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An Aspect of Land Leasing in Barak Valley Agriculture of Assam

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Abstract

The Barak Valley region, which forms the southern part of Assam, constitutes 8.5 percent of geographical area of the state but it contains 11.22 percent of the population as per 2011 census. The economy of the region is predominantly of agricultural, small farms growing mainly rice. Leasing in land under share tenancy has been fairly extensive in the region. This paper is a summary or finding of research work on land lease market and its implications for agricultural efficiency in Barak Valley of Assam collected data from the field survey coverage the six ADO's circles in different areas of Barak Valley of Assam.

Keyword: *Barak Valley, Bagichas, Fane system, Occupancy tenants, Recorded and Unrecorded tenants.*

Introduction: Leasing of land under sharecropping is a common feature in the economy of Barak Valley Assam. Given the limited and uncertain job opportunities in the rural areas, the landless farmers prefer leasing in land rather than seeking for wage employment. Conversely, where labour is scarce, especially during peak season, landowners prefer to lease out land rather than depend on an uncertain supply of labour. Each group seeks to modify the initial endowment of factors of production by trading an initially relatively abundant factor for relatively scarce one and the tenancy contract appears as a way out (Kuri,2004).

A very high percentage of cultivated land in Barak Valley under share cropping is mostly done on the principle of equal shares, (may be equal cost sharing or without cost sharing), although in some cases, the land owners made arbitrary deduction even before the produce is shared. Also the share cropping contracts led to some kind of dependency relationship between the share cropper and landlord (Roy & Bezbaruah, 2003). The nature of the landlord tenant relationship is based on deep-rooted traditions, coupled with modern legislation designed to regulate the terms and conditions of share cropping contracts. In fact, Assam has one of the progressive Tenancy Reforms Legislation in the country which provides for conferring occupancy right to non-occupancy tenants who are working with the same land-owner for a period of three years (Assam Tenancy Act, 1971). Thus, in order to preparation of tenants records of rights, the government of Assam was conducted as 'Crash Programme' during the mid of 70's in the state which was also declared as 'Land Records

Year' for updating records. In this drive, in Barak Valley region along with the state as a whole numbers of unrecorded tenants were made as recorded tenants.

Necessity of the Study: The economy of the Barak Valley is predominantly agricultural, small farms growing mainly rice. As per 2010-11 Agricultural Census, 53.09 percent of agricultural holdings in Barak Valley of which was in the size class of below one hectare. The average size of operational holding works out to be 1.62 hectares, which contains some amount of upward bias due to the large holdings of the tea estates. Rice crops constituted 92.5 percent of the gross cropped area (excluding the area under plantation and tree crops) of the region. The agriculture is almost entirely weather dependent, the irrigation cover being limited to only 2.43 percent of the gross cropped area. Not surprisingly therefore, the region today stands far behind the all India standard in terms of use of improved agricultural practices -and also in agricultural productivity. Despite the provision of different tenancy reforms in the state share cropping is practiced largely informally in Barak Valley.

Since the economy of the Barak Valley region is agriculture dependent, building a strong agricultural base is of utmost importance for the region. Relative geographical isolation, weak industrial base vis-à-vis low agricultural productivity necessitates undertaking studies relating to the formation of a strong agricultural sector. As tenancy dominated land ownership pattern in the region, it is necessary to analyse the extent, form, nature and pattern of tenancy vis-à-vis land market structure for formulation of a proper policy on land tenancy contract. Proper identification of all these factors goes a long way in sustaining agricultural development in the region.

Review of Literature: Several theoretical and empirical arguments are provided to explain the *existence* and *variation* of tenancy in general and sharecropping in particular. Cheung(1969) takes risk pooling as an argument for the existence of share cropping. Share cropping. One of the most commonly cited argument for share cropping to exist is the difficulty of monitoring labour effort. If labour is unobservable or costly to monitor, share cropping may dominate labour hiring because of its incentive advantages and dominate fixed rental because of its risk pooling advantage (Stiglitz, 1974). Classical economists compared share cropping with fixed rental or owner's cultivation system and came to the conclusion that share cropping is an inefficient system of production. Probably they were right in arriving at such a conclusion because if a farmer had a choice, he will prefer owner cultivation and not share his produce with landlord. Due to absence of this choice share cropping provides less incentives for optimum use inputs. However no conclusive evidence has been provided by the empirical research to prove inefficiency or efficiency of tenants farming findings are mixed (Appu, 1974; Rudra, 1982; Bhalla,1977; Murty, 1987; Srivastava, 1983; Dutta,2003). Difference in factor endowments adoption levels of new technology, geographical location and many more factors have led to believe that it is not necessary to believe in Marshallian inefficiency of share cropping as a proper result.

An alternative explanation of tenancy has been provided by the theory of agricultural ladder, also known as the screening model of tenancy (Spillman, 1919). This

theory suggests the importance of human capital formation as a determinant of ones lifetime earnings profile. Some studies have pointed out technical know-how (Reid, 1976), managerial ability (Bell and Zusman, 1976, 1977 and 1978), bullocks (Bliss and Stern, 1982), Credit (Jayne, 1982) and family labour (Pant, 1983), Education of farmers (Kuri, 2003), as examples of factors for which markets are highly imperfect. Bliss and Stern (1982), using an econometric model and testing this with Indian data have argued that leasing decisions are closely related to the existence of owned bullock power, family workers and land endowment of the rural households. He opined that tenancy is an adjustment between desired cultivated area and owned land through available bullock capacity and family labour.\

Objectives of the Study:

The main objectives of the study are the following:

1. An assessment of the prevalent forms and patterns of tenancy.
2. Identification of factors governing land tenancy contracts.
3. Identification of factors affecting adoption and use of modern practices by owner and tenant households.
4. Prescription of policy measures for efficient operation of land lease market in the region.

Village and Data:

In the field survey conducted in the six Agricultural Development Officer's (ADO) circles, namely, Fakira Bazar, R.K. Nagar, Narshingpur, Salchapra, Banskandi and Hailakandi of three districts of Barak valley, namely, Cachar, Hailakandi, Karimganj, a total number of 281 farm households have been selected at random from 24 villages were interviewed. From each circle, four villages were chosen at random subject to condition that at least in one village some amount of irrigation facilities must be available. The sample of 281 farm households comprised 39 from Fakira Bazar, 50 from R.K. Nagar, 47 from Narshingpur, 53 from Banskandi, 46 each from Salchapra and Hailakandi. It may be noted that, to draw the sample of farm households, the households in the selected village had to be first classified between farm household and others. The classification was done as per information provided by VLEWs concerned.

Findings from the Field Study:

(i) **Agrarian characteristics of the sample farm location:** The dominant practice of agriculture in the sample villages is characterized by the institution of tenancy. Although paddy, pulses, rape and mustard, vegetables (both kharif and rabi) etc. are grown in the sample villages, the tenancy have been observed mainly in paddy cultivation. *Ahu*, *Sali* and *Boro* are the three important varieties of paddy. It is grown almost throughout the year in the three seasons, *Ahu*'s harvested in autumn season (August/September), *Sali* is harvested in the winter (December/January) and *Boro* is harvested in summer season (April/May). The sample farms in all villages have been cultivating of all three crops. Most of the farmers followed single cropping pattern. Though insignificant, the incidence of double

cropping is observed both in Salchapra and R.K. Nagar circle. The low incidence of double cropping is due to the fact that agricultural practices in the sample villages are traditional in nature. It depends mainly upon rainfall and there is neither irrigation infrastructure nor flood control arrangements. The degree of mechanization has been almost insignificant.

(ii) **Extent of Tenancy:** It has been found that the distribution of land, *inter-alia*, is one of the major determinants of the size and nature of the lease markets. Small farmers predominantly lease in land while the medium sized farmers lease in as well as lease out land. Both the traditional tenancy (big lessor and small lessee) and reverse tenancy (small lessor and big lessee) co-exist on a widely different scale (Rebby and Murty,1987).

(iii) **Pattern of Tenancy:** There exist four different tenurial categories of farmers in the sample villages. (a) Pure tenant cultivators (b) Owner-cum-tenant cultivators (c) Owner-cum-landlord and (d) Owner operator. Tenurial categories of households, according to their farm size, indicate that there are considerable disparities in operational (own) land among different tenurial categories of farmers. It is interesting to note that both pure tenant and owner-cum-tenant cultivators are concentrated in small and medium size group. Further, a very high degree of concentration of landed property has been found between the pure landlord and owner-cum-landlord households. Taking average operational areas as an index of economic status, it has been found that owner-cum-landlord group is economically most powerful class among while the pure tenant households hold weakest economic position. The persistence of pure tenants as an important category indicates not only the classical pattern but also shows their dependent position in the land lease market.

(iv) **Form of Tenancy:** In our sample villages, 94.8 percent of the unrecorded tenants have leased in share cropping terms whereas 43.13 percent of the recorded tenants have leased in on share cropping terms. There is thus a close correspondence between share cropping and unrecorded tenancy. Persistence of share cropping in our sample villages, is due to the fact that: (a) the agriculture in the sample villages depends mainly on rainfall and there are fluctuations in the occurrence of rainfall. Occasionally, the excessive rainfall causes flood and scarcity causes draught. In such an uncertain condition of cultivation, share cropping provides adjustment for failure of harvests and fluctuations in the price level, (b) Share cropping contracts in many cases include an implicit loan from the landlord in the form of rent being postponed until the harvest, and (c) the advantage of cost sharing is easier to achieve under share contract than under fixed rent contract.

(v) **Terms of lease:** The most common practice of share cropping, found in the sample villages, is that the owner gets fifty percent of the output. This mode of crop sharing is known as *Bhag Chash* which is again two types – (a) The share cropper did not meet the input share and he received half of the share of the gross produce, and (b) Both the landowners and the share cropper shared the input and produce equally The first pattern is very favourable for the share croppers and closely conform to the statutory norms of payment of fair rent and the norms advocated by the Central Government. The second pattern is unfavourable to the share croppers and they are paying exploitative rents.

In our sample villages, it has been found that 73.21 percent of the share cropper gets half the gross produce without shared by landlords. It was dominated unrecorded tenants, because bulks of whom were also informal, and share cropping contracts are generally verbal in nature. Most of the unrecorded tenants have shorter duration of working with the same land owner. Thus, the question of conferring legal status of occupancy tenants to the unrecorded ones is an important task of tenancy reforms in the state.

(vi) **Cost sharing contract:** The cost sharing contract under share cropping has not yet been popular in the sample villages. Tenants till supply all labour, bullocks, implements as well as seeds, fertilizer, pesticides etc. while the landlords provide land. In general, the tenants use their own draught animals to plough the leased in land. The use of tractor or power tiller for ploughing is still an exception rather than a rule in the sample villages. The tenant, who does not have any bullock or cattle, hires it from the landlord under *Fane System* is the usually five mounds (2.5 quintal).

(vii) **Informal credit arrangement in the sample farms:** It has been found that the share cropper faces a special problem of having no access to the institutional credit of any kind. Since the credit institutions usually offer loans to the farmers against their land as security, the share croppers have no or little land to offer do not get any credit augment their working capital. A commonly observed feature of poor agrarian economy of Barak Valley region of Assam is the persistence of the institution of share cropping together with an informal credit arrangement.

The farmers in the sample villages use credit mainly for consumption purposes. The mode of informal credit transactions are of various types – kind to kind, cash to kind, cash to labour – each having different terms and conditions. The contractual term becomes more stringent with the increasing amount of credit.

(viii) **The Relative Productivity Efficiency of Owner and Tenant Cultivation:** The relative efficiency of the two types of cultivation, namely, owner and tenant cultivation has been examined. Empirically we have tested the hypothesis of the differences in the levels of inputs use for owner cultivators and tenants' cultivators. The crop wise testing of the differences in productivity in owned and tenanted land has been carried out for all sample households. Our empirical result shows that there is no significant difference in the productivity between the tenants operated farms and self operated farms. this result is consistence with the findings of Rao (1974) and Rudra and Dewivedi (1973). Of course, there are little inter-village variations to these results and thus, it would not be wise to treat the whole, community of share croppers as efficient or inefficient in the use of land under cultivation. Therefore, tenancy *per se* has not hurt the productivity in our sample area and thus, it cannot interpreted as necessarily detrimental to development.

(ix). Finally, In the presence of factor market imperfection, an extended version of Bliss and Stern (1982) model has been considered to provide an explanation of tenancy in our study area. It has been hypothesised that tenancy arises because of the discrepancy in owned area and desired cultivated area. Following adjustment mechanisms both partial adjustment

model and perfect adjustment model have been tested empirically with the observations of sample households. Like Bliss and Stern (1982), in the present study the desired cultivated area has been considered as a function of family labour, value of farm assets and machineries, human capital factor (educational background of the farmer), extent of irrigation infrastructure and the extent of low land in the total operational holding. Irrigation infrastructure and the extent of low land are some of the new variables that have been incorporated in the Bliss and Stern model. Both partial and perfect adjustment model have been tested empirically with the observation of field study.

Conclusion: The poor state of agricultural infrastructure, especially of irrigation, extension service and institutional credit system, non-suitability of available technology package to good part of cultivated area that are the major constraints in the agricultural development in the region. In such an underdeveloped agriculture the underdeveloped agriculture in Barak Valley is largely dominated by share tenancy an institution that is not necessarily detrimental to development but has been serving many useful functions, and thus its practice can not be stopped from practical point of view. The share croppers in Valley faces the problem in applying modern inputs, as they do not have any access to institutional credit facilities. Unless the credit facilities are extended to them or it is made mandatory by enforcing legislation. Moreover, in Barak Valley, as in the state of Assam as a whole, low lying plots prone to frequent flooding and prolonged water logging is fairly common. The HYVs of rice being relatively shorter in stature, many tenants unsuitability of these varieties for low lying areas prone to flooding and water logging. In such areas the traditional varieties continue to be the only option as per as the choice of varieties are concerned. This practices reduce the overall agricultural productivity in the Barak Valley for the tenants. If the flood control measures are effective the majority of the farmers particularly to poor farmers who desire to cultivate more land but unable to do it because low-lying areas prone to flooding, cause enormous loss of crop. There may be greater adjustment in the owned land and the desired cultivable land through tenancy operation and this brings the distribution of operational holding. The availability of irrigation infrastructure lead to a significant positive impact on the rate of consumption of fertilizer in farms and also farm's decision regarding adoption of mechanized ploughing, practice of HYVs. If the irrigation infrastructure are extended the majority of farmer's desired to cultivate more land. There may be greater adjustment in the owned land and desired cultivated land through tenancy operation and that this may promote equity in the distribution of operational land.

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