

“Critique on: Land Ceiling Reforms in India (A Failed Public Policy)”

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Abstract

The Land Ceiling reforms in India were the mark of the socialist attitude of the Government post-independence. The fervour and the enthusiasm to take this newly born nation to unimaginable heights resulted in more damage than good. The government considered the upliftment of the poor farmers as a priority due to which they turned a blind eye to the actual economic repercussions of the policy of land ceiling. This article is a critique of that public policy of the Government of India. The article first gives introduction and a historical overview of the events that led up to the policy and how it was actually framed and implemented. Then the author goes on to list the various reasons for the failure of land ceiling as a public policy. As is important in any research, the article then moves on to analyse the data of some government agencies to more accurately display the effect of the policy on the modern-day Indian agriculture. Then the major problems that the policy has led to have been enumerated along with the solutions moving forward. The article is concluded with a concise presentation of the authors views from this entire research.

Introduction & a History Lesson:

The role of agrarian sector in economic development of our country has always been of great prominence due to the fact that two-third of the population of our country still resides in rural areas and agriculture is their only source of income. Therefore, ‘land’ as a commodity of both revenue and employment is of paramount importance in our country. The structure of landholdings before independence during British Rule was that there were large estates owned by a single person or a family and where concepts of a zamindars and jaghirdars were still prevalent. In a situation like this, the leaders of an independent India in the 1950’s, driven by the socialist emotions and the fervour to uplift the country from the grips of poverty introduced land reforms in order to tackle the issues with landholdings in India. Land reform in its simplest form means the redistribution of land from rich agriculturists to landless and unemployed poor farmers all in the interest of restoring balance in the society.

In an agrarian economy like India where there was scarcity of resources, unequal land holdings along with majority of rural population living below the poverty line, there was a great political incentive and economic motive to introduce land reforms. That was the reason why it was at the top of the priority list for the policy makers and think tanks in India. When India won independence, a special committee was appointed in November 1947 headed by Jawaharlal Nehru to work out directives for the Congress economic policy. The plan made by the committee for the agriculture sector had one major highlight where the maximum size of landholdings was proposed to be fixed and the surplus to be distributed equitably among village cooperatives.¹ In the **Congress Election Manifesto of 1957**, too, it was emphasized that the principle of ceilings on land has been accepted and should be progressively introduced, so as to bring about a better distribution of land.²

¹ Resolutions on Economic Policy and Programs, 1955-1956 (New Delhi, All India Congress Committee, 1954), pp.4-10.

² K.S. Gill memorandum on land policy, submitted to the National Plan Forum, Delhi, 14-15 April, 1956.

The land reforms were delegated by the Centre to the states during the late 1960's. Therefore, each state came up with their own land ceiling and reforms. To bring uniformity across states, a new land ceiling policy was evolved in 1972, where national guidelines were issued with ceiling limits as 10-18 acres for best land, 18-27 acres for second class land and 27-54 acres for other land in hills and deserts.³ Before 1972, the basis of land ceiling was an individual as a unit instead of family. Since 1972, family is considered as the unit of application for land ceilings i.e. one family is allowed to hold 10-18 acres of good agricultural land in our country.

Failure of Land Ceiling as a Public Policy:

The policy of land ceiling turned out to be a case of noble thinking but poor execution. The basic objective of the land reform measures was largely defeated by the big landlords through fake divisions of land, mere paper entries in the records, the endless litigations and the benami transaction. Legal hurdles and administrative inefficiency had also jointly led to the poor implementation of land ceiling laws in the country. Some of the reasons behind poor implementation and failure of the land ceiling laws have been as follows:

- **Lack of Comprehensive Legislative Measures** – The subject of land reforms is one which is included in the State list in the Constitution of India. Therefore, the states were unable to come up with concrete legislative provisions and were unable to properly define ceiling laws which resulted in the evasion or delays in the implementation of legislation. For example, no consideration was made by the states for the benami transactions that would take place and there was no mechanism to ensure the existing correct record of land-owners above ceiling and to provide immediate possession of the acquired land for redistribution. There was a huge time gap between introducing the bill and actual passing and implementation that people had enough time to conveniently make benami transfers in the name of their employees, relatives and friends. Further the land ceiling laws came into direct conflict with the inheritance laws which again caused delays and increased litigation.
- **Lack of organization among beneficiaries** – Another important factor which led to the failure of the land ceiling reform was that there was no structure or directory of peasants and farmers to whom the vested land was actually to be distributed. This led to a standstill in the entire process of redistribution as the land was taken from the landlords but there was no one to give the land to. There was a lack of unity and organization among the beneficiaries. Further, the illiterate farmers were not aware of their rights and due to economic hardship, they could not devote time and efforts in legal proceedings. Another fact was that majority of the land allotment happened during the national emergency of 1975-76 due to which there was administration lag.
- **Absence of up-to-date land records** – An important factor that has hindered effective and speedy implementation of land ceiling is the absence of correct and up-to-date record of rights. A programme of land ceiling that aims at the redistribution of income and wealth in the rural areas, cannot succeed unless the beneficiaries can produce evidence of their rights. No amount of legislation will help the tenant in the court unless he can prove that he is, in fact, a tenant. This he can do only if there is a reliable and up-dated record of tenancies with proper evidentiary value. In some parts of the country, the last survey and settlement operations were conducted so

³ Changes in Agrarian Structure in India. H. Laxminarayana & S.S. Tyagi. New Delhi Agra Cole 1982, p.39.

long ago that the records had lost all connections with the existing realities about ownership and possession.

- **Benami Transfers of Land** – The imposition of ceiling on land holdings is a very complicated problem giving birth to mala fide transfers of land. These transfers include benami transfers without any consideration, transfers among the members of the family and transfers made for consideration but with a mala fide intent. As the landowners had anticipated the enforcement of land ceiling Act in their states, they had started taking action on reducing their landholding much ahead of enforcement of the Act by various methods such as selling the excess land or transferring the land to family members through partition suits in court or transferring it to friends, relations or even fictitious persons. The landowners were even compelled to distribute land on paper in favor of their household servants or poor villagers. There were hundreds of cases of concealment of lands by benami deals, even in the name of their servants and dogs.
- **Lack of Political Will** – In the sphere of the land reforms, what is more important is strong political will and organization of beneficiaries. In the context of the socio-economic conditions prevailing in the rural areas of the country no tangible progress can be expected in the field of land reform in the absence of the requisite political will.⁴ Within the Indian Union, the only state where land ceiling reforms were efficiently executed was West Bengal due to the presence of a Left Front Government in West Bengal at that time. This makes it clear that it is political will or commitment of the State Government to the peasants which makes it possible to give a proper shape to the implementation of land ceiling measures which was lacking in all other parts of the country.

Current Scenario along with Data Analysis:

In the last one year, the farmers across the country have staged half a dozen large protests. In March, 2018, farmers from all over Maharashtra walked 180 km over seven days to reach Mumbai and demand land titles, better prices for agricultural produce and farm loans. In July 2017, farmers from Tamil Nadu had protested in Delhi with skulls hanging from their necks to demand a loan waiver after the state was hit by a drought. In June 2017, Madhya Pradesh farmers had dumped milk, fruits and vegetables on the roads. These protests are signs of an agrarian crisis. Farmers are stuck in a cycle of low returns, debt and, often suicides at a time of increasingly uncertain weather. In a year to June 2017, 70% of Indian farm families reported having spent more than they had earned and more than 52% said they were indebted and health costs were adding to their debt.⁵

The root of this lies in poor execution of land reforms in which most important is the land ceiling legislations. According to a report by the Ministry of Rural Development, Government of India, the average land given to the rural landless is small and falling, from 0.95 acres in 2002 to 0.88 acres in 2015 which is a 7.4% drop over 13 years and a slowdown is evident in the process of taking land away from rich landlords.⁶ Therefore, it is evident that the land reform measure undertaken by the government have failed to deliver. The reason behind this is attributed to the simple fact that land ceiling as a public policy is not feasible and efficient be it from a social or an economic point of view. Another important fact to note here is that 5% of Indian farmers control 32% land and the

⁴ Planning Commission of India, Report of the task force on agrarian relations, 1973, p.7.

⁵ National Sample Survey Office, Report on Income, Expenditure, Productive Assets and Indebtedness of Agricultural Households in India, (report no. 576 2017).

⁶ Ministry on Rural Development, Government of India, Report on Other Land Reform Programmes, 2016.

other 95% control just 68% of the land. This is all due to the inefficient system of the government to track benami and illegal transfers of land. The rich farmers who had huge chunks of land before the legislations of land ceiling fell into place are still controlling those huge chunks due to loopholes in the legislation. On the other hand, the poor farmers who have been allotted negligible share of land are knee deep in debt and are unable to sustain their agriculture.

Across the country, small holders say farming is no longer a viable occupation, but land holdings are becoming increasingly fragmented due to growing family sizes. Increasingly, marginal, small and medium land holders, owning less than 4 hectares of land, are either selling out or renting their farms to large farmers who can afford the cost of capital-intensive agriculture, including costly machines, and are better placed to handle price and weather shocks. Therefore, the farmers which were once given land by the government in the hope to uplift them in society and eradicate poverty are today either selling off those lands or are leasing them out because they are unable to sustain agriculture as in today's modern world agriculture is only viable on a large scale and not on small farms.

Current Issues:

The land ceiling legislation has had a twin effect in destroying the agricultural landholdings in India. Firstly, the legislation has not been implemented well due to which the land given to poor farmers is so negligible that they cannot possibly sustain their families and their lives off of it. Secondly, by taking away land from the bigger landlord, the agriculture has become fragmented and the efficiency that can be achieved on a bigger farm by employing modern machinery and technology has been seriously reduced. The difference in yield can be seen by comparing India and world. The world average yield for rice is around 3.1 tons whereas in India it is restricted to just 2.1 tons. This disparity shows the yield which could be achieved by exercising farming on large tracts of land. Other ongoing problems which have arisen out of the public policy of land ceiling are as follows:

- **Fragmented Land Holdings** – The average landholding size of a household is just 1.1 hectare. It is very surprising when we say that India has the second largest cultivable land in the world with 159.7 million hectares under cultivation. But the sad truth is that majority of this land is divided into fragmented holdings of less than 5 acres. It does not need a scientist to figure out that agriculture on such a small landholding would never be efficient be in the short run or the long run. And all this is attributed to two factors, which are land ceiling and succession laws. By introducing land ceiling, the government had limited the size of land to a household to 18 acres thinking that it would be sustainable due to the agricultural practices of those times. However, due to partition of land between heirs of the deceased owners of land, that land holding of 18 acres has been divided into so many parts that individual cultivation on each part is impossible.
- **Small landholdings not viable** – In the present age, small landholdings are neither viable nor are they sustainable. Let us consider the initial capital cost of cultivation in order to understand viability better. Any farmer needs equipment such as a tractor, the plough, the tiller, leveler and many other implements the cost of which comes around to about 20 lakh rupees. A farmer holding just 5 acres of land does not have that kind of capital and leasing out all the implements is not viable; therefore, their only recourse is to turn to the banks for loans. The banks give loans on high rates of interest and eventually what happens in the end is that the one bad season of crops leads to inability to pay the installments and then bank confiscates the land and all that is left is a dead farmer and a ruined family. Further, small farms are not environmentally sustainable. In modern agriculture, there needs to be careful consideration of the land and the resources it gives in order to keep cultivating it in the long run. Therefore, if there are large farms, the profits are also big and the farmers can afford to introduce more sustainable methods of agricul-

ture which a small farmer cannot due to financial constraints. Therefore, the policy of land ceiling has not only failed as a public policy but it has also led to unsustainable agriculture in India.

Solutions Moving Forward:

- **Consolidation of Landholdings** – The best and the most efficient solution for the long run is the consolidation of landholdings. However, it is not an easy task as it would require undoing the last 40 years of land reforms and policies. The policies of the past have always been too influenced by socialist agendas and have rarely considered the viability or economic probability. Therefore, the need now is that the government should introduce a policy to consolidate the fragmented landholdings in order to make agriculture more viable. This can be done by lifting the land ceiling and allowing farmers which have the capital to buy the lands from poor farmers and then employ them on their land as workers. However, only the existing land owners should be allowed to buy these lands because otherwise, the private sector would encroach upon the agricultural sector and their lack of experience and profit-making motive would result in destruction of land and resources. Another way to consolidate land holdings is for the government to buy lands from small scale farmers willing to sell their land and then allot it back to the large farmers from whom the land was actually taken when the land ceiling policy was enacted.
- **Land Leasing** – Land leasing basically means that the small farmers can who do not want to cultivate their land for any reason can lease out their land to either landless farmers or to large famers. In 2016, NITI Aayog, the policy think-tank of the Government of India, also proposed a Model Agricultural Land Leasing Act, which aimed to liberalize the country's tenancy system, arguing that it would actually benefit small farmers and improve the country's agricultural productivity.⁷ Currently, the system of tenancy works upon normal contracts between the land owner and the lessee. But what is proposed is that there should be a specific legislation which would just be dealing with land leasing in the form of a Land Leasing Act. This would ensure that a proper code of conduct is given for these kinds of land leasing agreements and the rights of both the parties are properly defined.

Conclusion:

The policy of land ceiling as a land reform was implemented at a time when the political structure of our country was volatile and there was no clear direction for India as a country. Therefore, proper thought and research was not conducted before implementing this policy. The only consideration for the government at that time was to abolish the existing zamindars and to uplift the poor farmers. However, what the government failed to analyze is the long run viability of this programme. The time at which it was implemented, agriculture used to be an extensive process with less machinery and more labor inputs. But now in the modern times, the dynamic has completely shifted. If new technology and machinery is not employed in agriculture, then it would not be viable in the long run. Therefore, now there is an urgent need for the legislature to consider the deteriorating condition of the agriculture sector and come up with ideas to make agriculture in India sustainable and viable for the long run. If these efforts are not made, the agrarian sector which is the still the largest contributor to the economy would be treading towards its demise and that indeed would be a disastrous consequence for the country and its people.

⁷ Model Agriculture Land Leasing Act, 2016.