditure was incurred on properly called investment items. In items which might be truly called comparison with other districts, even this investment items.

TABLE No. 10.8.

*Investment expenditure during 1948-53 on owner-cultivated, leased out and leased in lands shown distributed (in percentages) over different items of expenditure.*

Items of investment expenditure	Owner cultivated	Leased out	Leased in
Construction of flew wells	24.5	7.1	2.4
Repairs to wells	3.8	1.9	2.4
Building	25.2	5.9	46.2
Repairs to bunds	26.8	34.2	40.4
Reclamation	5.2	10.8	-
New plantations	8.7	-	2.9
Fensing and others	5.8	40.1	6.1
Total investment exp. in Rs.	44,560	4240	4110
Expenditure per acre (Rs.)			
average for 1948-53	25.0	0.9	7.5

10.24 While examining the relative progression of investment expenditure on the owner-cultivated and the, leased in lands, in this district, we should therefore distinguish, the items of expenditure into two broad categories; in one, we might group, expenditure on such items as construction and repair of wells, recla-

mation and new plantations which might be truly in the nature of investment; in the other, we might group the expenditure on such items as bunding and repair of bunds and fencing of fields which might be more in the nature of current farm expenditure. In Table No. 10.9, we

**TABLE No. 10.9.**

*Particulars of investment expenditure on owner-cultivated and leased in lands for each year from 1948-49 to 1952-53.*

Year	Expenditure per acre (Rs.) on			
	Construction and repairs of wells, reclamation and new plantations		Bunding, repair to bunds, fencing and other items	
	on owner-cultivated lands	on leased in lands	on owner-cultivated lands	on leased in lands
1948-49	8.1	1.7	16.0	2.9
1949-50	4.1	0.1	10.7	3.2
1950-51	6.8	0.3	11.8	8.6
1951-52	7.1	0.7	22.8	5.7
1952-53	27.0	0.1	11.9	14.1
Average for 1948-53	10.6	0.6	14.4	7.1

have classified the expenditure into these two categories and shown average per acre expenditure on them for each year from 1948-49 to 1952-53, separately for the owner-cultivated and the leased in lands. Confining our attention to the expenditure on the first group of items, it

will be seen that the corresponding expenditure on even the owner-cultivated lands does not show any systematic variation over the first four years; in the last year, it shows a sudden increase, nearly three or four fold, which might be entirely accidental. The corresponding

expenditure on the leased in lands also does not show any systematic variation but there is an indication that if anything the investment expenditure on the leased in lands has some what declined over the five years. It may be noted that the leased in lands included the lands cultivated by tenants under ordinary tenure and also the lands held and cultivated by the perpetual lessees. It would have been better if we could distinguish these two classes in the above discussion. Unfortunately, our schedule in which the information relating to the investment expenditure was obtained did not provide for the noting of this special tenancy feature in this district. The distinction could not therefore be made in the analysis. A reference to Table No. 10.1 however will show that while nearly 55 per cent of the total area in this district was cultivated by ordinary tenants only about 15 per cent was cultivated

by the perpetual lessees. In the leased in area appearing in Table Nos. 10.8 and 10.9, therefore, more than three-fourths would be held by ordinary tenants and the indications given by the data of these Tables might therefore be broadly regarded to hold good for the ordinary tenants. Prima facie, one might suppose that the conditions on lands held and personally cultivated by the perpetual lessees, would not be materially different from that on the lands cultivated by the full owners.

10.25 In conclusion, we may therefore note that, as in most other districts, our investigation has brought out little to suggest that the Tenancy Act had made any favourable effect on the tenancy conditions in this district.

## CHAPTER XI

### THE NEW AMENDMENT

11.1 In Chapter II while describing the main provisions of the Bombay Tenancy and Agricultural Lands Act of 1948 as amended up to 1953, it was pointed out that the Act suffered from two main weaknesses. In the first instance, all of its provisions for the security of tenure, both of the protected and the ordinary tenant, were under-mined by the one loop-hole that when the tenant surrendered, his lands in favour of the landlord, the landlord could retain them without any restrictions whatsoever. Secondly, the right of purchase, on their own initiative, given to the protected tenants was of very limited potential in promoting transfer of agricultural lands from non-cultivating to cultivating hands. The data presented so far fully expose these two weaknesses of the Act. The Government also recognised these inherent weaknesses and acknowledged that the Act had failed in its working to achieve the two major objectives, namely, the protection to the tenant from eviction and a gradual transfer of agricultural lands into the hands of the tiller. The Act had also introduced the concepts of a ceiling area and an agricultural holding in the sense of a floor area; but the Government rightly felt that more positive action was necessary to enforce the concepts of ceiling and floor to agricultural holdings.

Therefore in order to remedy these weaknesses of the Act as it stood, the Government moved a comprehensive and a rather extensive amendment in the form of the Bombay Tenancy and Agricultural Lands Act, 1955. It was passed by the Bombay Legislative Assembly in September 1955 and has recently received the assent of the President. It will be appropriate to examine briefly the main provisions of this latest amendment in relation to the basic weaknesses of the original Act.

11.2 Under the Act as it stood prior to the amendment, the landlord enjoyed the right to resume his lands for personal cultivation, with a certain difference between the protected and the ordinary tenant, subject to a limit of 50 acres on his cultivating holding. Under the amendment he continues to enjoy this right except that the limit on the holding has now been more precisely defined as the ceiling area which is put at 48 acres of dry land or 24 acres of seasonally irrigated or rice land or 12 acres of perennially irrigated land. Under the original Act, this right of resumption had an important qualification. It was only when the holding of the landlord was not in excess of an agricultural holding, defined to mean 16 acres of dry land or 4 acres of irrigated or rice land, that his right to resume extended to the entire area held on lease by the tenant; otherwise, the right

was limited to only half the area of the land leased. By the new amendment, the concept of the agricultural holding has been dropped in this context and the right of resumption is now universally limited to only half the leased area so that the tenants enjoy unqualified protection on at least half the leased area.

11.3 The principal weakness of the original Act in respect of the protection given to the tenant however was that the tenant could at any time surrender his interests in favour of the landlord; and that when, he did so, the landlord could resume the lands without any restrictions whatsoever. We have seen the consequences of this loop-hole. The new amendment seeks to remedy this important weakness. Under the amendment the tenant may of course terminate the tenancy by surrendering his interests in favour of the landlord; but in that event the landlord can retain such surrendered area only subject to the ceiling on his holding. Any excess of the surrendered land which the landlord cannot thus retain, is at the disposal of the Government for sale to persons in certain specified priorities. Thus the landlord's right of resumption is now effectively limited by the ceiling area. It may be said therefore that the new amendment has very effectively remedied the main weakness of the original Act in this respect.

11.4 Under the original Act, a protected tenant was given the right to purchase, on his own initiative, the land held by him as a protected tenant provided that it did not raise the tenant's holding above 50 acres and did not reduce the landlord's holding below 50 acres. Thus though an important right was conferred on the protected tenant, its potential was severely limited on account of the latter of the two restrictions. The right is now extended to all tenants. The first of the two restrictions continues and the tenants' right to purchase is limited by the ceiling on his own holding. But the second restriction is now replaced by a much milder condition. Now it is only if the holding of the landlord is smaller than an economic holding which is defined as 16 acres of dry land or its equivalent of other kinds of land and if his annual income including the rent of such land does not exceed Rs. 1500, that the tenant has no right to purchase such land on his own initiative. In all other cases, the tenant not only is given an unqualified right to purchase the land held by him as a tenant, but on and with effect from 1st April 1957, which is termed the Tillers' Day, every tenant, in terms of the amendment, will be deemed to have purchased the land held by him as a tenant.

11.5 The actual operation of this 'deemed to have purchased' clause is of interest. Such of the area as the tenant cannot purchase because that may raise his holding above the ceiling, he is to surrender to the landlord who may retain it subject to the ceiling on his own holding. On the other hand such of the area which the tenant cannot purchase because the holding of the landlord is smaller than the economic holding, the tenant will continue to hold as a tenant. In other cases, where the tenant is deemed to have purchased, but actually refuses to purchase, he is to be evicted and the land surrendered to the landlord. If he is willing to purchase, he is to pay the price as fixed by the Tribunal which is to be between 50 to 200 times the land revenue plus the value of wells, buildings, trees etc. The price may be paid either in lump sum or in instalments not more than ten; and here an important concession is given, namely that even if the payment is made in instalments, the payment of rent ceases with the payment of the first instalment. That apparently is the implication of the phrasing that the tenant will be deemed to have purchased. When the payment of the price is made by instalments, any arrears of the instalments are recoverable as arrears of land revenue, and if the tenant is in arrears of more than four instalments, the purchase is declared ineffective, the amount of instalments

refunded to him after deducting the rent dues, he is evicted and the land surrendered to the landlord. These provisions also apply to the tenancies created after the Tiller's Day. Any such new tenant must exercise his right, to purchase within one year failing which he is evicted and the land surrendered to the landlord. Thus all such new tenancies will in effect be only one year tenancies.

11.6 Whenever the land is surrendered to the landlord in any of the circumstances described above, he may retain it only subject to the ceiling on his holding. All excess of the surrendered land is at the disposal of the Government for sale to persons in a certain order of priorities, in which the agricultural labourers, landless persons and small holders, that is holders of smaller than economic holdings, get a high priority. It will thus be seen that the principle of ceiling on land holdings is consistently upheld. The only exception is of the persons who own and cultivate presently larger holdings. Even here if a person has acquired any area, after 1-1-1952, by surrender from his tenant, the total area owned and cultivated by him must not exceed two times the ceiling area. All fresh acquisitions of land in excess of the ceiling area under any circumstances except by lawful inheritance are invalid.



11.7 The original provisions regulating the rent have also been amended in important respects. In the first instance it is now laid down that the rent shall be paid in cash only. Thus share renting is abolished. The maximum rent is defined as five times the assessment or Rs. 20 per acre whichever is less but in no case less than two times the assessment. The tenant is, however, now made liable to pay the land revenue, irrigation cess and the local board cess. He is thus brought into direct contact with the Government. Though the share rent has been abolished and the maxima have been defined in terms of cash, by another provision the real limiting maximum is defined in terms of a crop share and is fixed at one-sixth of the value of the crop. In no year, the aggregate of the land revenue, local cess and the rent must exceed one-sixth of the value of the crop and the excess, if any, is to be deducted from the rent payable.

11.8 It will be seen however that in spite of these important amendments of the original provisions for security of tenure and regulation of rent, the most important feature of the amendment is the obligatory right of purchase given to the

tenant and the procedure envisaged to effect a quick transfer of all agricultural lands into the hands of the cultivators. Hence it may be said that the amendment does not aim at any stable or what may be called normal relationship between the landlord and the tenant; instead it aims at putting an end to this relationship except in a few special circumstances. If this part of the amendment succeeds in its operation, the provisions for protection to tenant and regulation of rent will be found to be either redundant or of only minor importance as they will concern only a small section of the peasantry. On the other hand, if the enforcement of the 'deemed to have purchased' clause raises administrative and other difficulties, as it well may, and hence if the process of transfer of agricultural lands is delayed beyond a limit, the provisions of protection will be null and void and all the tenants will be reduced to the status of tenants-at-will. In consequence the provisions for the regulation of rent also may become ineffective in practice. Thus the amendment is in many ways an ambitious piece of legislation. There is a danger however that it may suffer on account of attempting too much.

## CHAPTER XII

### CONCLUDING REMARKS

12.1 The main facts brought out by this investigation are, firstly, the extensive resumption and changes of tenants that took place even after the enforcing of the Act showing that the protection given to the tenants could not be effective in practice; secondly, a more or less normal market in land showing that the provisions for promoting the transfer of lands into the hands of the tillers were not quite effective; and thirdly, an almost complete absence of any signs of lowering the share and cash rents or of any changes in the tenancy practices. As we have explained, the first two of these failures are attributable to certain inherent weaknesses of the original Act of 1948. The original provisions regarding the protection given to the tenant suffered from an important loop-hole, namely, that the tenant could surrender his land in favour of the landlord and when so surrendered the landlord could retain it without any restrictions. Similarly, the right given to the protected tenant to purchase on his own initiative, the lands cultivated by him was limited by an important condition that the purchase must not result in reducing the holding of the landlord below 50 acres. The latest amendment has remedied the original shortcomings

in both these respects. The third failure, namely, the failure to regulate, rent, is however the most distressing for it is entirely a failure of implementation. As we have seen, in all the districts except Thana and Kolaba, the share rents have remained unchanged. The cash rents also have shown no signs of lowering. In fact, from the evidence we have presented, it is clear that at least on occasions when tenants were changed, there have been more cases, of raising than of lowering the rents. The surprising element of the situation is that even the landlords reported to us the true rents they received, and that they found no reasons to conceal the facts. Under the circumstances, many of our questions relating to the various specific provisions of the Act sounded, extremely unrealistic. For all practical purposes the Act did not exist.

12.2 It is against this background that the implementation of the more comprehensive and far reaching provisions of the latest amendment must be thought out. As was pointed out this amendment is not based on any concept of a normal landlord-tenant relationship; instead it seeks to abolish this relationship altogether. Firstly, by protecting the tenant more securely than before and by reducing the rents still further, it aims at cutting down the interest of the landlord to what might be called below economic

levels. Secondly, by providing that on and with effect from a certain date, all the tenants will be deemed to have purchased the lands under their personal cultivation, it seeks to overcome inertia and to set in motion the necessary process of transfer of all agricultural lands into the hands of the cultivators. Strategically, this seems to be essentially a sound policy. It is necessary that in practice also the two aspects will be implemented as an integrated whole and not as two disjointed pieces. Otherwise there is a danger of regarding the provisions of protection and of regulation of rent as of only secondary importance in relation to the operation of the more resounding 'deemed to have purchased' clause; this would be natural because if the 'deemed to have purchased' clause succeeded, regulation of rent as also protection of tenant would both appear as either redundant or of only minor importance as they would concern only a small section of the peasantry. It will be natural therefore if, under the burden of implementing the 'deemed to have purchased' clause, the implementation of the clauses relating to the protection of tenant and the regulation of rent are somewhat neglected. Such a neglect may however make the implementation of the 'deemed to have purchased' clause itself more difficult. It is only through a firm enforcement of the clauses relating to

protection of tenant and regulation of rent that the landlords may be induced to sell their lands or at least not create difficulties in the way of the implementation of the 'deemed to have purchased' clause.

12.3 On the other hand it is important to realise that if for one reason or another, the 'deemed to have purchased' clause fails to take effect or if its effective implementation is delayed beyond a limit, all tenants will be reduced to the status of one year tenants enjoying an option to purchase or to quit, and that therefore the provisions of protection will become null and void. If protection clauses fail, the regulation of rent will also become all the more difficult. It is obvious therefore that the two aspects, namely, cutting down the interest of the landlord and the transfer of lands hang together.

12.4 From this point of view, the failure to implement the earlier provisions of regulating rent deserves closer administrative attention. For, the new amendment requires a much more drastic reduction in the rents. The maximum rent is now defined to be five times the assessment or Rs. 20 per acre whichever is less but in no case less than two times the assessment. There is a further blanket provision that in no year the aggregate of the land revenue, local cess and the rent

must exceed one-sixth of the value of the crop and the excess, if any, is to be deducted from the rent payable. Even if we leave aside this blanket maximum, the cash rents as prescribed above are likely to be very much below the prevailing cash rents. In Table No. 12.1, we give a classification of the cases of cash rents in our sample according to the prevailing rent as a multiple of the maximum rent prescribed by the amended provisions. In Table No. 12.2, we give the corresponding classification of the area of the plots concerned. It will be seen that it is only in the case of about 18 per cent of the area, that the prevailing rent does not exceed the maximum prescribed by the amendment. In the case of about 24 per cent of the area, the prevailing rent is more than the prescribed but not more than two times the prescribed rent. In another 21 per cent it is between 2 and 3 times the maximum prescribed by the amendment. In the remaining nearly 35 per cent of the area, the prevailing rent is more than 3 times the prescribed maximum. Hence in these cases the cash rents will have to be brought down to less than one-third of the prevailing rents. In the case of more than half of this area the prevailing rents, are in fact more than five times the prescribed maximum rents.

Presumably much of this area is either irrigated or enjoys certain other advantages. The amendment prescribing the maximum rents does not seem to make any allowance for such advantages and may require certain revision or adjustment.

12.5 The same is true of the prevailing share rents. The new amendment seeks to abolish the share rents. As we have seen, 63.5 per cent of the tenant-cultivated area is at present share rented. The abolition of share renting will therefore be an extensive operation. Moreover the new level of rents will be considerably below the prevailing rents. As we have seen, nearly 80 per cent of the share rented area is rented for half share and a small fraction is rented for even larger shares. The new amendment prescribes that the aggregate of the rent, revenue and local cess will not exceed one-sixth of the value of the crop. This means that the rent is to be somewhere below one-sixth of the crop. Thus in the majority of the cases of share renting, the rents will be reduced to less than one-third of the prevailing levels. It will thus be appreciated that the reductions required in the prevailing rents are quite considerable and will need special effort for effective enforcement.

**TABLE No. 12.1.**  
*Cases of cash renting distributed according to the actual rent as a  
multiple of the prescribed maximum rent.*

District	Total No. of cases	Actual rent as multiple of prescribed maximum					More than 5	Unspecified
		-1	-2	-3	-4	-5		
West Khandesh	50	25	13	5	2	1	3	1
East Khandesh	75	8	22	12	12	8	12	1
Nasik	13	1	1	1	3	2	4	1
Thana	30	8	7	1	2	2	9	1
Kolaba	5	1	2	1	-	-	1	-
Poona	19	-	3	2	1	-	12	1
Ahmednagar	28	-	2	2	-	4	20	-
Sholapur	28	-	3	12	5	-	6	2
North Satara	12	3	1	2	1	1	3	1
South Satara	24	3	5	4	3	3	5	1
Kolhapur	41	2	2	8	6	-	20	3
Bijapur	85	8	17	11	9	8	27	5
Belgaum	65	10	16	11	4	4	18	2
Dharwar	72	14	20	12	7	8	10	1
Total	547	83	114	84	55	41	150	20

**TABLE No. 12.2.**

***Percentage distribution of the cash rented area according to the actual rent as a multiple of the prescribed maximum rent.***

District	Total area (Acres)	Actual rent as multiple of prescribed maximum					More than 5	Unspecified
		-1	-2	-3	-4	-5		
West Khandesh	232	50.4	27.9	9.1	4.8	2.1	1.9	3.8
East Khandesh	193	12.9	23.3	20.0	11.6	18.6	13.3	0.3
Nasik	48	12.8	22.5	26.9	19.8	3.4	13.5	1.1
Thana	60	46.1	22.3	0.8	1.2	4.5	19.0	6.1
Kolaba	6	9.1	63.9	21.8	-	-	5.5	-
Poona	69	-	19.2	1.7	0.9	-	77.6	0.6
Ahmednagar	93	-	2.4	10.8	-	10.0	76.8	-
Sholapur	214	-	29.8	44.7	21.3	-	4.1	0.1
North Satara	18	29.4	2.3	22.6	11.3	2.8	28.2	3.4
South Satara	76	15.2	18.6	43.0	3.3	6.9	12.9	0.1
Kolhapur	66	1.4	1.7	29.2	20.2	-	42.2	5.3
Bijapur	640	14.3	18.0	14.2	18.6	14.9	18.3	1.7
Belgaum	444	29.9	31.6	19.6	1.7	3.2	13.6	0.4
Dharwar	456	14.0	30.0	30.9	8.2	8.8	8.0	0.1
Total	2615	18.4	23.9	21.3	10.4	8.0	16.8	1.2

12.6 There are a large number of legal preliminaries to undergo before the implementation of the 'deemed to have purchased' clause begins. They will naturally take some time. In the meanwhile, the regulation of rent must be immediately and firmly enforced. That alone will create conditions necessary for a smooth implementation of the 'deemed to have purchased' clause. Otherwise there is some danger of the tenants being induced to refuse to purchase the lands under their cultivation. Any large scale refusal on the part of the tenants will greatly impede the implementation of the 'deemed to have purchased' clause and may lead to the most undesired consequences. Further, even if the tenants initially agree to make the purchase, they will be making the payment of the instalments of the price over a period of more than ten years. They could be induced to make the purchase ineffective at any time during this long period and if a large number of purchases thus become ineffective, it may lead to all manner of complications in the situation. Underlying the failure to implement the provisions of the original Act, lies the basic fact that a majority of the landlords possess over their tenants an amount of social and political power. That they are willing to exercise such power to guard

their economic interests is obvious from the large number of voluntary resignations induced from the tenants since the passing of the original Act. A successful implementation of any comprehensive land reform will depend upon a clear recognition of this fact.

12.7 Ideally speaking, for a successful implementation of the transfer of agricultural lands into the hands of the cultivators, the landlord must be put out of the picture as early as possible. This can only be done by paying him off in lump sum and assuming directly all responsibility of recovery of the instalments. Under the amendment, the Government does in fact assume the responsibility of recovering these instalments; in fact it is provided that arrears of instalments will be recovered as arrears of land revenue. This is satisfactory as far as it goes but in case of default in the payment of instalments, the purchase becomes ineffective, and the land reverts, it should be noted, to the landlord and not to the Government. Hence, in order to ensure that in practice no arrears of instalments will accumulate and no purchase will be declared ineffective on account of such arrears, it will be necessary to organise the necessary finance and credit through appropriate co-operative agencies.

12.8 It is obvious that in any case it will be impossible to pay off the landlords in a single instalment and that therefore payment will have to be spread over several instalments. From this standpoint it is important to note that the annual instalment which the tenant will have to pay over a period of 10 years is not likely to be much more than the rent he is currently paying. Thus, under the amendment, the maximum rent is fixed, at five times the assessment which as we have seen is about half the current rent the tenant is actually paying for an average soil. On the other hand, the sale price is to be between 50 to 200 times the assessment plus the value of improvements. For an average soil, let us suppose that the sale price will be about 100 times the assessment. This means that for an average soil, the sale price will be about 20 times the maximum rent payable under the new amendment or about 10 times the actual rent being paid today. If this is spread over a period of ten years, the annual instalment of price will be just about the rent the tenant is currently paying.

12.9 For better lands, the sale price will of course be higher, say 200 or even 300 times the assessment; that is to say, the sale price may be 40 or even 60 times the maximum prescribed rent. But, as we have seen, for these lands, the currently prevailing rent is also more than four or

even five times the prescribed maximum. Hence, even in respect of these better lands, the sale price so determined will not be greatly in excess of say 10 or 12 times the current rent and hence the annual instalment will not be much more than the current rent. The net result of this operation will therefore be that the tenant will continue to pay more or less the same rent as he is paying today but that it will be called an instalment of price and not rent and after he has paid these regularly for a period of ten or twelve years, he will acquire the full ownership of the land.

12.10 The amendment prescribes that the prices will be between 50 and 200 times the assessment plus the value of improvements made by the landlord. There is, thus a wide margin within which the Tribunals may fix the price. Certain working rules will therefore be necessary for the guidance of the Tribunals. It will greatly facilitate the operation if wherever possible the above relation between the current rent and the instalment of price is made an operative basis for the determination of price. Wherever the rents currently being paid and received are not in dispute, the Tribunals may find it a very convenient rule. The tenants may also find it the most easy to comprehend. It certainly may be used for a popular exposition of the operation of the



‘deemed to have purchased’ clause so that the tenants may not be misled by interested advice.

12.11 As pointed out earlier, organisation of appropriate and adequate finance will be necessary to facilitate the payment of instalments of price. For a successful implementation of the transfer of agricultural lands into the hands of the tiller, finance and credit will be needed for yet another and more fundamental reason. In the analysis of the cases of resumption and of change of tenants, it became clear that in a majority of these cases, the reason for the termination of tenancies was voluntary surrender or resignation by the evicted tenants. While discussing the nature of these cases, we suggested that, in large part, such voluntary resignations could have been under duress. The new legislation might be able to check to a certain extent such pressures acting upon the tenants and thus might be able to reduce the extent of such induced resignations. But the analysis of the cases of voluntary resignations also brought to notice a substantial number where the resignation or surrender could indeed be regarded as genuinely voluntary. Of particular interest among these cases are those where the tenants surrendered the land because they said they were short of

plough cattle. Such cases accounted for nearly 10 per cent of the area on which tenants were changed and about 2 per cent of the area which was resumed by the landlords. These cases, though not very extensive, point out to the moral that for a stable rehabilitation of the tenants on lands under their cultivation, something more than a mere granting of a legal title will be necessary. The need for more positive assistance will be paramount in those cases where, for one reason or another, lands will revert to Government and will be available for disposal by sale. Under the provisions of the Act, for the purpose of disposing of such lands, a high priority is rightly accorded to landless labour families. But to be effective in practise, such priority will have to be supported by finance and credit to enable the landless families to buy the land, to buy the necessary equipment and to bring and maintain the land under plough for an initial period of a few years.

12.12 The new legislation will be a great stride forward if it is successfully implemented; equally, its failure may lead to near chaos or disaster. The failure of earlier legislation is a warning that it will need more comprehensive supporting measures and greater administrative effort if this is to be avoided.

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